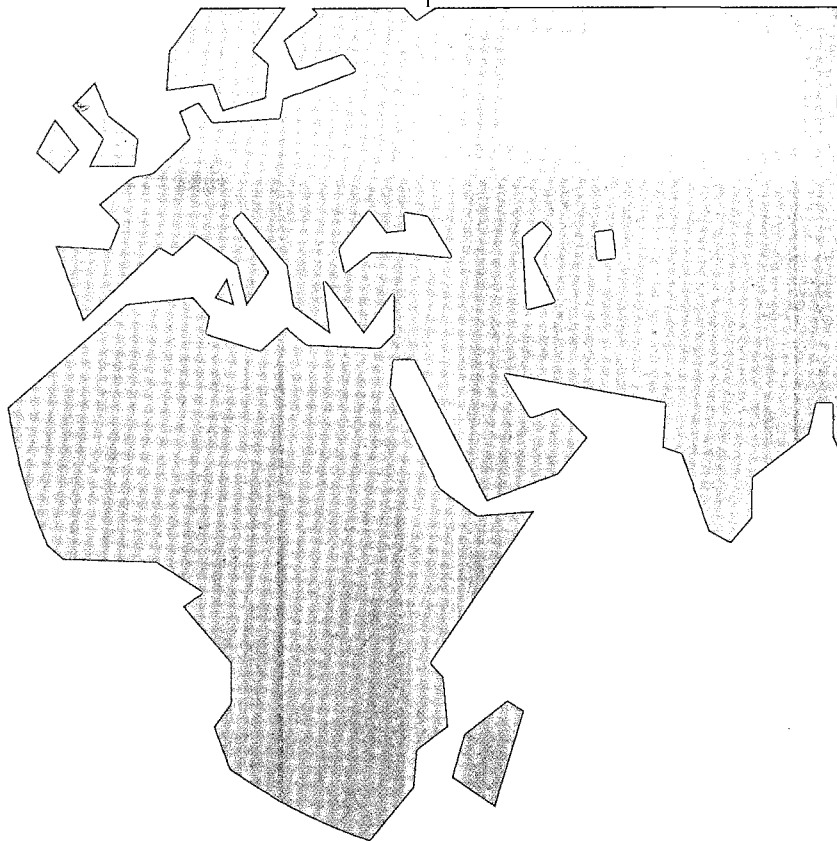
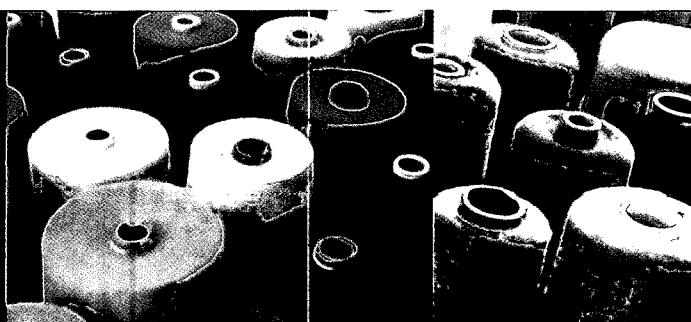


MOHITE



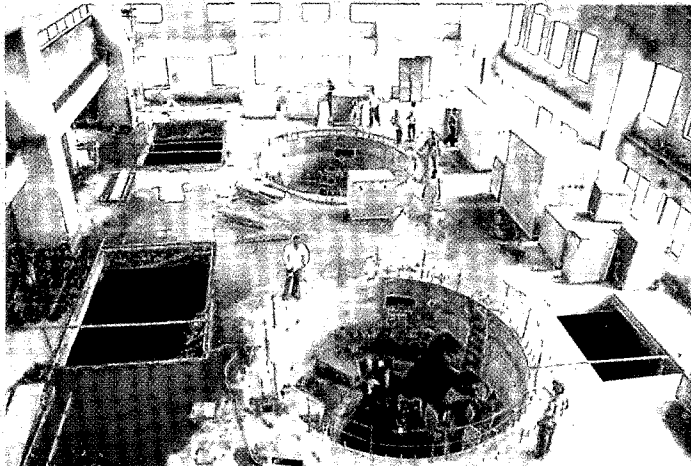
R. M. MOHITE TEXTILES LTD.

18th Annual Report 2008-09

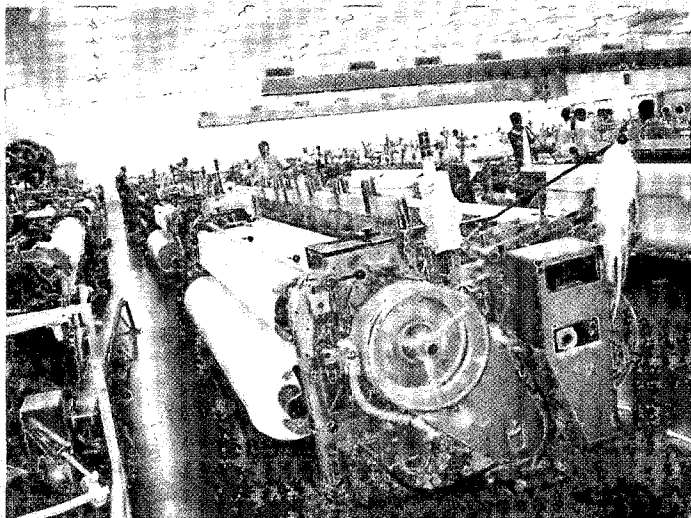




**M.D. Mr. Shivaji Mohite Welcoming Chairman Mr. Mallya,
Bank of Baroda other Mr. S. K. Das, DGM Mr. S. D. Inamdar,
AGM & Mr. A. K. Sinha, Chief Manager**



Internal View of Radhanagri Hydro Power Project



Internal View of weaving unit at Five Star MIDC, Kagal



**Flag Hosting at the auspicious hands of
Chariman Mr. R. M. Mohite**

R. M. MOHITE TEXTILES LIMITED**BOARD OF DIRECTORS :**

- Mr. Ramchandra Maruti Mohite
- Mr. Shivaji Ramchandra Mohite
- Mr. Dilip Ramchandra Mohite
- Mrs. Monika Shivaji Mohite
- Mr. Vijay Madanlal Navandhar
- Mr. Sanjay Dnyandeo Patil
- Mr. Arunkumar Madhavprasad Goenka
- Mr. Abhay Mohanlal Doshi
- Mr. Ramesh Nathumal Mehta

Chairman
Managing Director
(Chairman & Managing Director Upto 11-09-2008)
Joint Managing Director
Director
Director
Director
Director (Upto 15-04-2009)
Director (Upto 15-04-2009)

AUDITORS

B. J. Ingrole and Company
Chartered Accountants.
661, 'E', Shahupuri, 2nd Lane
Kolhapur – 416 001

FINANCIAL INSTITUTION/BANKERS :

Bank of Baroda
IDBI Bank Ltd.
State Bank of India

REGISTERED OFFICE :

R. S. No. 347, Ambapwadi Phata,
NH-4, Vadgaon, Tal. Hatkanangale,
Dist - Kolhapur INDIA 416 112
Phone : ++91 - 230 - 2471230
Fax : ++91 - 230 - 2471229

WORKS :**Spinning Project :**

R. S. No. 347, Ambapwadi Phata,
NH-4, Vadgaon, Tal. Hatkanangale
Dist – Kolhapur - 416 112
Phone : ++91 - 230 - 2471230
Fax : ++91 - 230 - 2471229
e-mail – mohitex@bsnl.in

Weaving Project :

Khotwadi, Opp Parwati
Industrial Estate, Khotwadi,
Ichalkaranji,
Dist - Kolhapur

Weaving Project:

Plot No. T-7, Metro Hi-Tech
Co-op Textile Park, Five Star
MIDC, Kagal,
Dist - Kolhapur

Contents	Page No.
■ Notice	05
■ Directors Report	08
■ Note on Corporate Governance	16
■ Auditors Report on Corporate Governance	27
■ Management Discussions & Analysis	28
■ Auditors Report	31
■ Balance Sheet	35
■ Profit and Loss Account	36
■ Schedules & Notes	37
■ Cash Flow Statement	50
■ Balance Sheet Abstract	51

MOHITE

NOTICE

Notice is hereby given that the 18th Annual General Meeting of the Shareholders of R. M. MOHITE TEXTILES LIMITED will be held on Wednesday, the 30th September, 2009 at 11.30 a.m. at Registered Office of the Company situated at R. S. No. 347, Ambapwadi Phata, NH-4, Vadgaon – 416 112, Dist – Kolhapur in the State of Maharashtra, to transact the following business:-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009 and the Profit and Loss Account for the year ended on that date together with the Auditors' Report and Directors' report thereon.
2. To appoint a Director in place of Mr. Vijay Madanlal Navandhar, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. Arunkumar Madhavprasad Goenka, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Mr. Sanjay Dnyandeo Patil, who retires by rotation and is eligible for re-appointment.
5. To consider and if thought fit to pass the following resolution as an ordinary resolution.
"RESOLVED THAT M/s. Moreshwar Deshpande, Chartered Accountant be and is hereby appointed as Auditors of the company in place of the retiring Auditors to hold office from the conclusion of ensuing Annual General Meeting until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the board of director of the Company."

For and on behalf of Board of Directors,

Vadgaon - 416 112

Date : 28th June 2009

SHIVAJI MOHITE
MANAGING DIRECTOR

Notes :

1. The information required to be provided under the listing agreement entered into with Bombay Stock Exchange Ltd. regarding the Directors who are proposed to be re-appointed is annexed hereto.
2. A member entitled to attend and vote the meeting is entitled to appoint a proxy and vote on a poll instead of himself/herself and such proxy need not to be a member of the Company. The proxy, in order to be effective, must be lodged with the Company not less than 48 hours before the meeting. The blank proxy form is enclosed.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from the 23rd September, 2009 to 30th September, 2009 [both days inclusive] for the purpose of annual book closure.
4. Members holding shares in physical form are requested to notify the changes in their addresses, if any, at the earliest. Members holding shares in electronic form are requested to notify change in their addresses to their Depository Participants.
5. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days, between 11.00 a.m and 1.00 p. m. up to the date of Annual General Meeting.

INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT :

As required under Clause 48(VI) (A) of the Listing agreement into with The Stock Exchange, Mumbai the particulars of the Directors who are proposed to re-appointed are given below :

1)	Name :	Mr. Vijay Madanlal Navandhar
	Age:	48 Years
	Qualifications :	B.Com (Hons.), LLB. (Spl.), F.C.A
	Experience :	He was partner with M/s P.D.Kunte and Company, Mumbai till 1985. Since 1985 he started his independent practice as Chartered Accountant at Sangli. He is one of the leading Chartered Accountant of Maharashtra.
	Other Directorship:	a) Vyankatesh Nagari Sahakari Patsanstha Maryadit. Sangli, a leading co-operative patsanstha from Sangli
		b) Subhadra Local Area Bank Ltd., Local Area Bank for Kolhapur, Sangli & Belgaum District.
		c) Navandhar Properties Pvt. Ltd.

2)	Name :	Mr. Arunkumar Madhavprasad Goenka
	Age:	54 Years
	Qualifications :	B.Com
	Experience :	He is leading wholesale yarn merchant from Ichalkaranji. He is in the 'yarn' business for last 28 years.
	Other Directorship:	a) Sri Vishnu - Shankar Mills Ltd
		b) Managing Trustee of – Archita Trust, Aditi Trust, Vidisha Trust, Manisha Trust, Neelabh Trust
		c) Trustee of – Goenka Foundation & Mohanlal Goenka Foundation.

3)	Name :	Mr. Sanjay Dnyandeo Patil
	Age:	43 Years
	Qualifications :	D. C. E
	Experience :	Associated with various educational institutions for last 16 years. He is also a member of Indian Council of Agricultural Research, New Delhi.
	Other Directorship:	a) President of Dr. D. Y. Patil Education Society, Pune
		b) Vice – President of Dr. D. Y. Patil Pratishthan, Kolhapur
		c) Chairman of Saptagandha Sahakari Sakhar Karkhana, Gagan Bavda, District – Kolhapur.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 18th Annual Report of the Company along with the audited statements of Accounts for the year ended 31st March, 2009. The summarized financial results are given below. The overall profitability during the year after charging all expenses is under pressure as compared to the past year.

1. Financial Statements

The Financial results for the year are as under:-

(Rs. in Lacs)

	Particulars	2008-09	2007-08
i)	Turnover	10,661.88	10619.07
ii)	Profit Before Depreciation, Interest, Tax (PBITD)	1574.46	1684.38
iii)	Interest and Financial Expense	767.04	662.69
iv)	Profit before Depreciation & Tax (PBDT)	807.42	1021.69
v)	Depreciation	600.73	480.30
vi)	Profit before tax (PBT)	206.69	541.39
vii)	Provision for tax		
	a) Current	25.00	110.00
	b) F.B.T.	2.50	2.00
	c) Deferred (Net of adjustment)	4.48	129.37
viii)	Profit after Tax (PAT)	174.71	300.01
ix)	Balance in P&L A/c	1612.49	1312.48
x)	Profit available for distribution	1787.20	1612.49
xi)	Earning per share (Rupees) - Basic	0.87	1.49
xii)	Dividend - %	NIL	NIL

The performance of the Company has been comprehensively covered in the Management Discussion and Analysis Report.

2. Dividend

With a view to plough back the Profits, Board of Directors do not recommend the payments of dividends for the financial year 2008-09.

3. Deferred Tax

The total net deferred tax liability for the year ended 31st March, 2009 amounted to Rs. 4.48 lakh.

4. Exports

The total exports, during F.Y. 2008-09, of the Company amounted to Rs.2222.67 which represents about 20.85% of the net sales.

5. Expansion & Modernization**Forward integration****Hydro Electricity Project of 10 MW at Radhanagari (Dist-Kolhapur)**

Your company has started setting up of Hydro Elec.Project of 10 MW capacity at Radhanagari (Maharashtra). This project is awarded by Govt.of Maharashtra on BOT basis for 30 years period. Civil work is already completed. BOB has also established L/C of Rs.10.03 Crores towards imported Plant & Machinery. Major portion of Plant and Machinery is arrived at the site. Erection of imported plant, together with domestic components, is commissioned by Mahati Electrics, Pune and is likely to be fully complete by end of Dec.-09. Trial runs are expected to be commenced during Jan/Feb-2010.

6. Subsidiary Companies

Your company holds 51 % stake in First Steps Baby-Wear Pvt.Ltd., which is engaged in manufacturing baby-wear apparels based in Bangalore, with the annual turnover of around Rs.10651.29 Lakh of which export turnover is Rs. 9595.90 lakh. Operations of this subsidiary Company will have positive impact on exports vis-à-vis profitability of your Company.

7. Consolidated Financial Statements :

Your Directors have pleasure in attaching the Consolidated Financial Statements pursuant to Clause 32 read with Clause 41 of the Listing Agreement entered into with Bombay Stock Exchange Ltd and prepared in accordance with Accounting Standard 21 (Consolidated Financial Statements) of Institute of Chartered Accountants of India.

8. Management Discussion and Analysis

In terms of Clause 49 of the Listing Agreement of the Stock Exchanges, Management Discussion Analysis Report is annexed herewith, forming part of this Report.

9. Corporate Governance

A separate report on Corporate Governance is enclosed as a part of this Annual Report. A certificate from the Auditors of the Company regarding compliance with Corporate Governance norms stipulated in Clause 49 of the Listing Agreement is annexed to the report on Corporate Governance.

10. Environment and Pollution Control

Your Company strives hard to maintain the highest standards of environmental care and ensures

that increasing levels of operation do not adversely impact the standards of health and environment. Top priority continues to be given to preservation of the environment by the Company. To combat pollution and strengthen the area ecology, considerable emphasis is given to plantation of fragrant and shady trees. Manufacturing facilities possess the required environmental clearance from Maharashtra Pollution Control Board.

11. Insurance

Adequate insurance cover has been taken for the properties of the Company including buildings, plant and machineries and stocks.

12. Directors

In accordance with the provisions of the Companies Act, 1956, and Articles of Association of the Company Mr.Vijay Madanlal Navandhar, Mr. Arunkumar Madhavprasad Goenka & Mr.Sanjay Dnyandeo Patil retire by rotation and are eligible for re-election.

During the year Mr. Dilip Ramchandra Mohite opted to resign from the Board of Directors. Board of Directors in its meeting held on 11th September, 2008, approved his resignation.

During the year Mr. Shivaji Ramchandra Mohite Jt. Managing Director were appointed as Managing Director, Mr. Ramchandra Maruti Mohite Director of the Company appointed as Chairman, Mrs. Monika Shivaji Mohite Director of the Company appointed as Jt. Managing Director of the Company.

13. Auditors

M/s. B. J. Ingrole & Company, Chartered Accountants, Statutory Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and in view of their inability for reappointment, your Directors propose to appoint M/s.Moreshwar G. Deshpande, Chartered Accountant, as Statutory Auditors of the Company, who being eligible, offer themselves for appointment.

14. Auditors Report

The Auditors Report to the shareholders does not contain any reservation, qualification or adverse remarks.

15. Cost Auditors

Pursuant to the directives of the Central Government under the provisions of Section 233B of the Companies Act, 1956, qualified Cost Auditors have been appointed to conduct cost audits relating to the product manufactured by the Company.

16. Directors Responsibility Statement

On the basis of compliance certificate received from the concerned officials of the Company and

subject to disclosure in the Annual Accounts, as also on the basis of the discussion with the Statutory Auditors of the Company from time to time, we state :

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

17. Conservation of Energy, Technology Absorption, Foreign Earnings and Outgo

A statement giving details of conservation of energy, technology absorption, foreign exchange earnings and outgo, in accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 is annexed and marked Annexure 'A' and forms a part of this Report.

18. Cash Flow Analysis

In conformity with the provisions of clause 32 of the Listing Agreement the Cash Flow Statement for the year ended 31st March, 2009 is annexed hereto.

19. Listing of Equity Shares

The Equity Shares of your Company are presently listed on Bombay Stock Exchange Limited, (BSE). The Company has duly paid the listing fees to Bombay Stock Exchange Limited for the financial year 2009-2010.

20. Depository System

As the members are aware, your Company's shares are tradable compulsorily in electronic form and your Company has established connectivity with both the depositories, i.e. National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL). In view of the numerous advantages offered by the Depository system, members are requested to avail of the facility of dematerialization of the Company's shares on either of the Depositories as aforesaid.

21. Particulars of Employees

The statement of employees required under Section 217(2A) of the Companies Act, is not annexed as none of the employees has drawn the salary exceeding the present limits as provided under the Act.

22. Appreciation

Your directors wish to place on record their appreciation to employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain at the forefront of the Industry despite increased competition from several existing and new players.

23. Acknowledgments

The Board desires to place on record its appreciation for the support and co-operation that the Company received from all the customers, investors, marketing agents, clearing and forwarding agents, financial institutions, banker's, insurance companies, consultants, advisors and shareholders for their continued support. The company has always looked upon them as partners in its progress and has happily shared with them rewards of growth.

Your Directors are grateful to Government of India, Ministry of Commerce, Ministry of Textiles, Port Authorities and various authorities from Central and State Government for their co-operation and support. Your Directors look forward for their continued support.

On behalf of the Board

Vadgaon – 416 112
28th June, 2009

SHIVAJI MOHITE
MANAGING DIRECTOR

ANNEXURE 'A' TO THE DIRECTORS REPORT

Additional information as required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY**a. Energy Conservation Measures Taken**

- Compressed Air Auditing & implementation done for compressor pressure optimization, air leakage arresting & machines pressure optimized, due to which the Company saved 1000-1200 units/day.
- Total department tube lights 1336 nos. During the year under consideration 711 tube lights replaced.
- Humidification Plant Centrifugal pump replacement by Micro Fog System reciprocating pump. Investment 12 Lakhs, Savings- 80 % of 60 KW and ROI 8 months.

b. Total energy consumption and energy consumption per unit of production as per Form 'A' of the Annexure in respect of industries specified in the Schedule thereto.**B. TECHNOLOGY ABSORPTION:****c. Efforts made in Technology Absorption as per Form 'B' given below :****FORM B****1. Specific areas in which R & D has been carried out by the Company :**

i) Improvement of product quality, process and production efficiently.

2. Benefits derived as a result of the above R & D :

i) Improvement in the quality of product

ii) Cost economy and plant efficiency

iii) Conservation of power and fuel

iv) Development of new products for niche market

3. Future Plan of Action:

i) Reduction of waste by recycling of cotton waste for production on open end rotors.

ii) Installation of Compact Ring Frames

iii) Commissioning of 10 MW Hydro Electricity Project at Radhanagari (Dist-Kolhapur)

iv) Continuous waste-suction system

4. Expenditure on R & D

Expenditure on R & D has been shown under respective heads of expenditure in the profit and loss account as no separate account is maintained.

Technology absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation :
 - i) After replacement of spindles with 18.5 mm diameter against 21 mm diameter savings done in power cost, increase in productivity.
 - ii) Due to suspended flyer type machine speed frame bobbins content increased which is resulted in higher efficiency of machine, reduction in roving waste and also bobbins runing ring frame department is increased resulted in reduced pneumafil waste percentage.
 - iii) Due to replacement of draw frame to D35 from RSB851 got increase in production & improvement in quality regarding CV% and U%.
 - iv) In Cotton Spinning Mills moisture free air is required for all machines which is recommended by all machines manufacturers for smooth and trouble free working of the machines which increases life of the components.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

- d. Inspite of global recession and acute shortage of raw material, the Company has achieved export turnover of Rs.22.23 Crores Besides this, the Company has exported fabric worth Rs.2.29 Crores & waste of Rs.0.68 Crores which in turn has earned foreign currency as given in schedule.
- e. Total Foreign Exchange used and earned.

The information on foreign exchange earnings and outgo is contained in note no.'D' and 'E' of Schedule 22 of accounts.

Vadgaon - 416 112.

28th June, 2009

On behalf of the Board

SHIVAJI MOHITE

MANAGING DIRECTOR.

FORM 'A'

Form for disclosure of particulars with respect to conservation of energy

	Particulars	Unit	2008-09	2007-08
A)	Power & Fuel Consumption			
	1. Electricity : a) Purchased :			
	Units	KWH in lakh	238.43	236.10
	Total Amount	Rs.in lakh	1086.45	1101.51
	Rate per unit	Rs.	4.57	4.67
	b) Own generation through :			
	Diesel generator	KWH in lakh	0.6322	0.4914
	Unit/liter of Diesel	KWH	3.39	3.90
	Cost per unit	Rs.	10.86	9.88
	2. Coal			
	Quantity	MT	--	--
	Total cost	Rs.in lakh	--	--
	Average rate	Rs.per MT	--	--
	3. Oil (LDO/HSP/RFO/HPS) :			
	Quantity	K.Ltrs	--	--
	Total cost	Rs.in lakh	--	--
	Average rate	Rs. Per litre	--	--
	4. Others			
	Quantity	MT	--	--
	Total cost	Rs.in lakh	--	--
	Average rate	Rs.per MT	--	--
B.	Consumption per unit of Production			
	1. Cotton Yarn Electricity	KWH per Kg	4.68	5.70
	Diesel	Ltr. Per Kg	--	--
	Coal Per Kg	--	--	--
	Others	Per Kg	--	--
	2.Knit-Fabric Electricity	KWH per Kg	0.189	0.18
	Diesel	Ltr.per Kg	--	--
	Coal Per Kg	--	--	--
	Others	Per Kg	--	--

CORPORATE GOVERNANCE

A. COMPANY'S CORPORATE GOVERNANCE PHILOSOPHY

Your Company believes that sustainable and long-term growth of every stakeholder depends upon the judicious and effective use of available resources and consistent endeavor to achieve excellence in business along with active participation in the growth of society and significant contribution in economic growth.

The Governance for your Company means being true to own belief and constantly strengthening and increasing stakeholders values and return on investment by adopting principle of transparency, accountability and adherence of committed value creation principles. We are firm in the belief that Corporate Governance means commitment for achievement of value based growth and meeting the commitment within the predefined time frame without compromising with ethical standards, set paradigms, transparency in transactions and fixing of accountability

B. THE CORPORATE GOVERNANCE STRUCTURE

The Company has three tiers of Corporate Governance structure viz :

- i) Strategic supervision – by the Board of Directors.
- ii) Executive management – by the Corporate Management comprising the Chairman & Managing Director and Joint Managing Director.
- iii) Operational Management – by the senior management functionaries.

The three-tier governance structure ensures greater management accountability and credibility, a well performing management in place and increased public confidence.

C. ROLES OF VARIOUS CONSTITUENTS OF CORPORATE GOVERNANCE IN THE COMPANY

- (i) **Board of Directors (the Board)** : The Directors of the Company are in fiduciary position, empowers to oversee the management functions with a view to ensure its effectiveness and enhancement of shareholder value. The Board reviews and approves management's strategic plan and business objectives and monitors the Company's strategic direction.
- (ii) **Corporate Management (CM)** : The main function of the Corporate Management is strategic management of the Company's businesses within the approved direction and framework. This includes ensuring that effective systems are in place for appropriate reporting to the Board on important matters concerning the Company.
- (iii) **Managing Director (MD)** : The primary role of Managing Director is to provide leadership to the Board and the Corporate Management for realizing the approved strategic plans and business objectives. He also presides over the general meetings of the shareholders.
- (iv) **Senior Management functionaries** : The senior management functionaries play an important role in maintaining balance of the Board processes with their independent judgement on issues of strategy, performance, resources, standards of Company conduct etc.

D. BOARD OF DIRECTORS
(i) Composition :

The board of Directors comprises Chairman, Managing, Director, Joint Managing Director and Three non-executive directors, of which all are independent directors. The composition by the Board is in conformity with Clause 49 of the Listing Agreement, which stipulates that 50% of the Board should comprise of Non-executive directors. Further, if the Chairman is Executive Director, 50% of the Board should be independent.

(ii) Meetings of the Board of Directors

The meetings of the Board of Directors are mostly held at the Registered Office of the Company at 'Ambapwadi Phata, R.S.No.347, Off NH-4, Vadgaon – 416 112. During the year under review, 10 meetings were held on 27-06-2008, 31-07-2008, 11-09-2008, 01-10-2008, 31-10-2008, 20-11-2008, 22-12-2008, 28-01-2009, 31-01-2009 and 04-03-2009. The Agenda and the Explanatory Notes are prepared in consultation with both, Chairman and Managing Director, for each meeting, and are circulated the same in advance to the Directors. Every Director is free to suggest the inclusion of the items on the Agenda.

The composition of the Board of Directors and their attendance at the Meetings held during the year and at the last Annual General Meetings as also number of other Directorships & Memberships of Committees as on March 31, 2009 are as follows:

Category / Designation	Name of Director & Category of Directorship	No. of Board meetings attended	Attendance at last AGM	No. of other Directorships	Committee Membership	
					Member	Chairman
Promoter/ Executive Directors	Mr. Shivaji R. Mohite M.D.	10	Yes	18*	1	2
	Mrs. Monika S. Mohite Jt. M.D.	10	Yes	17*	1	-
	Mr. Dilip R. Mohite CMD upto 11-09-08	02	No	--	1	2
Promoter / Non Executive	Mr. Ramchandra M. Mohite	10	Yes	--	--	--
	Mr. Vijay M. Navandhar	10	Yes	2	2	1
	Mr. Abhay M. Doshi (upto 15-04-09)	10	Yes	1	3	-
	Mr. Arunkumar Goenka	10	Yes	1	-	-
	Mr. Sanjay D. Patil	10	Yes	-	-	-
	Mr. Ramesh Mehta (upto 15-04-09)	Nil	No	-	-	-

(iii) Information to the Board of Directors :

The Board of Directors has complete access to the information within the Company, which includes :

- Annual revenue budgets and capital expenditure plans.
- Quarterly results and result of operations.
- Financing plans of the Company
- Minutes of Meetings of Audit and Nomination & Compensation Committees
- Any materially relevant default, if any, in financial obligations to and by the Company or substantial non-payment of goods sold,
- Any issue, which involves possible public or product liability claims of substantial nature.
- Developments in respect of Human Resources
- Compliance or Non-compliance of any Regulatory, Statutory or Listing requirements and investor service.

E. BOARD COMMITTEES

The Board currently has three committees: the Audit Committee, the Nomination & Compensation Committee and the Shareholders'/Investors' Grievance Committee. The Board is responsible for the constituting assigning and co-opting the Members of the Committee.

(i) Audit committee

(a) The Audit Committee is responsible for :

- Overseeing the Company's financial reporting process and disclosure of its financial information.
- Recommending the appointment of the Statutory Auditors and fixation of their remuneration.
- Reviewing and discussing with the Statutory Auditors.
- Reviewing major accounting policies and practices and adoption of applicable Accounting Standards.
- Disclosure of contingent liabilities.
- Reviewing the risk management mechanisms of the Company
- Reviewing compliance with Listing Agreement and various other legal requirements concerning financial statements and related party transactions.
- Reviewing the quarterly and half-yearly financial results and the annual financial statements before they are submitted to the Board.
- Reviewing operations, new initiatives and performance

- (b) The audit Committee of the Board of Directors was formed in 2000 and comprises three directors, of which two directors are non-executive directors. The Committee met five times during the year on 27-06-2008, 31-07-2008, 31-10-2008, 31-01-2009 & 04-03-2009. The attendance of Members of the Meeting was as follows :

Name	Status	No.of Meetings attended
Mr.Vijay Madanlal Navandhar	Chairman	5
Mrs.Monika Shivaji Mohite	Member	5
Mr.Abhay Mohanlal Doshi	Member	5

All the members of Audit Committee are financial literate and have accounting or related financial management expertise. General Manager (Finance) is permanent invitee to the meetings of the Audit Committee, who is also the secretary of the Committee. Minutes of the meetings are circulated to the Members of the Board and taken note of.

(ii) Nomination & Compensation Committee :

- (a) Terms of reference: To review, assess and recommend the appointment of senior employees and to review their remuneration packages.
- (b) The Committee comprises three directors, of which two directors are non-executive directors. The Committee met two times during the year on 31-07-2008 & 31-01-2009. The attendance of Members of the Meetings was as follows :

Name	Status	No.of Meetings attended
Mr.Dilip Ramchandra Mohite upto 11-09-08	Chairman	1
Mr.Shivaji Ramchandra Mohite w.e.f 12-09-08	Chairman	1
Mr.Vijay Madanlal Navandhar	Member	2
Mr.Abhay Mohanlal Doshi	Member	2

c) Remuneration Policy :

The objective of the remuneration is to motivate employees to excel in their performance, recognize their contribution and retain talent in the organization and reward merit. Remuneration of employees largely consists of base remuneration, perquisites and performance incentives. The components of the total remuneration vary from different grades and are governed by industry pattern, qualifications and experience of the employee, responsibilities handled, individual performance, etc.

- d) Details of remuneration paid to the whole time directors are as follows:

(Rs.in lakh)

Names	Salary	Perquisites	Retirement benefits	Commission
Mr.Dilip Mohite	12.00	NIL	NIL	NIL
Mr.Shivaji Mohite	28.00	NIL	NIL	NIL
Mrs.Monika Mohite	3.00	NIL	NIL	NIL

- e) Any other remuneration is not paid to the non-executive directors, except sitting fees.

(iii) Shareholders'/Investors' Grievance Committee :**(a) Terms of reference**

- Redressal of investors' complaints.
- Allotment of Shares, approval of transfer & transmission of shares, issue of duplicate certificates and new certificates on split/consolidation/renewal etc.
- To approve the transfer of shares lodged with the Company.

(b) Composition

The Shareholders'/ Investors' Grievance Committee presently comprise Managing Director and two non-executive directors. During the year, the Committee held five meetings on 27-06-2008, 31-07-2008, 01-10-2008, 22-12-2008 & 31-12-2008. The attendance of Members at the said Meetings was as follows ;

Name	Status	No.of Meetings attended
Mr.Dilip Ramchandra Mohite upto 11-09-08	Chairman	2
Mr.Shivaji Ramchandra Mohite wef 12-09-08	Chairman	3
Mr.Vijay Madanlal Navandhar	Member	5
Mr.Abhay Mohanlal Doshi	Member	5

- (c) General Manager (Finance) is the Compliance Officer. During the year, 1 complaint was received from the investors, which was responded to / resolved. As on March 31, 2009, no any request involving transfer of shares was pending.

F. OTHER INFORMATION**(i) Risk Management Framework:**

The Company has in place mechanism to inform Board Members about the Risk Assessment and Minimization procedures and periodical reviews to ensure that risk is controlled by senior management employees through the means of a properly defined framework.

(ii) Code of Conduct:

The Company has laid down a code of conduct for all Board Members and senior management personnel of the Company. The declaration of Joint Managing Director given below.

To the Shareholders of R.M.Mohite Textiles Ltd.

Sub. Compliance with Code of Conduct

The Board has laid down a code of conduct for all Board Members and Senior Management of the Company.

The Board Members and Senior Management have affirmed compliance with the Code of Conduct.

Vadgaon - 416 112.

28th June, 2009

MONIKA MOHITE

JOINT MANAGING DIRECTOR

(iii) Annual General Meeting

The last three Annual General Meetings of the Company were held at Kolhapur/Vadgaon (District –Kolhapur) as under:

Financial Year	Date	Time
2007-2008	23 rd September, 2008	11.30 a.m.
2006-2007	22 nd September, 2007	5.00 p.m.
2005-2006	28 th September, 2006	5.00 p.m.

The following Special Resolutions were passed by the members at the last three Annual General meeting.

Annual General Meeting held on 23rd September, 2008

- i) Appointment of Mr. Ramchandra Maruti Mohite as a Director
- ii) Appointment of Mrs. Monika Shivaji Mohite as a Director.

Annual General Meeting held on 22nd September, 2007

- i) Revision in the remuneration of Mr.Dilip Ramchandra Mohite, Chairman & Managing Director.
- ii) Revision in the remuneration of Mr.Shivaji Ramchandra Mohite, Joint Managing Director.
- iii) To increase Authorized Capital of the company and alteration of capital clause of Memorandum of Association.
- iv) To consider Employees Stock Option Scheme (ESOP-2007)
- v) To consider issuance of Foreign Currency Convertible Bonds (FCCB)
- vi) To consider for delegating authority to Board of Directors for giving financial support to its subsidiaries / associates & other companies.

Annual General Meeting held on 28th September, 2006

- i) Re-appointment of Mr.Shivaji Ramchandra Mohite, Joint Managing Director, for further five years period w.e.f. 01-03-2006.
- ii) Increase in borrowings powers under section 293 (1)(d) of the Companies Act to Rs.500 crores.
- iii) Conferring powers to Board of Directors of the Company, under section 293(a) to mortgage or to charge the properties of the Company in favour of the lenders.

(iv) Passing of Special Resolution by Postal Ballot (Under Section 192A) on 20.11.2008

Result declared at 'R.S.No.347, Ambapwadi Phata, Off. NH-4, Vadgaon Tal. Hatkanangale, Dist. Kolhapur - 416 112 regarding various special resolutions as below

- 1) Sale of Investment of the Company of 10,98,500 no. of fully paid equity shares in M/s. Mohite & Mohite (Engineers & Contractors) Pvt. Ltd a Subsidiary Company.
- 2) Shifting of Registered Office of the Company.

- 3) Alteration to Clause V (the Object Clause) of the Memorandum of Association.
- 4) Appointment of Shri Ramchandra Maruti Mohite as a Chairman (non-executive) of the Company for a five years period w.e.f. 1st December, 2008
- 5) Appointment of Shri.Shivaji Ramchandra Mohite as a Managing Director of the Company for a five years period w.e.f.1st December, 2008.
- 6) Appointment of Mrs.Monika Shivaji Mohite as a Joint Managing Director of the Company for a five year period w.e.f.1st December, 2008.

		Resolution No.1		Resolution No.2		Resolution No.3		Resolution No.4		Resolution No.5		Resolution No.6	
		No of Forms	No.of Shares	No of Forms	No.of Shares	No of Forms	No.of Shares	No of Forms	No.of Shares	No of Forms	No.of Shares	No of Forms	No.of Shares
1	FAVOUR	41	15583055	42	15583655	42	11583655	42	15583655	42	15583655	41	15583055
2	AGAINST	1	600	0	0	0	0	0	0	0	0	1	600
3	INVALID	3	11920	3	11920	3	11920	3	11920	3	11920	3	11920
	TOTAL :	45	15595575	45	15595575	45	11595575	45	15595575	45	15595575	45	15595575

(v) Disclosures:

- (a) During the year, there were no transaction of material nature with the Directors or the Management or the subsidiaries or relatives that had potential conflict with the interest of the Company.
- (b) There were no instances of non-compliance on any matter related to the capital markets, during the last three years.

(vi) Means of communication:

- (a) Quarterly & Annual Results are published in prominent daily news papers viz. Sakal & The Free Press Journal (English Newspaper)
- (b) Information relating to the shareholding pattern is also available on website of Bombay Stock Exchange Limited.
- (c) Management discussion & Analysis forms integral part of this Annual Report.

G. GENERAL SHAREHOLDERS' INFORMATION

(i) Annual General Meeting :

The Annual General Meeting of the Company has been convened on Wednesday, 30th September, 2009 at the registered office of the Company located at 'R.S.No.347, Ambapwadi Phata, Off NH-4,Vadgaon – 416 112, Kolhapur, Maharashtra State.

(ii) Financial Calendar :

Event		Period
i)	Annual Results of 2008-2009	28 th June, 2009
ii)	First Quarter Results	30 th July, 2009
iii)	Mailing of Annual Reports	Fourth Week of August, 2009
iv)	Annual General Meeting	30 th September, 2009
v)	Payment of Dividend	Not Applicable
vi)	Second Quarter Results	By 31 st October, 2009
vii)	Third Quarter Results	By 31 st January, 2010

(iii) Book Closure :

The book closure is from Wednesday, the 23rd September, 2009 to Wednesday, the 30th September, 2009 (both days inclusive)

(iv) Listing of Equity shares on Stock Exchange:

The shares of the Company are listed on the Bombay Stock Exchange Limited (BSE). Listing fees for the year 2009-10 has been paid to the Bombay Stock Exchange Limited. The Company has paid custodial fees for the year 2009-10 to National Securities Depository Limited and Central Depository Services (India) Limited on the basis of number of beneficial accounts maintained by them on March 31, 2009.

(v) Stock Code :

BSE – 532140

ISIN No.INE 154B01015

(vi) Stock market price data for the year 2008-2009

	BSE PRICES (Rs.)		BSE SENSEX	
	High	Low	High	Low
April, 2008	82.00	55.00	17480.74	15297.96
May, 2008	68.00	48.75	17735.70	16196.02
June, 2008	72.00	50.05	16632.72	13405.54
July, 2008	64.00	37.10	15130.09	12514.02
August, 2008	49.60	35.00	15579.78	14002.43
September, 2008	43.00	35.40	15107.01	12153.55
October, 2008	37.00	33.45	13203.86	7697.39
November, 2008	35.00	35.00	10945.41	8316.39
December, 2008	34.00	33.30	10188.54	8467.43
January, 2009	34.50	33.80	10469.72	8631.60
February, 2009	--	--	9724.87	8619.22
March, 2009	32.15	32.15	10127.09	8047.17

(vii) Registrar and Share Transfer Agents :

Link Intime India Pvt.Ltd.,
 C-13, Pannalal silk Mills' Compound, L.B.S.Marg,
 Bhandup (West), Mumbai- 400078
 Phone :-022-25963838 Fax :- 022-25946969

(viii) Share Transfer System :

The Company's shares are required to be traded in BSE compulsorily in dematerialized mode. Shares in physical mode which are lodged for transfer are processed and returned within the stipulated time.

(ix) Distribution of Shareholding as on March 31, 2009

No.of Shares	Shareholders		Shareholding	
	Number	%	Number	%
Up to 500	311	69.2650	83829	0.4171
501 - 1000	31	6.9042	28009	0.1394
1001 - 2000	9	2.0045	13883	0.0691
2001 - 3000	16	3.5635	39066	0.1944
3001 - 4000	5	1.1136	17008	0.0846
4001 - 5000	23	5.1225	113815	0.5663
5001 - 10000	11	2.4499	93830	0.4668
10001 & above	43	9.5768	19710260	98.0625
Total :	449	100.0000	20099700	100.000

(x) Categories of Shareholders as on March 31, 2009

Category	Shareholding	Number of shares %
Financial Institutions	Nil	Nil
Nationalized Insurance Companies	Nil	Nil
Foreign Institutional Investors	Nil	Nil
Mutual Funds	Nil	Nil
Bodies Corporate	4661117	23.19
Directors & Relatives	14647215	72.87
General Public	791368	3.94
Total :	20099700	100.00

(xi) Dematerialization of shares :

As on March 31, 2009, 76.9811% of the Company's total paid up capital representing 15472979 shares were held in dematerialized form and the balance 23.0189 % representing 4626721 shares were held in physical form.

(xii) Plant location :

Manufacturing facilities of the Company are located at :

- R.S.No.347, Ambapwadi Phata, Vadgaon Pin Code – 416 112 (District- Kolhapur) in the state of Maharashtra.
- Khotwadi, Ichalkaranji, Maharashtra State.
- Plot No.T-7, Metro Hi-Tech Textile Co-op.Park, M.I.D.C.,Kagal (Dist-Kolhapur), Maharashtra State.
- Hydro Electric project, Gat. No.222, at Phejawade, Tal- Radhangari Dist-Kolhapur.

(xiii) Address for correspondence :

R. M. Mohite Textiles Limited

R.S.No.347, Ambapwadi Phata, Off NH-4, P.B.No.1, Vadgaon, Tal – Hatkanangale, Dist – Kolhapur – 416 112, Maharashtra State, India.

Phone – 0230-2471230-33, Fax – 0230-2471229

Shareholder correspondence should be directed to Company's Registrar and Transfer Agent, whose address is given below :

Link Intime India Pvt.Ltd.

C-13, Pannalal Silk Mills Compound,

L.B.S.Marg, Bhandup(West), Mumbai – 400 078.

Phone- 022-25963838 Fax -022-25946969

(xiv) Non-mandatory requirement on Corporate Governance recommended under Clause 49 of the Listing Agreement

The Company has adopted the following non-mandatory requirements on Corporate Governance recommended under Clause 49 of the Listing Agreement.

- (a) Nomination & Compensation Committee is in place since July 2005. Presently the Committee comprises of the Managing Director and two non-executive directors.
- (b) Whistle Blower Policy for the Company is in place.

(xv) Securities Dealing Code :

Pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, a Securities Dealing Code for prevention of insider trading is in place. The objective of the Code is to prevent purchase and / or sale of shares of the Company by an insider on the basis of unpublished price sensitive information. Under the Code, Designated Persons (Directors, Advisors, officers and other concerned employees/persons) are prohibited from dealing in the Company's shares during the closure of trading Window. To deal in securities beyond specified limit, permission of Chairman & Managing Director is also required. All the Designated Employees are also required to disclose related information periodically as defined in the code.

Mr. Neehal Pathan, General Manager (Finance) has been designated as the Compliance Officer.

(xvi) CEO/CFO Certification pursuant to the provisions of the Clause 49 of the Listing Agreement.

To the Board of Directors of R.M.Mohite Textiles Limited,

Dear Sirs,

Sub : CEO/CFO Certificate

We, the undersigned, certify to the Board that :

- (a) We have reviewed the financial statements, read with the cash flow statement of R.M.Mohite Textiles Limited for the year ended March 31, 2009 and that to the best of our knowledge and belief, we state that :
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading.
 - (ii) These statements present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.
- (d) We have indicated to the Auditors and Audit Committee :
 - (i) Significant changes in the internal control over financial reporting during the year.
 - (ii) Significant changes in accounting policies made during the year and the same have been disclosed in the notes to the financial statements, and
 - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Vadgaon – 416 112

28th June, 2009

MONIKA MOHITE

JOINT MANAGING DIRECTOR

Auditors' Certificate on compliance of conditions of Corporate Governance**To the members of R.M.Mohite Textiles Limited**

We have examined the compliance of conditions of corporate governance by R.M.Mohite Textiles Limited for the year ended on March 31, 2009 as stipulated in clause 49 of the Listing Agreement entered into by the Company with the Bombay Stock Exchange Limited.

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 in all material respect with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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 the affairs of the Company.

For B. J. INGROLE & COMPANY
CHARTERED ACCOUNTANTS

Vadgaon - 416 112

28th June , 2009

B. J. INGROLE
PROPRIETOR
Membership No.14094

MANAGEMENT DISCUSSION & ANALYSIS

The management of R.M.Mohite Textiles Limited presents the analysis of business performance of the Company for the year 2008-2009 and its outlook for the future. This outlook is based on assessment of the current business environment. It may vary due to future economic and other developments, both in India and abroad.

1) INDUSTRY STRUCTURE & FUTURE OUTLOOK

- a) The Textile and Clothing sector has witnessed unprecedented investment trend in the last few years, so much so that for the last five years the CAGR of investment has been around 100%. It is more encouraging to see that weak sectors like processing have drawn significant investment in the last two years.
- b) The growth figures of the last few years have made the entire textile industry brim with unprecedented confidence and optimism. These growth targets envisaged a fundamental shift in the textile scenario and have taken a trajectory of a very rapid growth. There has been a boost in the Indian Domestic Textile Sector. The increasing GDP per capita has led to greater disposable income with the Indian people. There have been more working female population, leading to increasing purchases and a major portion of the purchases is among the textile and clothing items.
- c) The penetration of organized retail (the percentage is expected to increase from the present 3% to 10% by 2010) will increase the availability and hence the purchase of textile and clothing by the Indian consumer.
- d) In the Export sector removal of MFA has given a boost to the Indian textile entrepreneurs, a trend which has only been augmented by the progressive dismantling of spinning and weaving from the developed world.
- e) The Indian textile industry plays a vital role in the Indian economy by contributing the GDP, generating employment and earning foreign exchange. An estimated 38 million people are directly employed in the textile industry in India and contribution to 4% of GDP and 20% total export earnings.

2) OPPORTUNITIES AND THREATS

- a) India with its abundant multi-fibre raw material base, well established production grown work designed capability and skilled labour force, is well placed to emerge as a global textile and apparel sourcing hub. In a growing economy, the consumer spending on apparel in India has grown over the last five years touching the global benchmark of 5% of the total income (Source : Mckinsey)
- b) Indian sourcing market is also estimated to grow at an annual average rate of 12% from an expected market size of US \$22-25 billion in 2008 to US \$ 35-37 billion by 2011 (Source :CII – E& Y report 2007)
- c) The Chinese textiles industry is projected to face constraints with the appreciating yarn, rising raw material costs and labour shortage, which will impact its export. The decline in Chinese export growth in the US could offer benefits to the Indian textile industry and could be a key beneficiary of the spillover effect.

- d) The weak dollar coupled with slow down of US & European economies has affected the demand for textile products. The relative advantage of India vis-à-vis competing countries like Bangladesh, Pakistan, Vietnam, Indonesia and Thailand in respect of cost of cotton, power, labour, technologies access, currency fluctuations have started thinning down.
- e) After dismantling quotas, India seems to benefit due to raw material, design skills and skilled labour advantages. India is the world's third largest producer of cotton, second largest producer of cotton yarn, third largest exporter of cotton fabric and fourth largest exporter of synthetic fabric.
- f) In spite of above advantages that India has, there would be pricing pressure in view of dismantling of quotas as new small and medium manufacturers would crop in not only within India but also from other countries where similar quotas were imposed earlier. Also India has geographical disadvantage which take little longer time to reach its products to the key markets. It seems the price has been, more or less, stabilized and the buyers are looking for quality manufacturers.

3) MANAGEMENT PERCEPTION OF RISKS & CONCERNS

During the year 2008-09 because of steep increase in cotton prices, yarn prices were bound to have increase. In addition to increase in cotton cost, the petroleum product prices were boosted up which resulted in to increase in packing cost.

Also in this year cotton was exported in huge quantity which in turn affected indigenous yarn manufacturers being acute shortage of cotton.

However despite the situation your company has made export of yarn and also domestic sale of yarn and fabric by keeping other costs and overheads under control.

4) INTERNAL CONTROL SYSTEM

The Company has well defined internal control systems. Internal Audit in the organization measures the efficiency, adequacy and effectiveness of other controls in the organization. All significant issues are brought to the attention of the Audit Committee of the Board. Management continuously reviews the internal control systems and procedures to ensure orderly and efficient conduct of business.

5) HUMAN RESOURCES DEVELOPMENT & INDUSTRIAL RELATIONS :

The Company continues to lay emphasis on building and sustaining an excellent organization climate based on human performance. Performance management is the key word for the Company. Pursuit of proactive policies for industrial relation has peaceful and harmonious situation.

6) FINANCIAL ANALYSIS AND REVIEW OF OPERATIONS :

- a) Production of our Company of 100% cotton yarn was 7592.20 MT during 2008-09 as against production of 6666 MT in 2007-08. Sale of yarn was Rs.6708.52 Lakh during 2008-09 as compared to sales of Rs.6677.99 lakh during 2007-08.
- b) Production of fabric (knitted as well as woven) was 2351.14 MT – during 2008-09 as against production of 2328.61 MT in 2007-08. Sale of fabric was Rs.3604.00 lakh during 2008-09 as compared to sales of Rs.3420.99 during 2007-08.
- c) In spite of Global recession Production and sales during 2008-09 were increased by 6.20% and 0.40% respectively as compared to the previous year.
- d) The export of yarn and fabric was to Rs.2222.67 lakh during 2008-09 as compared to exports of yarn of Rs.1567.19 lakh during 2007-08.

- e) Average price realization per kg is Rs.114.10 for the year 2008-09 as compared to average price realization of Rs.120.76 per kg during 2007-08.

RAW MATERIAL

- a) Main raw material for the Company is cotton and during the year under review the movement of the cotton-prices were somewhat volatile. The average cost of cotton consumed increased by 15.89% from Rs.60.46 per Kg. for the previous year ended on 31-03-2008 to Rs.70.07 per kg. for the year ended 31-03-2009.
- b) Total raw material cost for the year 2008-09 is decreased to Rs.6397.69 lakh compared to Rs.6437.94 lakh for the previous year. Cost of material consumed to sales ratio for the period ended 31-03-2009 was 64.48% compared to 60.63% for the previous year.

POWER AND FUEL

The cost of power is Rs.1189.92 lakh for the year 2008-09 compared to Rs.1136.91 lakh for the year 2007-08. Cost of power is Rs.11.97 per kg. of the production for the year 2008-09 as compared to power cost of Rs.12.14 per kg of production for the previous year.

SALARY AND WAGES

The salary and wages is Rs.476.72 lakh for the year 2008-09 compared to Rs.429.42 lakh for the year 2007-08. The Company has taken steps of fully providing for the gratuity liability.

INTEREST AND FINANCE COST

The interest and finance cost is Rs.767.04 lakh for the year 2008-09 compared to Rs.662.69 lakh for the year 2007-08. During the year the interest income is of Rs.26.65 lakh (previous year Rs.22.07 lakh) earned on fixed deposits.

PROFITABILITY

The Company earned profit before depreciation, interest and tax of Rs.1574.46 lakh as against Rs.1684.38 lakh in the previous year, showing a decline of Rs.6.51% during the year under review. The Company earned profit before depreciation and tax of Rs.807.42 lakh as compared to Rs.1021.69 lakh in the previous year, showing a decrease of 20.97%.

The Profit before tax (after interest and depreciation) of Rs.206.69 lakh and the Profit after tax of Rs.174.71 lakh for the financial year under review as against Rs.541.39 lakh and Rs.300.01 lakh respectively, for the previous financial year.

RESOURCE MOBILISATION

The gross fixed assets (including capital work in progress) as at 31st March, 2009 were Rs.15417.13 lakh as compared to Rs.13324.14 lakh in the previous year. During the year, the Company added fixed assets amounting to Rs.2089.97 lakh.

Debtors outstanding for more than six months were Rs.28.47 lakh (Previous year Rs.28.54 lakh). The net current assets as on 31st March, 2009 were Rs.4599.12 lakh as against Rs.3311.01 lakh in the previous year. Inventory level as on 31st March, 2009 was Rs.1695.32lakh, as against Rs.1937.86. lakh in the previous year.

**AUDITOR'S REPORT
TO THE MEMBER OF R.M.MOHITE TEXTILES LIMITED.**

1. We have audited the attached balance sheet of R.M.Mohite Textiles Limited, as on 31st March, 2009, the profit and loss account and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the 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 presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's 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 on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that :
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account.
 - (iv) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India;
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
 - (b) in the case of Profit and Loss account, of the profit for the year ended on that date; and
 - (c) in the case of Cash Flow statement, of the cash flows for the year ended on that date.

For B.J.INGROLE & COMPANY
CHARTERED ACCOUNTANTS

Vadgaon – 416 112
28th June, 2009

B.J.INGROLE
PROPRIETOR
Membership No.14094

Annexure to Auditor's Report

Re : R.M. MOHITE TEXTILES LTD.

Referred to in paragraph 3 of our report of even date,

- i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have not been physically verified by the management during the year but there is a regular programmed verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) During the year, the Company has not disposed off substantial part of the fixed assets. According to the information and explanations given to us, we are of the opinion that the sale of the said part of fixed assets has not affected the going concern status of the Company.
- ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii) According to the information and explanations given to us the Company has neither taken nor granted any loan, secured or unsecured, from /to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956, 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 and exceeding the value of rupees Five Lakh in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public and hence the provisions of sections 58 A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975, with regard to the deposits accepted from the public, are inapplicable. No order has been passed by the Company Law Board or National Company Law Tribunal or RBI or any court or any other Tribunal.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost, maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost record under section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- (ix)
 - (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees state insurance, income tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues as applicable to it.
 - (b) According to the information and explanations given to us, no undisputed amount payable in respect of income tax, wealth tax, service tax, customs duty, excise duty and cess, were in arrears as at 31st March, 2009 for a period of more than six months from the date they became payable.
 - (c) According to the information, and explanation given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute.
- (x) In our opinion, there are no accumulated losses in the books of the Company. The Company has not incurred cash loss during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) In our opinion and according to the information and explanations given to us the Company has not granted any loan 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 fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion, the term 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.

- (xv) In our opinion, the terms and conditions on which the Company has given guarantees for loan taken by others from banks or financial institutions are not prejudicial to the interest of the Company.
- (xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
- (xviii) According to the information and explanations given to us the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) According to the information and explanations given to us, during the period covered by our audit report, the Company had not issued any debentures nor has the Company created security or charge in respect of debenture issue.
- (xx) According to the information and explanations given to us, during the period covered by our audit report, the Company had not raised any money by way of public issues.
- (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.

Vadgaon- 416 112
28th June, 2009

For B.J.INGROLE & COMPANY
CHARTERED ACCOUNTANTS

B.J.INGROLE
PROPRIETOR
Membership No.14094

BALANCE SHEET AS AT 31st MARCH, 2009

Particulars	Schedule	As at 31-03-2009 Rs. in lakh	As at 31-03-2008 Rs. in lakh
SOURCES OF FUNDS :			
I SHAREHOLDERS FUND			
(a) Share Capital	1	2,009.97	2,009.97
(b) Reserves and Surplus	2	3,247.73	3,073.03
		5,257.70	5,083.00
II LOAN FUNDS			
(a) Secured Loans	3	10,445.76	8,144.27
(b) Unsecured Loans	4	1771.49	1,410.15
(c) Documentary Bills Discounted		---	45.42
		12,217.25	9,599.84
TOTAL -		17,474.95	14,682.84
APPLICATION OF FUNDS :			
I FIXED ASSETS			
(a) Gross Block	5	12,628.07	12,137.38
(b) Less:- Depreciation		5,044.06	4,443.33
(c) Net Block		7,584.01	7,694.05
(d) Capital work in progress		2,789.06	1,186.78
II INVESTMENTS	6	2,502.75	2,491.00
III CURRENT ASSETS, LOANS & ADVANCES			
(a) Inventory	7	1,695.32	1,937.87
(b) Sundry Debtors	8	2,033.70	2,085.20
(c) Cash and Bank Balances	9	598.37	124.74
(d) Other Current Assets	10	204.31	232.79
(e) Loans and Advances	11	1,559.33	641.97
		6,091.03	5,022.57
Less : LIABILITIES & PROVISIONS			
(a) Liabilities	12	621.06	872.70
(b) Provision for Income Tax		236.50	209.00
(c) Deferred tax liability		634.34	629.86
(d) Provision for Dividend & dividend tax		---	---
		1,491.90	1,711.56
NET CURRENT ASSETS		4,599.13	3,311.01
IV Miscellaneous Expenditure (To the extent not Written off)		---	---
V Profit and loss Account		---	---
Total :-		17,474.95	14,682.84

As per our separate report attached,

For B.J. INGROLE & COMPANY
CHARTERED ACCOUNTANT

B.J.INGROLE
PROPRIETOR

for and on behalf of the Board of Directors of

R. M. MOHITE TEXTILES LTD.
MONIKA MOHITE
JOINT MANAGING DIRECTOR

SANJAY PATIL
DIRECTOR

SHIVAJI MOHITE
MANAGING DIRECTOR

VIJAY NAVANDHAR
DIRECTOR

Vadgaon – 416 112
28th June, 2008

Vadgaon – 416 112
28th June, 2009

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

	Schedule	As at 31-03-2009 Rs. in lakh	As at 31-03-2008 Rs. in lakh
INCOME :			
(a) Sales and Operating Income	13	10,661.88	10,619.07
(b) Other Income	14	47.09	32.08
		<u>10,708.97</u>	<u>10,651.15</u>
EXPENSES :			
(a) Cost of Materials	15	6,874.26	6,437.94
(b) Manufacturing Expenses	16	1,792.59	1,985.09
(c) Administrative Expenses	17	326.58	442.85
(d) Selling Expenses	18	141.08	100.89
(e) Depreciation		600.73	480.30
(f) Miscellaneous Expenses written off.		--	--
Total Expenditure :-		<u>9,735.24</u>	<u>9,447.07</u>
Profit before Interest		973.73	1,204.08
Interest	19	767.04	662.69
Profit after Interest		<u>206.69</u>	<u>541.39</u>
Less :- Provision for taxation		25.00	110.00
Less :- Provision for FBT		2.50	2.00
Less :- Deferred tax liability for the year		4.48	129.38
Profit after tax		<u>174.71</u>	<u>300.01</u>
Add : Profit / Loss (Previous year)		1,612.49	1,312.48
Profit available for Appropriation		174.71	300.01
Appropriation		---	---
Profit / Loss transferred to Balance sheet		<u>1,787.20</u>	<u>1,612.49</u>

As per our separate report attached,

For B.J. INGROLE & COMPANY
CHARTERED ACCOUNTANT

B.J.INGROLE
PROPRIETOR

Vadgaon – 416 112
28th June, 2008

for and on behalf of the Board of Directors of

R. M. MOHITE TEXTILES LTD.

MONIKA MOHITE
JOINT MANAGING DIRECTOR

SANJAY PATIL
DIRECTOR

Vadgaon – 416 112
28th June, 2009

SHIVAJI MOHITE
MANAGING DIRECTOR

VIJAY NAVANDHAR
DIRECTOR

SCHEDULES FORMING INTEGRAL PART OF ACCOUNTS

	As at 31-03-2009 Rs. in lakh	As at 31-03-2008 Rs. in lakh
SCHEDULE - 1		
SHARE CAPITAL :		
Authorised		
(a) 260,00,000 Equity Shares of Rs. 10 each	2,600.00	2,600.00
Issued, Subscribed & Paid-up		
(a) 200,99,700 Equity Shares of Rs. 10/- each fully paid up	2,009.97	2,009.97
SCHEDULE - 2		
RESERVE AND SURPLUS :		
(a) Capital Incentive received from SICOM	30.00	30.00
(b) General Reserve	1,430.53	1,430.53
(c) Profit and Loss A/c	1,787.20	1,612.49
	3,247.73	3,073.02
SCHEDULE - 3		
SECURED LOANS :		
(a) Loans from Banks		
(i) Cash Credit / Packing Credit	3,963.26	3,662.26
(ii) Term Loans	6,161.34	4,076.30
(b) Loan from LIC	295.32	324.20
(c) Documentary bills discounted	---	45.42
(d) Vehicle Loans	25.84	81.51
	10,445.76	8,189.69
SCHEDULE - 4		
UNSECURED LOANS		
(a) Deposits from - Promoters - Directors	1,771.49	1,410.15
	1,771.49	1,410.15

- Note :
- Term Loans are secured by pari - passu first charge on fixed assets of the Company in favour of IDBI Banks & Bank of Baroda and pari - passu charge on current assets, except receivables.
 - Working capital limits are secured by way of pari-passu first charge on current assets, except receivables in favour of Bank of Baroda, IDBI Bank & State Bank of India and pari passu second charge on fixed assets.
 - All term loans & Credit facilities availed from Bank of Baroda, IDBI Bank and State Bank of India are also secured by personal guarantee of Mr. Shivaji Mohite, Mr. R. M. Mohite & Mrs. Monika Mohite.
 - Loan from LIC of India is secured by assignment of key man insurance policy.

SCHEDULE - 5

FIXED ASSETS

Rs. in Lakh

Sr. No.	Name of the Asset	GROSS BLOCK				Rate %	DEPRECIATION					
		Gross Block As On 01.04.2008	Additions	Deductions	Gross Block As on 31.03.2009		Depn upto 01.04.2008	Depn on Asset Sold	Depn for 01.04.2008 to 31.03.2009	Total Depn	Net Block As On 31.03.2009	Net Block As on 31.03.2008
(a)	Land	57.55	-	-	57.55	-	-	-	-	-	57.55	57.55
(b)	Kagal MIDC Land	289.43	-	-	289.43	-	-	-	-	-	289.43	289.43
(c)	Factory Building	2,126.39	366.70	-	2,493.09	3.34%	291.98	-	81.58	373.56	2,119.53	1,834.41
(d)	Plant & Machinery											
	Imported	6,059.87	-		6,059.87	5.28%	3,003.70	-	319.98	3,323.68	2,736.19	3,056.17
	Indigenous	2,987.78	23.09		3,010.87	5.28%	946.18	-	158.40	1,104.58	1,906.29	2,041.60
(e)	Electrical Installation	169.99	80.42	-	250.41	4.75%	68.42		8.61	77.03	173.38	101.57
(f)	Office Equipment	63.42	2.96	-	66.38	4.75%	23.75		3.07	26.82	39.56	39.67
(g)	Laboratory Equipments (Imported)	98.81	-	-	98.81	4.75%	36.64		4.69	41.33	57.48	62.18
(h)	Vehicles	203.90	10.12		214.02	9.50%	38.23		19.51	57.74	156.28	165.67
(i)	Furniture & Fixtures	48.35	7.31	-	55.66	6.33%	25.85		3.28	29.13	26.53	22.50
(j)	D. G. Sets - Imported	31.88	-	-	31.88	4.75%	8.58		1.51	10.09	21.79	23.30
(k)	Equipments Below Rs.5000		0.10		0.10	0.00%			0.10	0.10		
		12,137.37	490.70	-	12,628.07	0	4,443.33	-	600.73	5,044.06	7,584.01	7,694.05
(k)	Advance to Machinery	-	-	-	-		-		-	-	-	
(l)	Capital WIP	1,186.77	1,602.29	-	2,789.06	-	-		-	-	2,789.06	1,186.77
	Total :-	13,324.14	2,092.99	-	15,417.13	0	4,443.33	-	600.73	5,044.06	10,373.07	8,880.82
	Previous Year	9,382.65	2,877.24	(122.51)	12,137.38		4,042.21	(79.18)	480.30	4,443.33	7,694.05	5,340.45

		31-03-2009 Rs. in lakh	31-03-2008 Rs. in lakh
SCHEDULE - 6			
INVESTMENTS			
(a)	GOVERNMENT SECURITIES (QUOTED)	-	-
(b)	INVESTMENTS (UNQUOTED)		
	No. of shares		
i)	Shares of Parshwanath Co-Op. Bank Ltd.	2000	0.50
ii)	Kallappana Awade Ichalkaranji Co. Bank Ltd.		5.00
iii)	Mahalaxmi Co. Op. Bank Ltd.		1.75
iv)	Rajaram Babu S. Bank Ltd.		5.00
v)	Sibar Software Service Pvt. Ltd.	600	0.00
(c)	INVESTMENT IN SUBSIDIARY COMPANIES		
(i)	Mohite & Mohite (Engineers & Contractors) Pvt. Ltd.	1098500	2,197.00
(ii)	First Steps Baby Wear Pvt. Ltd.	2690000	269.00
(d)	Share Applications Money Deposited		
(i)	First Steps Baby Wear Pvt. Ltd.		74.00
(ii)	Indus Sacchrides Pvt. Ltd.	2450	24.50
		2,502.75	2,491.00
SCHEDULE - 7			
INVENTORY :			
(a)	Stock - in - trade		
(i)	Raw Material	286.14	500.12
(ii)	Finished Goods	546.89	592.61
(iii)	Stock in Process	430.98	464.01
(iv)	Stores, Spares, Packing Material	219.52	311.34
(v)	Waste	211.79	69.78
		1,695.32	1,937.86
SCHEDULE - 8			
SUNDRY DEBTORS			
(Unsecured and considered good)			
[a]	Exceeding six months	28.47	28.55
[b]	Less than six months -		
(i)	Export Receivables	38.54	155.63
(ii)	Receivables - Other than exports	1,966.69	1,901.02
		2,033.70	2,085.20

	31-03-2009 Rs. in lakh	31-03-2008 Rs. in lakh
SCHEDULE - 9		
CASH & BANK BALANCES		
[a] Cash on hand	4.58	5.14
[b] Balances with Scheduled Banks in :		
(i) Current Account	189.81	23.91
(ii) Fixed Deposit Account	371.79	70.09
[c] Balances with Non Scheduled Banks / Co-op. Banks in :		
(i) Current Account	13.35	21.21
(ii) Fixed Deposit Account	18.84	4.39
	598.37	124.74
SCHEDULE - 10		
OTHER CURRENT ASSETS :		
[a] Deposits with		
(i) MSEB	22.58	48.83
[b] MVAT / Elec. Duty refund Receivable	118.49	183.41
[c] Others	63.24	0.55
	204.31	232.79
SCHEDULE - 11		
LOANS AND ADVANCES :		
(Unsecured and considered good)		
[a] Advances recoverable	1,216.14	509.31
[b] TDS / Advance Tax	334.37	132.61
[c] Cenvat / PLA	8.82	0.05
	1,559.33	641.97
SCHEDULE - 12		
CURRENT LIABILITIES :		
(a) Sundry Creditors	563.93	551.69
(b) Credit balances - customers	---	62.12
(c) Other Liabilities	50.62	252.80
(d) TDS Payable	6.51	6.08
	621.06	872.69

	31-03-2009 Rs. in lakh	31-03-2008 Rs. in lakh
SCHEDULE - 13		
SALES		
(a) Export Sales	1,729.95	1,468.51
(b) Merchant Exports	492.72	98.65
(c) DTA Sales	7,684.37	8,587.76
(d) Cotton Waste Sales	147.75	122.12
(e) Sales - Trading	---	113.14
(f) Sales - Job-work	502.71	- 168.72
(g) Duty Drawback	104.38	60.17
Total Sales :-	10,661.88	10,619.07
SCHEDULE - 14		
OTHER INCOME		
(a) Service charges / Dividend received	7.99	0.06
(b) Profit on sale of assets / investment	-	8.95
(c) Recovery in Bad Debts	12.46	1.00
(d) Interest Received	26.64	22.07
Total Other Income :-	47.09	32.08
SCHEDULE - 15		
INCREASE / DECREASE IN STOCK		
(a) Stocks as at close :		
(i) Finished Goods	546.89	592.61
(ii) Stock in Process	430.98	464.01
(iii) Waste	211.79	69.78
	1,189.66	1,126.40
(b) Stocks as at commencement		
(i) Finished Goods	592.61	410.81
(ii) Stock in Process	464.01	256.81
(iii) Waste	69.78	38.32
	1,126.40	705.94
Increase (Decrease) in Stock :-	63.26	420.46

	31-03-2009 Rs. in lakh	31-03-2008 Rs. in lakh
COST OF MATERIALS :		
(a) Raw Materials Consumed		
(i) Opening Stock	500.12	742.66
(ii) Add :- Purchases	6,183.58	6,271.14
(iii) Less :- Closing Stock	(286.14)	(500.12)
	6,397.56	6,513.68
(b) Packing Material Consumed		
(i) Opening Stock	43.31	12.22
(ii) Add :- Purchases	116.19	161.32
(iii) Less :- Closing Stock	(12.14)	(43.30)
	147.36	130.24
(c) Machinery Spares Consumed		
(i) Opening Stock	268.03	60.30
(ii) Add :- Purchases	287.71	378.97
(iii) Less :- Closing Stock	(207.39)	(268.03)
	348.35	171.24
(d) Stores, Spares Consumed		
(i) Imported	-	-
(ii) Indigenous spares, other material	44.23	43.23
Cost of Materials :-	6,937.52	6,858.40
Less : Insurance claim received	-	-
Total Cost of Materials :-	6,937.52	6,858.40
COST OF GOODS SOLD	6,874.26	6,437.94
SCHEDULE - 16		
MANUFACTURING EXPENSES :		
(a) Payment to workers		
(i) Wages & Bonus	316.51	283.56
(ii) P.F.contribution	8.86	11.22
(iii) Workers' Welfare Expenses	11.18	9.86
	336.55	304.64
(b) Power and Fuel	1,189.92	1,136.91
(c) Freight, Clearing, Forwarding	7.74	99.86
(d) Repairs and Maintenance	52.02	108.09
(e) Mixing, Unloading, Jobwork	187.64	205.63
(f) Direct Expenses Garments	18.72	129.96
Total Manufacturing Expenses :-	1,792.59	1,985.09

	31-03-2009 Rs. in lakh	31-03-2008 Rs. in lakh
SCHEDULE - 17		
ADMINISTRATIVE EXPENSES :		
(a) Payment to Staff Salary		
(i) Salary	130.74	117.54
(ii) P.F. Contribution	3.22	3.99
(iii) Gratuity Contribution	2.09	2.63
(iv) Staff Welfare Expenses	1.63	0.63
	137.68	124.79
(b) Clearing forwarding - Imports	4.67	20.17
(c) Printing and Stationery	5.97	4.69
(d) Postage and Telegram / Telephones	7.28	6.76
(e) Bank Charges, ECGC premium	41.31	37.01
(f) Travelling and Conveyance	43.94	37.11
(g) Advertisement	2.72	30.17
(h) Legal and Professional Fees	36.73	35.19
(i) Security Expenses	12.58	6.06
(j) Insurance	7.96	22.52
(k) Key-men Insurance Premium	2.48	79.00
(l) Manufacturing Taxes & Rates	10.92	27.05
(m) Miscellaneous	12.34	12.33
	326.58	442.85
SCHEDULE - 18		
SELLING EXPENSES :		
(a) Freight and Forwarding	102.99	78.65
(b) Commission on Sales	38.09	22.24
	141.08	100.89
SCHEDULE - 19		
INTEREST :		
(a) Borrowing From Working Capital	545.08	486.68
Term Loans from banks	192.30	139.66
Others & Export-Import & L/C chgs & IBP	29.66	36.35
	767.04	662.69

**SCHEDULE 20
ACCOUNTING POLICIES AND NOTES TO ACCOUNTS****[A] Significant Accounting Policies:**

1. Accounting Convention :
The financial statements are prepared on accrual basis under the historical cost convention, in accordance with Generally Accepted Accounting Principles in India, and in compliance with the Accounting Standards referred to in Section 211 (3C) and requirements of the Companies Act, 1956.
2. Fixed Assets:
Fixed assets are stated at cost of acquisition, including interest during construction period if any, less accumulated depreciation.
3. Investments:
Long-term investments are carried at cost less provision, if any, for diminution in value other than temporary, in value of long term investment, where applicable.
Current investments are carried at lower of cost or market value.
4. Inventories:
Inventories are valued as under:
[a] Stock of cotton, stores, spares, packing material at lower at cost and market value.
[b] Stock in process – Yarn manufacturing at lower of cost and market value.
[c] Finished Yarn at lower of cost and market value.
[d] Cotton waste at net realizable value.
5. Income recognition:
The income is generally accounted for on accrual basis.
6. Depreciation:
Depreciation for the current financial year is provided on 'Straight Line Method' at the rates prescribed under Schedule XIV of the Companies Act, 1956.
7. Foreign Exchange Transactions:
[a] Transactions in foreign currency are recorded at actual exchange rates applied by the bankers of the Company.
[b] Receivables, balances in bank and payables denominated in foreign currency outstanding at the end of the year are translated at closing rates.
8. Excise Duty:
Since the excise duty rate applicable to Company's product is zero percent, no provision is required to be made in the accounts for excise duty payable on goods manufactured and lying in the factory premises.

9. Provision for taxation:

Provision for taxation is made at the rates applicable under the Income Tax Act, 1961 after claiming deduction allowable under its various provisions.

[B] Notes on Accounts:

1. Contingent liabilities:

- [a] Guarantees given by banks, counter guaranteed by the Company – Rs.2,71,15,000/- (previous year Rs.2,71,15,000/-)
- [b] Letter of credit (for import of machinery) established by banks, counter guaranteed by the Company – Rs.10,03,00,000/- (previous year – Rs. 12,41,74,796)
- [c] Income tax/sales tax demands against which the Company has preferred appeals – Rs.2,22,69,110/- (previous year Rs. 27,81,534)
Central Excise duty demands against which the Company has preferred appeals – Rs.3,59,89,388/- (previous year Rs.3,59,89,388/-)
- [d] Guarantees given on behalf of a sister /associate concerns – NIL (previous year Rs.22,00,00,000)

2. Share Capital :

During the year the Company has not issued any shares. There is no change in issued, subscribed and paid up capital of the Company during the year.

3. Fixed Assets :

Estimated amount of contracts remaining to be executed on capital account and not provided for (net advances) is NIL (Previous year NIL)

4. Current Assets, Loans & Advances :

- [a] Debtors do not include any overdue amount which has not been settled over long periods or which is under dispute and arbitration. In the opinion of the management, all the outstanding debts as on 31.03.2009 are considered good.
- [b] Advances recoverable in cash or in kind do not include any sort of loan or advance to the Chairman, Managing Director or to Joint Managing Director.
- [c] In the opinion of the Board of Directors of the Company, the value of realization of current assets, loan and advances, in the ordinary course of business, would not be less than the amount at which they are stated in the Balance Sheet and the provision for all known and determined liabilities, is adequate and not in excess of the amount reasonably required.
- [d] The balances of debtors and creditors are subject to confirmation.
- [e] Sundry creditors include dues to Small Scale Undertakings Rs.2,48,729/- (Previous year Rs. 3,42,613/-). The Company does not owe any sum to Small Scale Industrial Undertaking exceeding Rs.One Lakh.
- [f] Mr.Abhay Doshi, an independent director of the Company, is a director of Parshwanath Co-op.Bank Ltd. with whom the Company has banking relationship.

5. Details about investments:

	Book Value (Rs.in Lakh)		Market Value (Rs.in Lakh)	
	Current Year	Previous Year	Current Year	Previous Year
[a] Quoted Shares	0.00	0.00	0.00	0.00
[b] Other Investments	2233.75	24.50	2233.75	24.50
[c] Shares of Private Limited (Subsidiary) companies	269.00	2466.00	269.00	2466.00
Total :-	2502.75	2490.50	2502.75	2490.50

6. Profit and Loss Account:

- [a] Provident fund is accounted on monthly basis in accordance with the terms of contract with the employees and is deposited with the "Employees Provident Fund Organization (EPFO)".
- [b] Encashment of leave is accounted for in the year in which the employees exercise the option of encashment.
- [c] Provisions for additional accrued-gratuity–liability for the year is estimated to be Rs.4,99,334/- (Previous year Rs.2,09,211/-). Liability on account of retirement gratuity is provided in accordance with the Company's Group Gratuity Cash Assurance Scheme with Life Insurance Corporation of India.
- [d] Managerial remuneration paid to the M.D. and Joint M.D. for the year is as follows:

	For the year (Rs.in lakh)	Previous Year (Rs.in lakh)
i) Salaries	43.00	29.40
ii) Contribution to Provident Fund	NIL	NIL
iii) Perquisites & Commission	NIL	NIL

- [e] Remuneration paid to the Auditors for the year is as follows :

	For the year (Rs.in lakh)	Previous Year (Rs.in lakh)
i) Audit Fees	0.10	0.10
ii) Other Services	NIL	NIL
Total :	0.10	0.10

Additional information pursuant to the provisions of paragraph 3, 4C, 4D of part II of Schedule VI of Companies Act, 1956.

A.	Current Year		Previous Year	
i) Licensed Capacity	35216 spindles 640 Rotors 22 TFOs Knitting- 20 Machines [10500 Mt]		35216 spindles 640 Rotors 22 TFOs Knitting- 20 Machines [10500 Mt]	
ii) Installed Capacity	34896 spindles 640 Rotors 22 TFOs Knitting 20 Machines [10500 Mt]		34896 spindles 640 Rotors 22 TFOs Knitting 20 Machines [10500 Mt]	
	31 st March, 2009		31 st March, 2008	
	Quantity (Kg)	Value (Rs.)	Quantity (Kg)	Value (Rs.)
iii) Value of Production	99,43,347	--	93,62,843	--
iv) Opening stock of raw material				
-Manufacturing	531003	5,00,12,111	8,18,542	7,42,65,953
-Trading	--	--	--	--
v) Purchases-raw material	93,69,070	61,83,52,593	78,08,325	56,66,85,629
- Purchases – Trading	--	3,66,53,340	--	4,06,52,924
vi) Sales				
-Export Sales-Yarn	9,44,062	15,23,33,210	7,67,531	10,48,92,353
-Export Sales-Fabric	1,64,968	2,29,03,767	28,188	97,27,133
-Export Sales-Waste	1,25,956	67,50,753	--	--
-Merchant Sales	1,85,446	1,01,02,914	1,49,328	98,64,954
-DTA Sales-Yarn	40,03,511	41,22,21,186	48,09,449	51,36,59,328
-DTA sales –Fabric	25,27,392	33,74,96,762	22,82,493	33,23,72,621
-Sale of Cotton Waste	7,20,553	1,33,33,637	8,38,302	1,19,11,125
-Sale Garments	--	24,84,516	64,375	1,13,13,943
-Sale-Others	--	5,02,75,203	--	1,68,71,601
			89,39,666	1,01,06,13,058
-Export Sales-Trdg. Div	--	3,91,69,171	2,73,589	3,22,31,828
-Local Sales-Trdg. Div.	--	1,91,16,662	1,30,45,434	4,04,528
Total Sales		1,06,61,87,781	92,13,255	1,05,58,90,320
vii) Closing Stock of –				
-Raw Material –Mfg.	4,74,113	2,86,13,800	5,31,003	5,00,12,111
-Stock in Process	4,78,868	4,30,98,156	2,90,836	4,64,01,312
-Finished Goods-Yarn	3,37,209	4,57,66,605	1,88,165	5,44,16,069
-Finished goods –Fabric	4,77,245	89,22,775	17,927	48,45,009
-Cotton waste	6,14,594	2,11,78,466	1,71,871	69,78,369
-Stores, spares, packing material	--	2,19,52,389	--	3,11,33,994
B. Raw Material [including Yarn, stores and spares consumed]				
- Cotton & Yarn	88,85,513	63,97,56,903	81,83,705	65,13,68,488
- Other raw material	--	3,92,58,495	--	3,44,71,887

C.Value of imported and indigenous raw materials				
-imported	--	--	61,315	30,77,378
-indigenous	93,69,070	61,83,52,593	77,47,172	51,01,58,274
D. [i] CIF value of imports				
- Raw Material i.e. Cotton	--	--	61,315	30,77,378
-Fabric	--	--	12,170	15,77,828
-Packing Material	--	--	--	--
-Machinery Spares	--	--	--	1,10,83,885
-Capital goods	--	--	--	1,59,10,050
[ii] Expenses incurred in Foreign Currency				
- Interest & Bank charges	--	--	--	--
-Travelling Overseas	--	13,25,223	--	--
- Commission on Exports	--	9,13,200	--	17,19,800
E.Earning in Foreign currency				
-FOB value of exports	--	20,81,72,950	--	12,44,84,440
of which deemed exports				

9. SEGMENT REPORTING :

The Company is engaged in the business of 100% cotton yarn of various counts/plies and knitted fabric. In context of Accounting Standard 17 issued by the Institute of Chartered Accountants of India, it is considered to be the only one business segment.

10. RELATED PARTY DISCLOSURES:

As per the Accounting Standard on 'Related Party Disclosures' (AS 18) issued by The Institute of Chartered Accountants of India, the related parties of the Company are as follows :

- 1) List of Related Parties & Relationship
 - (a) Mr.Shivaji Ramchandra Mohite
 - (b) Shantanu Textiles
 - (c) Dhruv Textiles
 - (d) Sharmila Textiles
 - (e) Monika Textiles
 - (f) Shantanu Fabrics
 - (g) Dhruv Fabrics
 - (h) Mahalaxmi Cotton, Ginning Pressing & Oil Ind.
 - (i) United Real Estate Developers P.Ltd.
 - (j) Shantanu Developers Pvt.Ltd.
 - (k) Sharmila Earth-Movers Pvt.Ltd.
 - (l) Shivam Earth-Movers Pvt.Ltd.
 - (m) Shiv-Dhruv Developers Pvt.Ltd.
 - (n) D & S (Engineers & Contractors) Pvt.Ltd.
 - (o) First Steps Baby Wear Pvt.Ltd.

2. REALTED PARTY TRANSACTIONS :Rs. In Lakh
Nature of transactions Related Parties Referred in 1 above.

	2008-2009	2007-2008
(a) Remuneration & other services	43.00	29.40
(b) Deposits, Advances (interest free)		
- Maximum outstanding during the year	0.00	0.00
- Year-end balance	0.00	0.00
(c) Investment in equity shares of subsidiary Companies		
- Opening Balance	2466.00	2392.00
- Investment made during the year	--	74.00
- Investment in MMPL, which is no more subsidiary company of RMMTL	2197.00	--
- Year end balance	269.00	2466.00

11. Previous year's figures have been re-grouped and reclassified to make them comparable with the figures of the current year.

As per our report of even date attached
For B.J.INGROLE & COMPANY
CHARTERED ACCOUNTANTS

for and on behalf of the Board of Directors of
R.M.MOHITE TEXTILES LTD.

MONIKA MOHITE
JT.M.D.

SHIVAJI MOHITE
MANAGING DIRECTOR

SANJAY PATIL
DIRECTOR

VIJAY NAVANDHAR
DIRECTOR.

B.J.INGROLE
PROPRIETOR

Vadgaon – 416 112
28th June, 2009

Vadgaon – 416 112
28th June, 2009

CASH FLOW STATEMENT For the year ended on 31st March, 2009

Rs.in lakh

Particulars		Current Year 31-03-2009		Previous Year 31-03-2008
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax		206.69		541.39
Adjustments for :-				
Depreciation	600.73		480.30	
Interest paid	767.04		662.69	
Public Issue expenses written off	-		-	
Deferred revenue expenditure written off	-		-	
Interest / Dividend received	-26.65		-22.13	
(Profit) / Loss on sale of Assets	-		-8.96	
(Profit) / Loss on sale of Investments	-		-	
Operating Profit before working capital changes		1341.12		1111.90
Adjustments for :		1547.81		1653.29
(Increase) / Decrease in :-				
Trade & other Receivables	-837.37		780.63	
Inventory	242.55		-416.74	
Increase / (Decrease) in :-				
Trade payables & other Liabilities	-251.64	-846.46	560.28	924.17
Cash Generation from operations		701.35		2577.46
Interest / Dividend received	26.65		21.64	
Interest paid	-767.04		-670.19	
Taxes paid	-	-740.39	-8.71	-657.26
NET CASH FROM OPERATING ACTIVITIES		-39.04		1920.20
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	-490.69		-3232.76	
Sale of Fixed Assets	-		52.29	
Purchase of Investments			-73.83	
Sale of Investments	-		-	
NET CASH USED IN INVESTING ACTIVITIES		-490.69		-3254.30
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issue of Share Capital	-		-	
Proceeds from Long Term Borrowing [net]	2056.16		809.65	
Proceeds from Short Term Borrowing [net]	300.99		222.86	
Proceeds from Unsecured Borrowing	361.34		494.48	
Dividend & dividend tax paid			-235.16	
NET CASH USED IN FINANCING ACTIVITIES		2718.49		1295.83
NET INCREASE IN CASH & CASH EQUIVALENTS		473.64		-38.26
CASH & BANK BALANCES AS ON 31-03-2008		124.74		162.98
CASH & BANK BALANCES AS ON 31-03-2009		598.37		124.74

As per our report of even date attached
For B.J.INGROLE & COMPANY
CHARTERED ACCOUNTANTS

for and on behalf of the Board of Directors of
R. M. MOHITE TEXTILES LTD.

B.J.INGROLE
PROPRIETOR
Vadgaon - 416 112
28th June, 2009

MONIKA MOHITE
J.T.M.D.
SANJAY PATIL
DIRECTOR

Vadgaon - 416 112
28th June, 2009

SHIVAJI MOHITE
MANAGING DIRECTOR
VIJAY NAVANDHAR
DIRECTOR.

Additional information as required under Part IV of Schedule VI of the Companies Act, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE :

I.	Registration Details :											
	Registration No.				0	5	8	7	7	4		
	State Code								1	1		
	Balance Sheet Date		3	1	-	0	3	-	2	0	0	9
		Date			Month				Year			
II.	Capital Raised during the year :				(Amount in Rs. Thousands)							
	Public Issue								N		L	
	Rights Issue								N	I	L	
	Bonus Issue								N	I	L	
	Private Placements								N	I	L	
III.	Position of Mobilisation and Deployment of Funds :											
	Total Liabilities					1	7	4	7	4	9	5
	Total Assets					1	7	4	7	4	9	5
	Sources of Funds :											
	Paid – up Capital					2	0	0	9	9	7	
	Reserves & Surplus					3	2	4	7	7	3	
	Secured Loans				1	0	4	4	5	7	5	
	Unsecured Loans					1	7	7	1	4	9	
	Application of Funds :											
	Net Fixed Assets				1	0	3	7	0	0	7	
	Investments					2	5	0	2	7	5	
	Net Current Assets					4	5	9	9	1	2	
	Miscellaneous Expenditure								N	I	L	
	Accumulated Losses								N	I	L	
IV.	Performance of Company :				(Amount in Rs. Thousands)							
	Turnover					1	0	6	6	1	8	8
	Total Expenditure					1	0	5	0	2	2	8
	Profit / Loss Before Tax							2	0	6	6	9
	Profit / Loss After Tax							1	7	4	7	1
	Earning Per Share [Rupees]										0.87	
	Dividend Rate									N	I	L
V.	Generic Names of three Principal Products / Services of Company (as per monetary terms)											
i)	Item Code No. – (I.T.C. Code Number)				5	2	0	5	2	4	0	1
	Product Description –				100 PERCENT COTTONYARN NEC 40/1 COMBED							
ii)	Item Code No. – (I.T.C. Code Number)				5	2	0	5	2	2	0	1
	Product Description -				100 PERCENT COTTON YARN NEC 40/2 COMBED							
iii)	Item Code No. – (I.T.C. Code Number)				5	2	0	8	0	0	-	-
	Product Description -				COTTON FABRICS							

As per our report of even date attached

For **B.J.INGROLE & COMPANY**
CHARTERED ACCOUNTANT

for and on behalf of the Board of Directors of

R. M. MOHITE TEXTILES LTD.
MONIKA MOHITE

JOINT MANAGING DIRECTOR

SHIVAJI MOHITE

MANAGING DIRECTOR

B.J.INGROLE

PROPREITOR

SANJAY PATIL

DIRECTOR

VIJAY NAVANDHAR

DIRECTOR

Vadgaon – 416 112

28th June, 2009

Vadgaon – 416 112

28th June, 2009

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS**Report of the Auditors to the Board of Directors of R. M .Mohite Textiles Limited**

1. We have audited the attached consolidated balance sheet of R.M.Mohite Textiles Limited (the Company) and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date, annexed thereto. These consolidated financial statements are the responsibility of the management of the Company and have been prepared by the management on the basis of separate financial statement of the Company and the consolidated financial statements of subsidiary companies. Our responsibility is to express an opinion on these financial statements based on our audit.
2. 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 reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the management of the Company in accordance with the requirements of Accounting Standards (AS21), Consolidated Financial Statement issued by the Institute of Chartered Accountants of India.
4. On the basis of information and explanations given to us and on the consideration of the separate audit report on individual audited financial statements of the Company, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.
 - i) In the case of the consolidated balance sheet, of the state of affairs of the Group as at 31st March, 2009;
 - ii) In the case of consolidated profit and loss account, of the profit for the year ended on that date and
 - iii) In the case of the consolidated cash flow statement, of the cash flows for the year ended on that date;

For B. J. INGROLE & COMPANY
CHARTERED ACCOUNTANTS

B.J.INGROLE
PROPRIETOR

Membership No.14094

Vadgaon -416 112
28th June, 2009

CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2009

Particulars	Schedule	As at 31-03-2009 Rs. in lakh	As at 31-03-2008 Rs. in lakh
SOURCES OF FUNDS :			
I SHAREHOLDERS' FUND			
(a) Share Capital	1	2,009.97	2009.97
(b) Reserves and Surplus	2	3073.03	1689.06
(c) Profit & Loss A/c		412.96	1677.99
(d) Capital Reserves		17.03	507.12
(e) Minority Interest		543.23	430.39
		6056.22	6314.53
II LOAN FUNDS			
(a) Secured Loans	3	12121.40	11718.71
(b) Unsecured Loans	4	1771.49	1412.55
(c) Documentary Bills Discounted		---	---
		13892.89	13131.26
Total		19949.11	19445.79
APPLICATION OF FUNDS :			
I FIXED ASSETS			
(a) Gross Block	5	14253.80	15234.13
(b) Less:- Depreciation		5253.66	4857.57
(c) Net Block		9000.13	10376.56
(d) Capital work in progress		2789.05	1186.77
II INVESTMENTS	6	2233.75	1323.44
III CURRENT ASSETS, LOANS & ADVANCES			
(a) Inventories	7	2786.06	5176.66
(b) Sundry Debtors	8	3282.00	3251.58
(c) Cash and Bank Balances	9	758.46	356.32
(d) Other Current Assets	10	210.75	248.74
(e) Loans and Advances	11	1879.41	1373.28
		8916.68	10406.58
Less : LIABILITIES & PROVISIONS	12		
(a) Liabilities		1872.32	2493.04
(b) Provision for Income Tax		338.01	563.71
(c) Deferred tax liability		780.18	791.26
(d) Dividend & Dividend Tax		2990.51	3848.01
NET CURRENT ASSETS		5926.17	6558.57
IV MISCELLANEOUS EXPENDITURE (To the extent not written off)	13	-	0.45
V Profit and loss Account		-	-
Total :-		19949.11	19445.79

As per our report of even date attached
For **B.J.INGROLE & COMPANY**
CHARTERED ACCOUNTANT

B.J.INGROLE
PROPREITOR
Vadgaon - 416 112
28th June, 2009

for and on behalf of the Board of Directors of
R. M. MOHITE TEXTILES LTD.

MONIKA MOHITE
JOINT MANAGING DIRECTOR
SANJAY PATIL
DIRECTOR
Vadgaon - 416 112
28th June, 2009

SHIVAJI MOHITE
MANAGING DIRECTOR
VIJAY NAVANDHAR
DIRECTOR

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH, 2009

	Schedule	As at 31-03-2009 Rs. in lakh	As at 31-03-2008 Rs. in lakh
INCOME :			
(a) Sales and Operating Income	14	18642.38	18757.86
(b) Other Income	15	45.32	24.14
		18687.70	18782.00
EXPENSES :			
(a) Cost of Materials	16	9426.79	8184.53
(b) Manufacturing Expenses	17	4473.99	6238.58
(c) Administrative Expenses	18	2070.91	1109.45
(d) Selling Expenses	19	526.06	546.05
(e) Depreciation		680.32	688.49
(f) Miscellaneous Expenses W/off			0.15
Total Expenditure :-		17178.07	16767.25
Profit before Interest		1509.63	2014.75
Interest	20	996.78	1058.03
Profit after Interest		512.85	956.72
Less :- Provision for taxation		117.73	207.04
Less :- Provision for FBT		11.27	9.92
Less :- Deferred tax liability for the year		45.81	176.51
Profit after tax		338.04	563.25
Add : Profit / Loss (Previous year)		2422.36	1858.96
Profit available for Appropriation		338.04	563.25
Profit / (Loss) transferred to Balance Sheet		2760.40	2422.21

As per our report of even date attached
For B.J.INGROLE & COMPANY
CHARTERED ACCOUNTANTS

for and on behalf of the Board of Directors of
R. M. MOHITE TEXTILES LTD.

MONIKA MOHITE
J.T.M.D.

SHIVAJI MOHITE
MANAGING DIRECTOR

SANJAY PATIL
DIRECTOR

VIJAY NAVANDHAR
DIRECTOR.

B.J.INGROLE
PROPRIETOR
Vadgaon – 416 112
28th June, 2009

Vadgaon – 416 112
28th June, 2009

SCHEDULES FORMING INTEGRAL PART OF CONSOLIDATED FINANCIAL STATEMENTS

	As at 31-03-2009 Rs. in lakh	As at 31-03-2008 Rs. in lakh
SCHEDULE - 1		
SHARE CAPITAL :		
Authorised		
(a) 260,00,000 Equity Shares of Rs. 10 each	2,600.00	2600.00
Issued, Subscribed & Paid-up		
(a) 200,99,700 Equity Shares of Rs. 10/- each fully paid up	2,009.97	2009.97
SCHEDULE - 2		
RESERVE AND SURPLUS :		
(a) Capital Incentive received from SICOM	30.00	30.00
(b) General Reserve	3043.03	1659.06
(c) Capital Reserve		
Capital Reserves on consolidation	17.03	71.71
Less :- Goodwill on consolidation	-	435.41
(d) Profit and Loss A/c	174.71	1612.49
Share of profit in subsidiary companies	279.70	72.14
Less :- Unrealized profits	(41.45)	(6.64)
Less :- Short provision for Income Tax written off		-
(e) Minority Interest	543.23	430.39
	4046.25	4304.56
SCHEDULE - 3		
SECURED LOANS :		
(a) Loans from Banks		
(i) Cash Credit / Packing Credit	5211.10	5832.92
(ii) Term Loans	6564.10	5561.60
(b) Loan from Financial Institutions	346.20	324.19
	12121.40	11718.71
SCHEDULE - 4		
UNSECURED LOANS		
(a) Deposits from - Promoters - Directors	1771.49	1412.55
Total	1771.49	1412.55

SCHEDULE - 5

FIXED ASSETS

Rs. in Lakh

	Name of the Asset	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 31-3-2008	Additions	Deductions	As at 31-3-2009	upto 31-3-2008	Deductions	for the year 31-3-2009	Total	As at 31-3-2009	As at 31-3-2008
a)	Land	565.93	0.24	-	566.17	-	-	-	-	566.17	604.03
b)	Factory Building	2166.71	366.70	-	2533.41	293.79	-	83.02	376.81	2156.61	1872.92
c)	Plant & Machinery	9844.16	55.55	-	9899.71	4022.04	-	514.65	4536.69	5363.02	6997.48
d)	Electrical Installation	266.00	84.94	-	350.94	76.46	-	13.63	90.09	260.85	189.54
e)	Office Equipment	185.17	38.85	-	224.02	42.69	-	17.55	60.23	163.78	151.79
f)	Laboratory Equipment	108.06	1.10	-	109.17	37.67	-	5.20	42.87	66.30	70.40
g)	Vehicles	273.44	49.98	0.48	322.94	49.30	0.12	31.63	80.80	242.14	319.78
h)	Furniture & Fixtures	200.02	15.45	-	215.47	42.95	-	13.03	55.97	159.49	162.04
i)	D. G. Sets	31.88	-	-	31.88	8.58	-	1.51	10.09	21.78	8.58
j)	Equipments Below Rs. 5000		0.10	-	0.10	-	-	0.10	0.10		
		13641.36	612.91	0.48	14,253.80	4573.47	0.12	680.31	5253.66	9000.13	10376.56
j)	Advances for Machinery								-		
k)	Capital Work in Progress	1186.77	1602.28	-	2789.05	-	-	-	-	2789.05	1186.77
	Total	14828.13	2215.19	0.48	17042.85	4573.47	0.12	680.31	5253.66	11789.19	11563.33

		31-03-2009 Rs. in lakh	31-03-2008 Rs. in lakh
SCHEDULE - 6			
INVESTMENTS			
(a)	Government Securities (QUOTED)	No. of shares	
(b)	INVESTMENTS (UNQUOTED)		
	(i) Shares of Co-op Bank Ltd	2000	11.75
	(ii) Parshwanath Co-op. Bank Ltd.	6000	0.50
			1.50
(c)	Investment In Subsidiary Companies		
	(i) Mohite & Mohite (Enginners & Contractors) Pvt. Ltd. 1098500	2197.00	
(d)	Share Applications Money Deposited	24.50	25.50
(e)	Capital Employed in M & M	-	1296.44
	Total	2233.75	1323.44
SCHEDULE - 7			
INVENTORY :			
(a)	Stock - in - trade		
	(i) Raw Material	1034.79	1635.29
	(ii) Finished Goods	692.08	730.57
	(iii) Stock in process / W.I.P.	627.89	2429.68
	(iv) Stores, spares, packing material	219.52	311.34
	(v) Waste	211.78	69.78
	Total	2786.06	5176.66
SCHEDULE - 8			
SUNDRY DEBTORS			
(Unsecured and considered good)			
[a]	Exceeding six months	35.32	97.52
[b]	Less than six months		
	(i) Export Receivables	1228.96	1208.49
	(ii) Receivables - Other than exports	2017.72	1945.57
		3282.00	3251.58
SCHEDULE - 9			
CASH & BANK BALANCES			
[a]	Cash on hand	9.84	17.92
[b]	Balances with Scheduled Banks in :		
	(i) Current Account	344.63	43.09
	(ii) Fixed Deposit Account	371.79	268.93
[c]	Balances with Co-op. Bank in :		
	(i) Current Account	13.36	21.99
	(ii) Fixed Deposit Account	18.84	4.39
	Total	758.46	356.32

	31-03-2009 Rs. in lakh	31-03-2008 Rs. in lakh
SCHEDULE - 10		
OTHER CURRENT ASSETS :		
[a] Deposits with -		
(i) MSEB	22.58	48.83
[b] MVAT/ Elec. Duty / Vat refund receivable	118.50	183.41
[c] Others	69.67	16.50
Total	210.75	248.74
SCHEDULE - 11		
LOANS AND ADVANCES :		
(Unsecured and considered good)		
[a] Advances recoverable	1176.03	528.13
[b] TDS & Advance Tax	334.37	334.90
[c] Cenvat / PLA	148.59	257.34
[d] Deposit for leased premises	220.42	204.90
[e] Security Deposits	--	48.01
Total	1879.41	1373.28
SCHEDULE - 12		
CURRENT LIABILITIES :		
(a) Sundry Creditors	1814.73	2171.87
(b) Credit balances - customers	0.46	62.22
(c) Other Liabilities & Provisions	50.62	252.86
(d) TDS Payable	6.51	6.09
Total	1872.32	2493.04
SCHEDULE - 13		
MISCELLANEOUS EXPENDITURE :		
(To the extent not written off or adjusted)		
(a) Preliminary Expenses	-	4.45
(b) Pre-operative Expenses	-	-
(c) Deffered Revenue Expenses	-	-
Total		0.45
SCHEDULE - 14		
SALES		
(a) Export Sales	11325.85	8850.33
(b) Merchant Exports	492.72	98.65
(c) DTA Sales	5236.89	6200.57
(d) Cotton Waste Sales	147.75	122.12
(e) Sales - Trading	--	113.14
(f) Sales - Job-work	502.71	168.72
(g) Duty Drawback	936.47	776.81
(h) Contract Receipts	--	2427.52
Total sales :-	18642.38	18757.86

	31-03-2009 Rs. in lakh	31-03-2008 Rs. in lakh
SCHEDULE - 15		
OTHER INCOME		
(a) Service charges / Dividend received	7.99	0.07
(b) Recovery of bad-debts	-	18.67
(c) Royalty reimbursed by St. Govt.	12.46	1.00
(d) Profit share from M&M	-	0.63
(e) Misc. Income	(128.04)	34.67
(f) FOREX fluctuation	152.91	(30.90)
Total Other Income :-	45.32	24.14
SCHEDULE - 16		
INCREASE / DECREASE IN STOCK		
(a) Stocks as at close :		
(i) Finished Goods	692.08	743.86
(ii) Stock in Process / W.I.P.	627.89	2429.68
(iii) Waste	211.78	69.78
	1531.75	3243.32
(b) Stocks as at commencement :-		
(i) Finished Goods	737.22	549.56
(ii) Stock in Process / W.I.P.	776.95	1609.73
(iii) Waste	69.78	38.32
	1583.95	2197.61
Increase / Decrease in Stock :-	(52.20)	1045.71
COST OF MATERIALS :		
(a) Raw Materials Consumed		
(i) Opening Stock	1635.29	1446.68
(ii) Add :- Purchases	8234.15	13396.31
(iii) Less :- Closing Stock	(1034.79)	(1635.29)
	8834.65	13207.70
(b) Packing Material Consumed		
(i) Opening Stock	43.31	12.22
(ii) Add :- Purchases	116.19	161.32
(iii) Less :- Closing Stock	(12.14)	(43.31)
	147.36	130.23
(c) Machinery Spares Consumed		
(i) Opening Stock	268.03	60.30
(ii) Add :- Purchases	287.71	378.98
(iii) Less :- Closing Stock	(207.39)	(268.03)
	348.35	171.25

	31-03-2009 Rs. in lakh	31-03-2008 Rs. in lakh
(e) Stores, Spares Consumed		
(i) Imported	-	-
(ii) Indigenous spares, other material	44.23	43.23
(iii) Diesel Oil Consumable at site		695.49
Cost of Materials :-	9374.59	14247.90
Less :Insurance claim received		
Total Cost of Materials :-	9374.59	14247.90
COST OF GOODS SOLD	9426.79	13202.19
SCHEDULE - 17		
MANUFACTURING EXPENSES :		
(a) Payment to workers		
(i) Wages & Bonus	451.11	1742.92
(ii) P.F. contribution	51.69	84.24
(iii) Workers' Welfare Expenses	34.98	111.95
	537.78	1939.11
(b) Power and Fuel	1268.56	1208.02
(c) Freight, Clearing, Forwarding	264.22	378.87
(d) Repairs and Maintenance	151.76	259.96
(e) Mixing, Loading, Job-work	1570.42	1534.62
(f) Diesel, Oil etc.	80.71	129.96
(g) Hire Charges	529.61	212.29
(h) Payment to sub-contractors	-	428.89
(i) Transportation	70.63	124.26
(j) Tyres, tubes	-	22.66
Total Manufacturing Expenses :-	4473.99	6238.58
SCHEDULE - 18		
ADMINISTRATIVE EXPENSES :		
(a) Payment to employees -		
(i) Salary	1293.52	137.01
(ii) P.F. Contribution / Gratuity	36.16	6.62
(iii) Gratuity Contribution	60.42	
(iv) Staff Welfare Expenses	31.75	0.63
	1421.85	144.26
(b) Clearing forwarding, Freight	4.67	20.48
(c) Printing and Stationery	53.09	27.78
(d) Postage and Telegram / Telephones	24.34	54.45
(e) Bank Charges, ECGC premium	66.96	40.49
(f) Traveling and Conveyance	73.12	79.90
(g) Advertisement	2.90	33.11
(h) Legal and Professional Fees	57.82	63.47
(i) Security	12.58	47.95
(j) Insurance	21.89	35.94
(k) Key-men Insurance premia	2.48	207.20

	31-03-2009 Rs. in lakh	31-3-2008 Rs. in lakh
(l) Manufacturing taxes & rates	21.59	112.89
(m) Miscellaneous	15.16	23.24
(n) Bad Debts	155.92	82.25
(p) Office maintenance	132.35	91.29
(q) Vehicle tax		10.05
(r) Professional / Service tax	4.19	34.22
(s) Wealth Tax		0.48
Total Administrative Expenses :-	2070.91	1109.45
SCHEDULE - 19		
SELLING EXPENSES :		
(a) Freight and Forwarding	348.01	274.75
(b) Commission on sales	178.05	271.30
Total Selling Expenses :-	526.06	546.05
SCHEDULE - 20		
INTEREST :		
(a) Borrowing for working capital	690.25	709.00
(b) Term Loans from banks	250.24	243.97
(c) Others & Import L/C charges	56.29	105.06
Total Interest :-	996.78	1058.03
SCHEDULE - 21		
MISCELLANEOUS EXPENSES WRITTEN OFF :		
(a) Preliminary Expenses written off	--	0.15
(b) Public Issue Expenses written off	--	--
Total	--	0.15

Schedule : 22**Significant accounting policies and Notes to Consolidated Financial Statements :****A) Basis of consolidation :**

The consolidated financial statements relate to R.M.Mohite Textiles Ltd (the Company) and its subsidiaries (the Group). The Consolidated Financial Statements have been prepared in accordance with Accounting Standard -21 (AS-21) issued by The Institute of Chartered Accountants of India.

i. Basis of Accounting -

1. The accounts have been prepared primarily on the historical cost convention.
2. a) The following subsidiaries are considered for consolidation.

	Country of Incorporation	% of ownership interest and voting power	
		Current Year	Previous Year
First Step Baby Wear Pvt.Ltd.	India	51%	51%

b) In case above subsidiary, the audited accounts for the year ended 31st March, 2009 have been prepared in accordance with accounting standards issued by ICAI.

c) There are no any jointly controlled entities which are required to be considered for the Group consolidation.

ii) Principles of Consolidation:

1. The financial statements of the Group have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra group transactions and unrealized profits or losses are fully eliminated.
2. Minority interest in the net assets of the consolidated subsidiary consists of:
 - a) The amount of equity attributable to minority at the date on which investment in subsidiary is made and
 - b) The minorities shares of movements in equity since the date the parent subsidiary relationship comes into existence.

A. Significant Accounting Policies :**1. Accounting Convention :**

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting, and in conformity with generally accepted accounting principles in India and the accounting standards issued by ICAI.

2. Fixed Assets :

Tangible assets are stated at cost of acquisition / construction net of impairment less accumulated depreciation. Cost comprises purchase price, import duties, taxes and any directly attributed cost of bringing the asset to its working condition for its intended

use. Financing cost on borrowings for acquisition or construction of fixed assets, for the period up to the date of acquisition of fixed assets or Depreciation is provided in the manner and at the rates specified in the Schedule XIV to the Companies Act, 1956, on straight line method basis.

3. Investments :

Long term investments are stated at cost. Provision is made for diminution, other than temporary the value of long term investments. Current Investments are carried at lower of cost and fair value determined on an individual investment basis.

4. Inventories are valued at cost, except stock of cotton –waste in the textile operations, which is valued at its net realizable value. None of the debts, loans and advances has been identified as doubtful of recovery.

5. Taxation :

Current tax is determined as the amount of tax payable in respect of estimated taxable income for the period as determined in accordance with the provisions of Income Tax, 1961. Deferred tax is recognized, subject to the consideration of prudence, on timing difference resulting from the recognition of items in the financial statements and in estimating current income tax provisions.

6. Foreign Exchange Transactions :

- a) Transactions in foreign currency are recorded at standard exchange rates determined monthly. Monetary assets and liabilities denominated in foreign currency, remaining unsettled at the period end are translated at closing rates.
- b) Premium or discount on forward exchange contracts is charged to the profit and loss account over the period of contract or adjusted to the cost of the fixed asset in case of liabilities incurred for acquiring such assets.
- c) Realized gain or losses on cancellation of forward exchange contracts are recognized in the Profit and Loss account of the period in which they are cancelled except in case of forward exchange contracts relating to liabilities incurred for acquiring foreign fixed assets, in which case the gain or loss is adjusted to the carrying cost of such assets.

7. Provisions and contingent liabilities :

Provisions are recognized in the accounts in respect of present probable obligations, the amount of which can be reliably estimated. Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

8. Segment reporting

Consolidated accounts include segment reporting for construction activity and manufacture, trade and sales of garments, carried out by the subsidiaries and manufacture trade and sales of textile products of holding company.

Sr.No.	Particulars	Year ended on 31-03-2009	Year ended on 31-03-2008
1.	Revenue a) Textiles b) Construction c) Garments Total :- Less : Inter-segment revenue Net sales/income	10,661.88 -- 10,651.29 21,313.17 2,683.36 18,629.81	10,619.07 2,427.52 8,200.42 21,247.01 2,555.25 18,691.76
2.	Results Profit before tax and interest a) Textile b) Construction c) Garments Total :- Less : Interest (net) Less : Other allocable expenditure net of un-allocable income Profit before tax	973.73 -- 602.96 1,576.69 1,022.42 -- 554.27	1,176.85 323.25 487.43 1987.52 1029.20 -- 958.32
3.	Capital employed a) Textiles b) Construction c) Garments Total :-	15,612.05 -- 3038.59 18,650.64	10,362.34 4,531.22 3,310.04 19,946.10

9. Related Party Disclosures:

a) List of related parties:

Related parties with whom transactions have taken place during the year

i) Subsidiary Company : First Steps Baby Wear Pvt. Ltd.

ii) Key Management Personnel

Mr. Shivaji Mohite, Managing Director, Mrs. Monika Mohite Joint Managing Director.

iii) Individuals exercising significant influence over the Group Companies.

Mr. Shivaji Mohite, Managing Director, Mrs. Monika Mohite Joint Managing Director.

b) Transactions with related parties:

Nature of transactions	Related Parties Referred in 1 above	
	2008-2009	2007-2008
(a) Remuneration & other services	43.00	29.40
(b) Deposits, Advances (interest free)		
- Maximum outstanding during the year	0.00	0.00
- Year end balance	0.00	0.00
(c) Investment in equity shares of subsidiary companies		
- Opening Balance	2466.00	2392.00
- Investments made during the year	0.00	74.00
- Investment in MMPL, which is no more subsidiary company of RMMTL	2197.00	--
- Year end balance	269.00	2466.00

Statement pursuant to Section 212 of the Companies Act, 1956

Name of Subsidiary	First Steps Baby Wear Pvt.Ltd.
1. Financial Year ended	31 st March, 2009
2. Date from which it became a subsidiary	10 th January, 2007
3. Extent of interest of the holding company in the capital of the subsidiary	51%
4. Net aggregate amount of the Subsidiary's profit less losses not dealt with in the Holding Company's accounts in the Current Year.	20474689
5. Net aggregate amount of the Subsidiary's profit dealt with the Holding Company's accounts in the current year	0.00

As per our report of even date attached
For **B.J.INGROLE & COMPANY**
CHARTERED ACCOUNTANT

for and on behalf of the Board of Directors of
R. M. MOHITE TEXTILES LTD.

MONIKA MOHITE **SHIVAJI MOHITE**
JOINT MANAGING DIRECTOR MANAGING DIRECTOR

B.J.INGROLE
PROPREITOR

SANJAY PATIL
DIRECTOR

VIJAY NAVANDHAR
DIRECTOR

Vadgaon – 416 112
28th June, 2009

Vadgaon – 416 112
28th June, 2009



CONSOLIDATED CASH FLOW STATEMENT
For the year ended on 31st March, 2009

Rs.in lakh

Particulars		Current Year 31-03-2009		Previous Year 31-03-2008
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax		512.85		956.87
Adjustments for :-				
Depreciation	680.32		688.49	
Interest paid	996.78		1058.02	
Public Issue Expenses written off	0.00		0.15	
Deferred revenue expenditure written off	0.00		0.00	
Interest / Dividend Received	-26.65		-32.00	
(Profit) / Loss on sale of Assets	0.00		73.30	
(Profit) / Loss on sale of Investments	0.00		0.00	
Provisions for diminution in investment	0.00		0.00	
Bad Debts written off	155.92	1806.37	0.00	1787.96
Operating Profit before working capital changes		2319.22		2744.83
Adjustments for :				
(Increase) / Decrease in :-				
Trade & other Receivables	-498.56		696.94	
Inventory	2390.60		-1466.51	
Increase / (Decrease) in				
Trade payables & other Liabilities	-620.72	1271.32	1115.76	346.19
Cash Generation from operations		3590.54		3091.02
Interest / Dividend received	26.65		27.91	
Interest paid	-996.78		-1065.52	
Taxes paid	0.00	-970.13	-158.65	-1196.26
NET CASH FROM OPERATING ACTIVITIES		2620.41		1894.76
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	-612.91		-4307.50	
Sale of Fixed Assets	0.48		233.52	
Purchase of Investments	0.00		-74.75	
Sale of Investments	0.00		0.00	
Capital Deployed in associate firm			102.15	
NET CASH USED IN INVESTING ACTIVITIES		-612.43		-4046.58
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Issue of Share Capital	0.00		112.32	
Proceeds from Long Term Borrowing [net]	1024.51		1590.06	
Proceeds from Short Term Borrowing [net]	-621.82		302.25	
Proceeds from Unsecured Borrowing	358.94		504.44	
Dividend & dividend tax paid	0.00		-235.16	
NET CASH USED IN FINANCING ACTIVITIES		761.63		2273.91
NET INCREASE IN CASH & CASH EQUIVALENTS		402.14		128.73
CASH & BANK BALANCES AS ON 01-04-2008		356.32		227.59
CASH & BANK BALANCES AS ON 31-03-2009		758.46		356.32

As per our report of even date attached
For B.J.INGROLE & COMPANY
CHARTERED ACCOUNTANTS

B.J.INGROLE
PROPRIETOR
Vadgaon – 416 112
28th June, 2009

for and on behalf of the Board of Directors of
R. M. MOHITE TEXTILES LTD.

MONIKA MOHITE
JT.M.D.
SANJAY PATIL
DIRECTOR

Vadgaon – 416 112
28th June, 2009

SHIVAJI MOHITE
MANAGING DIRECTOR
VIJAY NAVANDHAR
DIRECTOR.

FIRST STEPS BABY WEAR PRIVATE LIMITED
7th Annual Report**BOARD OF DIRECTORS :**

- | | |
|---------------------------------|----------|
| • Mr. Manish Pasi | Director |
| • Mr. Shivaji Ramchandra Mohite | Director |
| • Mrs. Anjana Pasi | Director |

AUDITORS :

Raghavan, Chaudhuri
and Narayanan
Chartered Accountants,
Second Floor, Casa Capital, Wood Street,
Ashok Nagar, Bangalore 560 025.

BANKERS :

Bank of India
No. 25/1, Skip House, Museum Road.
Bangalore 560 025

REGISTERED & MARKETING OFFICE :

First Steps Babywear Private Limited
No. 235- D, III Phase, Bommasandra
Industrial Area, Hosur Road,
Bangalore- 560 099
Phone : 080-27836311, 27836361
Fax : 080 - 27836311

LIAISON OFFICE :

98/1 & 98/2, Mullai Nagar
Kasipalayam, Nallur,
Tiruppur - 641 606
Phone : 0421 - 2219726
0421 - 3291741

WORKS :

1. No. 235- D, III Phase, Bommasandra
Industrial Area, Hosur Road, Bangalore- 560 099
Ph.No. 080- 27836331, 27836361, Fax -080 -27836311
2. No. 45/1, Neralur Village, Guddahatti Gate,
Attibele Hobli , Anekal Taluk, Bangalore – 560 107
Ph.No. 080 27820285, 27820286.
3. A/ 5, (Part), SIDCO Indi. Estate, Phase I & II
Hosur - 635 126.
Ph. No. 04344 - 278898
4. No. 58 & 58 - A, SIPCOT Indi. Complex, Phase I
Hosur 635 126
Ph. 04344 - 278998

Notice

NOTICE is hereby given that the Seventh Annual General Meeting of the Members of the Company will be held on Monday, 7th September 2009, at 4.30 p.m. at the Registered Office of the Company to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance-sheet as at 31st March, 2009, Profit and Loss Account for the year ended on that date and the Report of Board of Directors' and Auditors' thereon.
2. To appoint a director in place of Mr. Shivaji Mohite, who retires by rotation and being eligible for reappointment offers himself for re-appointment.
3. To appoint Auditors of the Company and to fix their remuneration.

By Order of the Board of Directors
For FIRST STEPS BABYWEAR PRIVATE LIMITED

Director

Place: Bangalore.

Date : 19th June 2009

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

REPORT OF THE DIRECTORS

To,
The Members,
M/s First Steps Babywear Private Limited,
Bangalore.

We are pleased to present the Seventh Annual Report and the Audited Statement of Accounts of the company for the year ended 31st March 2009 and report as under:

1. COMPANY'S PERFORMANCE :

Exports during the current year rose to the level of Rs.10580.89 lakhs. The total turnover during the current year amounted to Rs.10819.44 lakhs. The financial performance for the year ended 31st March 2009 is as follows:

Amount in Rs. Lakhs		
Particulars	2008-09	2007-08
Gross Turnover and other income	10651.29	8200.42
Profit before depreciation	427.17	346.37
Depreciation	79.58	61.34
Profit before taxation	347.58	285.02
Tax expense	142.84	78.63
Profit after tax	204.74	206.39

2. Though the Company was able to achieve higher turnover, the net profit after tax declined during the year. This was due to the non-recovery of dues from a major customer. The Customer was placed under administration. The Company has written off a sum of Rs.155.91 lakhs, as bad debt on account of the failure of the customer. The Company's order book for the current year is comfortable and your Directors are confident of achieving higher turnover and profits during the Current year. The Company has not yet begun implementation of the new project at Hosur. In view of the general recessionary conditions the project is likely to commence only in the last quarter of the current financial year.

3. DIVIDEND :

Keeping in view the requirement of funds for the new project, the Board of Directors has not recommended any dividend for the financial year 2008-09.

4. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUT GO :

- a) Conservation of Energy: The Company has not spent any amount towards conservation of energy during the year.
- b) Technology Absorption: The Company has not spent any amount towards Technology Absorption.
- c) Foreign Exchange Earnings and Outgo:

Total earnings in foreign exchange – Rs. 95,80,64,950/-

Total outgo in foreign exchange – Rs. 13,33,58,664/-

5. PARTICULARS OF EMPLOYEES :

There were no employees drawing remuneration in excess of Rs. 24,00,000/- per annum or in excess of Rs.200,000/- per month as specified under section 217(2A) of the Companies Act, 1956.

6. AUDITORS :

M/s Raghavan, Chaudhuri & Narayanan, Chartered Accountants, the Auditors of the company retire at this Annual General Meeting and, being eligible, offer themselves for reappointment.

7. REPLY TO AUDITORS QUALIFICATION :

The Company has sent confirmation of balances to debtors and creditors. Some of the confirmations have been received as on date. The confirmation letters received from other parties will be forwarded to auditors on receipt. As per account statements of parties in our books, the balances shown are in order.

8. DEPOSITS:

The Company has not accepted any deposit from public during the year.

9. WHOLE TIME SECRETARY :

In terms of Section 383A of The Companies Act 1956, it is obligatory for the Company to employ a Whole time Company Secretary. Despite our best efforts we were not able to identify a suitable candidate during the current financial year. Efforts are on to appoint a suitable person. The certificate of compliance obtained from a Company secretary in practice has been attached to this report.

10. DIRECTORS RESPONSIBILITY STATEMENT :

ANNEXURE – II

11. ACKNOWLEDGEMENT :

The Board of Directors wishes to place on record its appreciation for the support and co-operation received from the shareholders, bankers, various departments of the Central and State Government, staff, vendors and the continued patronage of the customers.

For and on behalf of the Board

Manish Pasi
Managing Director

Anjana Pasi
Director

Place: Bangalore
Date : 19th June 2009

ANNEXURE –II TO THE DIRECTORS REPORT :

Directors Responsibility Statement pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956 and forming part of the Directors Report for the year ended 31st March 2009.

Pursuant to provisions of Section 217(2AA) of the Companies Act, 1956, it is hereby confirmed:

1. That in preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2009 and of the profit or loss of the Company for the year ended 31st March 2009;
3. That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. That the Directors had prepared the annual accounts on a going concern basis.

For and on behalf of the Board

Manish Pasi
Managing Director

Anjana Pasi
Director

Place: Bangalore
Date : 19th June 2009.

AUDITOR'S REPORT

Auditor's Report to the Members of
M/s FIRST STEPS BABYWEAR PRIVATE LIMITED

We have audited the attached Balance sheet of M/s FIRST STEPS BABYWEAR PRIVATE LIMITED, ('the Company') as at 31st March 2009 having its registered office at NO.235-D, III PHASE, BOMMASANDRA INDUSTRIAL AREA, HOSUR ROAD, BANGALORE and the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these statements based on our audit.

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

As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) Amendment Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of 'The Companies Act, 1956' (the 'Act'), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

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

- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, Profit and Loss Account and Cash flow Statement dealt with by this report are in agreement with the books of account;
- (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash flow Statement dealt with by this report comply with the accounting standards (as applicable) referred to in sub-section (3C) of section 211 of the Act, 1956;

- (e) As per the observations made by us and information and explanation provided to us, there are no transactions or events which have any adverse effect on the functioning of the Company;
- (f) On the basis of written representations received from the directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act, 1956;
- (g) In our opinion and to the best of our information and according to the explanation given to us, the said financial statements read together with notes thereon subject to point no 2.14 of Notes Attached to & Forming Part of Accounts on Confirmation of balances of Sundry Debtors, Sundry Creditors & Advances to Suppliers, gives the information required by the Act and in the manner so required give a true and fair view and is in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
 - (b) in the case of the Profit and Loss Account, of the Profit of the Company for the period ended on that date ; and
 - (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Raghavan, Chaudhuri & Narayanan,
Chartered Accountants,

N.C.Sundara Raghavan
Partner

Place: Bangalore

Date: 19th June, 2009

ANNEXURE TO AUDITOR'S REPORT

Statement of matters as specified in paragraphs 4 and 5 of Companies (AUDITORS' REPORT) Order 2003

Para 4
Clause

Particulars

- | | | |
|-------|---------|---|
| (i) | (a) | The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets. |
| | (b) | According to the information and explanation given to us, the management of the Company at reasonable intervals has physically verified the Fixed Assets. The fixed assets are physically verified by the management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanation given to us, the management of the Company had not conducted physical verification of portion of fixed assets during the year & expects to complete the physical verification of the balance asset in next the financial Year. |
| | (c) | As the Company has not made any sale or has not otherwise disposed off a substantial part of its fixed assets, reporting under this clause does not arise. |
| (ii) | (a) | According to the information made available and explanation given to us, the management has conducted physical verification of inventory at reasonable intervals during the year. |
| | (b) | According to the information made available and explanation given to us and in our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business. |
| | (c) | No material discrepancies were noticed on physical verification of inventories as compared to book records. Minor discrepancies have been properly dealt with in the books of the company |
| (iii) | (a) | The Company has not granted any loans, secured or unsecured to companies, |
| | (b) (c) | firms or other parties covered in the register maintained under section 301 of the Act and hence reporting under sub clause (a), (b), (c) and (d) of this clause does not arise. |
| | &(d) | |
| | (e) | The Company has taken an unsecured loan from M/s R.M Mohite Textiles Limited for Rs 105,00,000/- interest @ of 13.25% per annum. The outstanding balance as on 31 st March, being Rs. 10,768,998 /- |
| | (f) | According to the information made available and explanation given to us and in our opinion rate of interest and other terms and conditions of loans taken by the company are not prima facie prejudicial to the interest of the company. |
| | (g) | According to the information and explanation given to us, the terms & conditions of loan taken do not stipulate the repayment of principle, hence reporting under sub clause (g) of this clause does not arise, however the company has not defaulted in the payment of interest. |

- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and nature of its business, with regard to purchase of Inventory, fixed assets and sale of goods. Further, on the basis of our examination of our books and records of the Company, and according to the information and explanations given to us, we neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control system.
- (v) (a) The Company has entered the transactions that need to be entered into a register in pursuance of Section 301 of the Act & According to the information made available and explanation given to us, particulars of contracts/ arrangements referred to in Section 301 of the Act have been entered in the Register required to be maintained.
- (b) The prices at which sales/purchases of goods & materials were made to/from the parties listed in the register maintained under Section 301 of the Act are reasonable having regard to the prevailing market prices for the sale of such goods & services.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from the Public as defined in section 58A and Section 58AA of the Act, and the rules framed there under.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business.
- (viii) According to the information and explanations given to us, the Central Government has not prescribed maintenance of Cost Records specified under clause (d) of sub-section (1) of Section 209 of the Companies Act to the Company.
- (ix) (a) According to the books of accounts and other records as produced before us and examined by us, the company is regular in depositing undisputed statutory dues including provident fund, employee's state insurance, Income-tax, sales-tax, custom duty, excise duty, cess and any other material statutory dues with the appropriate authorities(as applicable). However, there have been marginal delays in depositing PF, ESI and Tax Deducted at Source dues to the statutory authorities.
- (b) As per the information and explanation given to us, the company does not have any running disputes regarding levy of sales tax/income tax/custom duty/wealth tax/ Service Tax/excise duty/cess and hence reporting under this clause does not arise.
- (x) The Company has no accumulated losses as at the end of the financial year and also has not incurred any loss during the financial year hence reporting under this Para does not arise.
- (xi) According to the records made available to us, the Company has not defaulted in repayment of dues to a financial institution or bank and as the company has not issued any debentures, reporting under this clause does not arise.
- (xii) According to the records made available to us, the Company has not granted loans and advances on the basis of the security by way of pledge of shares, debentures and other securities and hence reporting under this clause does not arise.

- (xiii) The Company is not in the nature of nidhi/ mutual benefit fund/societies and hence reporting under this clause does not arise
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments, However, the Company has maintained proper records in respect of investments made and also made entries from time to time, in respect of the investment held by the Company.
- (xv) As per the information and explanation given to us and in our opinion, the Company has not given any guarantee for loans taken by others from bank or financial institutions, and hence reporting under this clause does not arise.
- (xvi) The Company has taken a term loan from the Bank of India & Kotak Mahindra Bank. On the basis of review of utilization of funds pertaining to the term loans on overall basis and related information made available to us, the term loan taken by the company in the previous year have been primarily applied for the purposes for which they were obtained. However it is not possible to ascertain with reasonable accuracy as to whether such loans were wholly used only for the purposes for which they were obtained.
- (xvii) According to the information made available and records produced before us and in our opinion, the Company has used the short term funds obtained by it primarily for the purpose of meeting its working capital requirements. However it is not possible to ascertain with reasonable accuracy as to whether such short-term funds were also used for long term purposes.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act hence the reporting under this clause does not arise.
- (xix) The Company has not issued any debentures and hence reporting under this clause does not arise.
- (xx) The Company has not raised any money by public issues and hence reporting under this clause does not arise
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For Raghavan Chaudhuri & Narayanan

Place: Bangalore
Date: 19th June 2009

N. C. Sundara Raghavan
Chartered Accountants

BALANCE SHEET OF FIRST STEPS BABY WEAR PVT. LTD. AS AT 31st MARCH, 2009

Particulars	Schedule	As at 31-03-2009 Rs.	As at 31-3-2008 Rs.
SOURCES OF FUNDS :			
(1) Shareholders' Funds			
[a] Share Capital	I	52713100	37813100
[b] Share Application Money pending allotment		45300	11231800
[c] Reserves and Surplus		58182919	37708230
(2) Loan Funds			
(a) Secured Loans	II	167565100	222583237
(b) Unsecured Loans	III	10768998	11217328
(c) Deferred Tax Liability		14583809	10450447
TOTAL -		303859226	331004143
APPLICATION OF FUNDS :			
(1) Fixed Assets	IV		
(a) Gross Block		162572965	150398787
(b) Less:- Depreciation		20960944	13014144
(c) Net Block		141612021	137384643
(2) Current Assets, Loans & Advances			
(a) Inventories	V	113219905	159271590
(b) Debtors	VI	124831130	114655574
(c) Cash and Bank Balances	VII	16007810	1910963
(d) Loans and Advances	VIII	6757135	6682356
(e) Other Current Assets	IX	36661752	47252683
		297477732	329773166
Less : Liabilities & Provisions			
(a) Sundry Creditors	X	106783554	118754415
(b) Other Liabilities	XI	28446972	17399250
		135230526	136153666
Net Current Assets		162247205	193619500
		303859226	331004143

Notes to & forming part of Accounts
For First Steps Babywear Private Limited

"Subject to Audit our report of even date"
For Raghavan, Chaudhuri and Narayanan
Chartered Accountant

Manish Pasi
Managing Director
Place : Bangalore
Dated : 19th June 2009

Anjana Pasi
Director

N. C. Sundara Raghavan
Partner



**PROFIT & LOSS ACCOUNT OF FIRST STEPS BABY WEAR PVT. LTD.
FOR THE YEAR ENDED ON 31st MARCH, 2009**

Particulars	Schedule	As at 31-03-2009 Rs.	As at 31-3-2008 Rs.
INCOME :			
Income from business operations	XII	1065129114	820042429
Other Income	XIII	1346592	311073
Increase / (Decrease) in stock	XIV	(11544886)	7573022
		1054930820	827926524
EXPENDITURE :			
Manufacturing Expenses	XV	751832623	590661852
Administrative Expenses	XVI	41368678	25209586
Personnal Cost	XVII	153365498	110929461
Financial Charges	XVIII	25537766	20240283
Selling & Distribution Expenses	XIX	40109166	46247727
Depreciation		7958537	6134880
		1020172267	799423789
Profit Before Taxes		34758553	28502735
Less			
Fringe Benefit Tax		877111	726608
Tax Expense - Deferred Tax		4133362	2833089
Tax Expense - Income Tax		9273391	4303970
Profit After Taxes		20474689	20639067
Profit Brought Forward		37708230	17069163
Profit Carried To Balance Sheet		58182919	37708230

Earnings per share (par value Rs. 100 each)

38.84

54.58

Notes to & forming part of Accounts
For First Steps Babywear Private Limited

"Subject to Audit our report of even date"
For Raghavan, Chaudhuri and Narayanan
Chartered Accountant

Manish Pasi
Managing Director
Place : Bangalore
Dated : 19th June 2009

Anjana Pasi
Director

N. C. Sundara Raghavan
Partner

SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31st MARCH 2009

Particulars	Schedule	As at 31-03-2009 Rs.	As at 31-3-2008 Rs.
SHARE CAPITAL :	I		
Authorised Capital			
6,00,000 Equity Shares of Rs. 100/- each (py 400,000 Equity Shares of Rs. 100/- each)		60000000	40000000
Issued, Subscribed and Paid - up Share Capital			
5,27,131 Equity Shares of Rs. 100/- each (Py 378,131 Equity Shares of Rs. 100/- each)		52713100	37813100
Total		52713100	37813100
SECURED LOANS :	II		
Working Capital Loans			
Bank of India CC 849730100020155		3313650	6815194
Bank of India - EPC		89914959	86991358
(Secured against the hypothecation of stock in trade)			
Bank of India - FBN 849785210000001			25972916
Bank of India - FBN 849785100011017			13306239
Bank of India - Working Capital Demand Loan		23750000	38750000
Bank of India - De - linked bills Account		7805800	
Term Loans			
Bank of India - T. Loan 45116		288889	1128889
Bank of India - Term Loan		39987564	48415564
Kotak Mahindra Bank Ltd - Bus Loan		347038	775102
Kotak Mahindra Bank Ltd - Verna		594274	
Kotak Mahindra Bank Ltd - Car		297857	
Kotak Mahindra Bank Ltd - Omni Van		166915	
Kotak Mahindra Toyota Innova Loan Cf. 3415173		1098154	427976
Total		167565100	222583237
UNSECURED LOANS	III		
R. M. Mohite Textiles Ltd.		10768998	11217328
Total		10768998	11217328
INVENTORIES	V		
Raw Materials, Stores & Spares		79009725	113516524
Work in Progress		19690802	31294441
Finished Goods		14519378	14460625
(as certified by the Management)			
Total		113219905	159271590

SCHEDULE - IV

FIXED ASSETS AS AT 31ST MARCH 2009

Particulars	Rate	GROSS BLOCK				DEPRECIATION					WDV	
		As on 1-4-2008	Additions	Deductions	As on 31-3-2009	As on 1-4-2008	Current	Wirthdrawn	Dep for the year	Dep as at 31-03-2009	As on 31-3-2009	As on 31-03-2008
Land Leasehold		21894434	24000	-	21918434	-	-	-	-	-	21918434	21894434
Building	0.03	4032009	-	-	4032009	180795	144083	-	144083	324878	3707131	3851214
Plant & Machinery	0.05	79651132	3245604	-	82896736	7216337	3628198	-	3628198	10844535	72052201	72434795
Electrical Installation	0.05	9600967	452258	-	10053225	803943	501571	-	501571	1305514	8747711	8797024
Laboratory Equipment	0.05	924990	110491	-	1035481	102956	50815	-	50815	153771	881710	822034
Office Equipment	0.05	5844949	1818503	-	7663452	504683	308269	-	308269	812952	6850500	5340266
Computers	0.16	6330193	1770425	-	8100618	1389462	1139220	-	1139220	2528682	5571936	4940731
Furniture & Fixtures	0.06	15166514	813628	-	15980142	1709599	974219	-	974219	2683818	13296324	13456914
Vehicle	0.10	6953600	3986838	47569	10892869	1106370	1223898	11737	1212161	2306794	8586075	5847230
Total		150398787	12221747	47569	162572965	13014144	7970274	11737	7958537	20960944	141612021	137384643

Particulars	Schedule	As at 31-03-2009 Rs.	As at 31-3-2008 Rs.
SUNDRY DEBTORS	VI		
Outstanding for Less than Six Months			
Export Debtors		117758028	6414922
Domestic Debtors		5104086	481648
Outstanding for more than Six Months :			
Export Debtors		1283970	105285371
Domestic Debtors		685046	2473633
(as certified by the Management & Considered Good)			
Total		124831130	114655574
CASH AND BANK BALANCES	VII		
Cash		525576	263075
Bank of India Hosur Account No. 817320100000119		159536	28122
Bank of India - Tpr - 821420100003995		445821	427980
Indian Bank - Chennai - Harbour C/a.- 43251068-0		1760813	436420
Indian Overseas Bank - Tuticorin - 12781		144274	5624
SBI - Mumbai (30023228802)		108678	606310
State Bank of India - Aircargo B'lore - 11890		309553	17150
State Bank of India - Cochin		581791	---
State Bank of India - Chennai (Air) 77133		23982	126282
State Bank of India - Hosur		580859	---
Bank of India EEFC - USD A/c		11244361	---
Bank of India EEFC - Euro A/c		82094	---
Bank of India EEFC - GBP A/c		40472	---
Total		16007810	1910963
LOANS AND ADVANCES	VIII		
Advances To Vendors For Assets		31000	1029361
Advances To Vendors For Raw Materials		3905182	2823003
Advances To Expense Creditors		276969	303263
Salary Advance - Sub Sch V		2543984	2526729
Total		6757135	6682356
OTHER CURRENT ASSETS	IX		
Duty Draw Back Receivable		11670294	23746969
Deposits		22041805	20333873
Textiles Committee		328	1078
Interest Receivable		-	727328
Pre-Paid Insurance		642422	461065
Lease rental paid in advance to SIPCOT		98	99
VAT Receivable		2306805	1982270
Total		36661752	47252683

Particulars	Schedule	As at 31-03-2009 Rs.	As at 31-3-2008 Rs.
SUNDRY CREDITORS	X		
Sundry Creditors for Materials		85483088	91737869
Sundry Creditors for Expenses		20592937	25525333
Sundry Creditors for Assets		707529	1491213
Total		106783554	118754415
OTHER LIABILITIES	XI		
Advance from customers		45611	10000
Provisions for Expense & Taxes		28401361	17389250
Total		28446972	17399250
Income from business operations	XII		
Export Sales		959589586	738181467
Domestic Sales		23855480	13013016.61
Duty Draw Back		83208684	71663825
Discount Received		-	66969
Forex Fluctuation A/c		-15290897	-3090031
Profit / (loss) on forward contract		(16815533)	207182
Total		1065129114	820042429
OTHER INCOME	XIII		
Interest on Bank deposits		404592.11	311073
Tuf Subsidy		942000	
Total		1346592.11	311073
INCREASE / DECREASE IN STOCK	XIV		
Work in Progress			
Opening Stock		31294441.4	24307954
Closing Stock		19690802	31294441.4
Increase / (Decrease) in stock		- 11603639.4	6986487.4
Finished Goods			
Opening Stock		14460624.72	13874090
Closing Stock		14519378	14460624.72
Increase / (Decrease) in stock		58753	586535
Total		-11544886	7573022
MANUFACTURING EXPENSES	XV		
Opening Stock		113516524	70401713
Add : Purchases		473660387	422343893
		587176911	492745606
Less : Closing Stock		79009725	113516524
Raw Material Consumed		508167186	379229082
Clearing & Forwarding Expenses		11972321	7769067
Electricity Charges		7265860	6139534

Particulars	Schedule	As at 31-03-2009 Rs.	As at 31-3-2008 Rs.
Embriodery Charges		4754785	1593825
Entry Tax		53769	164291
Factory and Building Maintenance		1101884	601713
Freight Outwards		124524	116430
Hiring & Service Charges		38298355	18857336
Hamali Charges		138050	95730
Import Duty		13497578	19732181
Job Work Charges		13157062	11735975
Knitting Charges		3877819	3702523
Lab Expenses		9034	3555
Printing & Processing Charges		116290999	112761775
Production Exps		4015414	1094652
R & M - Electricals		1474377	942861
R & M - Machinery		7397264	4223780
Rent Factory		10309343	7258708
Sampling Chrgs		50693	23334
Testing & Inspection Charges		2184626	2006510
Transportation Charges		7093402	12043221
Water Charges		598278	565769
Total		751832623	590661852
ADMINISTRATIVE EXPENSES	XVI		
Annual Maintenance Charges		30637	9008
Audit Fees			
- Audit Services		88390	62360
- Tax Audit Services		50000	50000
- Out of Pocket Expenses		15044	3275
Bad Debts		15591788	
Consultancy and Professional Charges		796731	918052
Insurance Charges		1392642	910504
Maintenance Cost		13203966	12620349
Rent Cost		843700	987731
Rates, taxes, Registration & Renewal Fees		223271	287642
Telephone & Mobile Charges		1706207	1787065
Travelling Expenses		2431536	2545161
Stationary, Postage & Courier		4711929	4711480
Other Administrative Expenses		282837	316960
Total		41368678	25209586
PERSONNAL COST	XVII		
Bouns & Exgratia		5869881	4345203
Canteen Expenses		1983450	1515687
Conveyance		470931	656057

Particulars	Schedule	As at 31-03-2009 Rs.	As at 31-3-2008 Rs.
Directors Remuneration		1080000	886000
ESI Employer Contribution		4282939	3142040
LIC Group Insurance		288638	-
Exgratia		3005156	3009542
Guest House Expenses		299745	42820
Incentives		-	1839311
Labour / Staff Welfare Exp		2712675	1523525
Labour / Staff Welfare Exp Unit II		396954	94384
Labour welfare fund contribution		-	11187
Leave Wages		2214022	1689180
Tranining		162329	191172
Medical Expenses		54660	57679
Keyman Insurance Premium			200004
PF Admin / EDLI Charges		834739	814257
PF Employer Contribution		7590550	6069531
Salaries and wages		111932204	80793161
Gratuity		5833411	418241
Van Hire Charges		4353213	3630480
Total		153365498	110929461
FINANCIAL CHARGES	XVIII		
Bank Charges		2563838	2611179
Bank Interest		45388	70473
Bank Interest on EPC		7883670	5850887
Bank Interest on FBN & FBP		2038180	3386811
Foreign Bank Charges		1270924	684226
Interest on vehicle Loan		188501	111719
Interest on term Loan		5605905	5350801
Interest on WCDL		4549850	782931
Interest to others		1391510	1391256
Total		25537766	20240283
SELLING & DISTRIBUTION EXPENSES	XIX		
Advertisement		17677	57601
Catalogue Funding Charges		-	1453200
Business Promotion		1173775	1077696
Commission		353163	5431730
Discount		12588840	18349404
E.C.G.C. Premium		1049899	702419
Export Shipping Clearing & Forwarding Charges		24501070	18157509
Rounded Off		5516	-3292
Service Tax		419227	1021460
Total		40109166	46247727

1. Significant accounting policies**1.1. Background**

First Steps Babywear Private Limited ('the Company') was incorporated on 4th Sept 2001 as a private limited company under the provisions of the Companies Act, 1956. R.M.Mohite Textiles took a majority shareholding in the Company on 16th January 2007. The Company in the current year is a Subsidiary of R.M. Mohite Textiles Limited. The Company is in the business of manufacturing "Knitted Babywear".

1.2. Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the mandatory Accounting Standards ('AS') prescribed by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956, to the extent applicable.

1.3. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

1.4. Revenue recognition

Revenue/Income and Costs/Expenditure are generally accounted on accrual basis as they are earned or incurred.

1.5. Inventory Valuation

The Company has valued inventory as per Accounting Standard 2 as prescribed by Institute of Chartered Accountants of India. Inventories have been valued at cost. The cost of inventory includes freight, duties, taxes and other incidental expenses relating to the acquisition.

1.6. Fixed assets and depreciation

Fixed assets are carried at cost of acquisition or construction less accumulated depreciation. The cost of fixed assets includes freight, duties, taxes and other incidental expenses relating to the acquisition and construction. Land as stated in fixed asset schedule represents Land of 7.84 acres at SIPCOT Industrial Complex, Hosur acquired on 99 year lease. Amount paid towards development charges Rs 2,18,94,434/- has been capitalized in the year 2007-08.

1.7. Depreciation

Depreciation on fixed assets is provided on the straight-line method. The rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956 are considered as the applicable rates.

Assets individually costing Rs 5,000 or less are depreciated fully in the year of purchase. Depreciation is charged on a proportionate basis from / up to the date the assets are purchased / sold during the year.

1.8. Foreign currency transactions

Foreign exchange transactions are recorded using the rates available with the Company which approximates the rate existing on the date of transaction.

Exchange differences arising on foreign currency transactions settled during the year are recognised in the profit and loss account for the year.

Monetary assets and liabilities denominated in foreign currency as at the balance sheet date are translated at the closing exchange rates on that date. The resultant exchange differences are recognised in the profit and loss account for the year. All liabilities on financial derivatives & futures are sufficiently provided.

1.9. Employee benefits

The Company is registered under the provisions of The Employees' Provident Fund and Miscellaneous Provisions Act, 1952 & Payment of Gratuity Act, 1972. The Company has created liability as per provision of said Acts. The Companies liability towards employee benefits in the form of provident fund, Gratuity & Leave wages is fully funded and charged to revenue expenditure.

1.10. Provisions and contingent liabilities

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

No provision or disclosure is made when, as a result of obligating events and onerous contracts, there is a possible obligation or a present obligation where the likelihood of an outflow of resources is remote.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

1.11. Taxation

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year). The deferred tax charge

or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets.

Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realized.

Assets and liabilities representing current tax are disclosed on a net basis where there is a legally enforceable right to set off and where the Management intends to settle the asset or liability on a net basis.

1.12. Fringe benefit tax

Consequent to the introduction of Fringe Benefit Tax ("FBT") effective 1 April 2005, the Company provides for and discloses the FBT in accordance with the provisions of section 115WC of the Income Tax Act, 1961 and the guidance note on FBT issued by ICAI.

1.13. Earnings per share

The basic earnings per share are computed by dividing the net profit or loss attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year.

2. Schedule: XX - Notes to & Forming part of the Accounts:

2.1. Deferred tax asset

Components of deferred tax (Liabilities) /asset are as follows:

(Rs)

	31 st Mar. 09	31 st Mar. 08
Fixed assets	(14,028,388)	(11,815,861)
Section 43B	(555,421)	1,365,414
Total	(15,583,809)	(10,450,447)

Earnings per share

(Figures in rupees except number of shares)

(Rs)

	31 st Mar. 09	31 st Mar 08
Profit for the year attributable to equity share holders	20,474,689	20,639,067
Number of equity shares of Rs 100 each (Wt.Avg)	495,397	378,131
Earnings per share, basic	41.33	54.58

2.2. Particulars of managerial remuneration

(Rs)

	31-Mar-09	31-Mar-08
Salary and allowances	1,704,466	1,408,460

2.3. Expenditure and earnings in foreign currency

Expenditure in foreign currency

(Rs)

	31-Mar-09	31-Mar-08
Raw materials, components, spares	99,515,161	103,881,282
Sales Commission	353,163	5,431,730
Machinery hire charges	30,663,406	18,757,836
Others	2,826,934	1,323,117
Total	133,358,664	129,393,965

Earnings in foreign currency

(Rs in crores)

	31-Mar-09	31-Mar-08
Exports of Garments	95.80	73.54

2.4. Lease transactions

The Company is obligated under cancellable operating leases for factory and residential space that are renewable on a periodic basis at the option of both the lessor and the lessee.

Total expenses debited to profit and loss account under cancelable operating leases during the year amounted to Rs 11,153,043 (previous year: Rs (8,246,439))

2.5. Related party transaction

Description of relationship	Name of related party
Entities where control exists	First Steps Baby (UK)
	R.M Mohite Textiles Private Limited
Key Management Personnel	Manish Pasi, Managing Director
	Shivaji Mohite, Director
	Anjana Pasi, Director
Other entities with whom there are transactions	

The following is the summary of transactions for the year ended 31 March 2009 and balance outstanding as at 31 March 2009 with related parties :

Particulars	Entities where control exists	Key Management Personnel	Other entities with whom there are transactions
Transactions:			
Revenue from Sale of Goods	First Steps Babywear UK Ltd Rs.143,585,499/-		-
Purchase of Goods / services	R.M.Mohite Textiles Ltd		-
	Rs.265,617,493/-		-
Interest on Unsecured loan	R.M.Mohite Textiles Ltd Rs. 13,91,510/-		
Payment of salaries / perquisites		Manish Pasi: Rs. 12,15,000/- Anjana Pasi: Rs. 4,89,466/-	-

Particulars	Entities where control exists	Key Management Personnel	Other entities with whom there are transactions
Balances			-
Sundry creditors	R.M.Mohite Textiles Ltd Rs.55,835,184		-
Sundry Debtors	First Steps Babywear UK Ltd. Rs.54,030,346		-
Loan A/c (Cr)	R.M.Mohite Textiles Ltd Rs. 1,07,68,998/-		

2.6. Dues to Micro, Small and Medium enterprises

The management has initiated the process of identifying enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2009 has been made in the financials statements based on information received and available with the Company. Further in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

	For the year ended 31 st March 2009
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	Nil
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	Nil
The amount of interest accrued and remaining unpaid at the end of the year	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	Nil

2.7. Secured Loans:

The Company has taken Term Loans from Bank of India which are secured by charge by way of Hypothecation of Machinery. The Company has availed Export Packing Credit facility from Bank of India which is secured by charge by way of Hypothecation of stocks.

The Company has availed a Cash Credit facility from Bank of India is secured against Hypothecation charge on stocks and book debts. The Company has availed a Working Capital Demand Loan from Bank of India are secured against Hypothecation charge on book debts.

2.8. Derivative instruments

Foreign currency exposures as at March 31, 2009 that have not been hedged by a derivative instrument or otherwise except as provided below:

	Amount in Rs	Amount in foreign currency
Amount receivable in foreign currency on account of the followings:		
Balance in EEFC account		
USD	11,244,361	222,221
Euro	82,094	1,221
GBP	40,472	560
Amount payable in foreign currency on account of the following:		
Sundry creditors		
HKD	41,510	323,778
USD	50,971	2,589,334
Euro	145,470	9,851,225
Advance from customers	Nil	Nil

2.9. Transfer pricing

The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company has had a transfer pricing analysis conducted by a firm of Chartered Accountants. The accountants report has been received by the Company and the report did not envisage any adjustment in the accounts.

2.10. Quantitative details

2.10.1. Part II Paragraph 3: Licensed/Installed Annual Capacities

Details	2008-2009		2007-2008	
	Quantity	Value (Rs./Lakhs)	Quantity	Value (Rs./laks)
Sales				
Body suits	12,922,809	6079	9,860,840	4,240
Sleep suits	3,652,342	1999	2,510,255	1,883
Multi	3,511,490	1518	2,779,733	1,259
Local sales (DTA)	433,736	239	220,742	130
Actual Production meant for sale				
Body suits	12,929,988	6088	10,065,663	4,316
Sleep Suits	3,725,114	2035	2,532,345	1,893
Multi	3,503,094	1514	2,824,485	1,277
Opening Stock				
Raw material:				
Fabric	234,648	482	270,782	496
Yarn	70,372	112	41,896	59
Trims, Accessories etc		376		149
Closing Stock				
Raw material:				
Fabric	290514	458	234,648	482
Yarn	37648	39	70,372	112
Trims, Accessories etc		141		376
Raw Material Consumed				
Fabric	1191885	2394	1,121,872	2,077

Yarn	309548	515	346,394	547
Trims, Accessories etc		2158		1,334

2.10.2. Part II Paragraph 4C: Licensed/Installed Annual Capacities

Particulars	2008-09	2007-08
Installed Capacity	23 Million Pcs	23 Million Pcs

2.10.3. Part II paragraph 4D: Value of Imported and indigenous raw materials, spare parts and components consumed and percentage of each to total consumption

Details	2008 - 09		2007 - 08	
	Rs. (in Lakhs)	%	Rs. (in Lakhs)	%
Import	995	46	632	47
Indigenous	1163	54	701	53

2.11. Contingent Liabilities

Bank of India has issued a bank guarantee of Rs 21,66,711/-to Central Board of Excise & Customs which would be revoked in case of non- fulfillment of the export obligation within the stipulated period.

2.12. Prior year comparatives

The comparative figures have been regrouped / reclassified, wherever necessary to confirm with the current year's presentation.

2.13. Employee Remuneration

The company has no employees drawing remuneration in excess of the limits specified under section 217(2A) of the Companies Act, 1956, and hence reporting for the same does not arise.

2.14. Balance Confirmations

Confirmation of balances of Sundry debtors, sundry creditors and advances to and from parties are not received as on the date of this report.

For First Steps Babywear Private Limited

For Raghavan, Chaudhuri & Narayanan

Manish Pasi
Managing Director

Anjana Pasi
Director

N. C. Sundara Raghavan
Partner

Place : Bangalore

Date : 19th June 2009

CASH FLOW STATEMENT

For the year ended on 31st March, 2009

Rs.

Particulars		Current Year 31-03-2009		Previous Year 31-03-2008
CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax & Extraordinary items		34758553		28502735
Adjustments for :-				
Depreciation	7958537		6134880	-
Depreciation written back				
Interest paid	25537766		20240283	
Preliminary expenses written off				
Interest / Dividend received	(1346592)		(311073)	
(Profit) / Loss on sale of Assets [Net]			15155	
		32149710		26079245
Operating Profit before working capital changes		66908263		54581980
Adjustments for :				
(Increase) / Decrease in :-				
trade & other Receivables	(15251192)		(46341812)	
Inventory	46051685		(50687833)	
Increase / (Decrease) in :-				
Trade payables & other Liabilities	14668648	45469142	56396888	(40632757)
		112377405		13949223
Cash Generation from operations				
Interest / Dividend received	1346592		311073	
Interest paid	(25537766)		(20240283)	
Taxes paid	(9273391)		(4303970)	
Fringe benefit tax paid	(877111)		(726608)	
		(34341676)		(24959789)
NET CASH FROM OPERATING ACTIVITIES		78035729		(11010565)
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(12221747)		(59635468)	
Sale of Fixed Assets	35832		500000	
NET CASH USED IN INVESTING ACTIVITIES		(12185915)		(59135468)
CASH FLOW FROM FINANCING ACTIVITIES				
Issue of Share Capital	14900000			
Share Application Money	(11186500)		11231800	
Long Term Borrowing from Bankers	(55018137)		59651163	
Unsecured Borrowing	(448330)		476360	
NET CASH USED IN FINANCING ACTIVITIES		(51752967)		71359323
NET INCREASE IN CASH & CASH EQUIVALENTS		14096846		1213289
CASH & BANK BALANCES AS ON 01-04-2008	1910964		697675	
CASH & BANK BALANCES AS ON 31-03-2009	16007810		1910964	

For and on behalf of the Board

Manish Pasi
Managing Director

Anjana Pasi
Director

Place : Bangalore

Dated : 19th June 2009

Additional information as required under Part IV of Schedule VI of the Companies Act, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE :

I. Registration Details :

Registration No. CIN - U 17114 KA 2001 PTC -

State Code

Balance Sheet Date

				0	2	9	4	8	6
								0	8
3	1	-	0	3	-	2	0	0	9
Date			Month				Year		

II. Capital Raised during the year :

Public Issue

Rights Issue

Bonus Issue

Private Placements

(Amount in Rs. Thousands)

						N	I	L
						N	I	L
						N	I	L
					3	7	1	3

III.

Total Liabilities

Total Assets

Sources of Funds :

Paid – up Capital

Reserves & Surplus

Secured Loans

Unsecured Loans

Application of Funds :

Net Fixed Assets

Investments

Net Current Assets

Miscellaneous Expenditure

Accumulated Losses

(Amount in Rs. Thousands)

		3	0	3	8	5	9
		3	0	3	8	5	9

			5	2	7	1	3
			5	8	1	8	2
		1	6	7	5	6	5
			1	0	7	6	8

		1	4	1	6	1	2
					N	I	L
		1	6	2	2	4	7
					N	I	L
					N	I	L

IV. Performance of Company :

Turnover

Total Expenses

Profit / Loss Before Tax

Profit / Loss After Tax

Earning Per Share [Rupees]

Dividend Rate

(Amount in Rs. Thousands)

	1	0	5	4	9	3	0
	1	0	2	0	1	7	2
			3	4	7	5	8
			2	0	4	7	4
						41.33	
					N	I	L

V. Generic Names of three Principal Products / Services of Company (as per monetary terms)

i) Item Code No. – (I.T.C. Code Number)

Product Description 100% Cotton knitted ready made baby garments

6	1	1	1	0	1	0	0
---	---	---	---	---	---	---	---

ii) Item Code No. – (I.T.C. Code Number)

Product Description

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

iii) Item Code No. – (I.T.C. Code Number)

Product Description

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

For and on behalf of the Board

Manish Pasi

Managing Director

Anjana Pasi

Director

Place : Bangalore

Dated : 19th June 2009

PROXY FORM

R. M. MOHITE TEXTILES LIMITED

Reg.Office : Ambapwadi Phata R.S.No.347, Off.NH-4, P.B.No.1, Vadgaon – 416 112. Tal : Hatkanangale, Dist : Kolhapur (INDIA)

I / We..... of
..... in the district of
being a member / member (s) of the above named Company, hereby appoint Mr. / Miss / Mrs.....
.....of in the
district of of failing him/her Mr/Miss/Mrs.....
..... of
..... In the district of as
my / our proxy to vote for me/ us on my/our behalf at the 18th Annual General Meeting of the Company to be held on
the Wednesday, 30th September, 2009 and at any adjournment thereof.

DP ID *	
Client ID *	

Folio No.	
No. of Shares	

Signature (s).....

Address

Affix
Re. one
Revenue
Stamp

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

..... Tear Here.....

ATTENDANCE SLIP

R.M.MOHITE TEXTILES LTD.

Regd.Office : Ambapwadi Phata R.S.No.347, Off.NH-4, P.B.No.1, Vadgaon – 416 112 Tal : Hatkanangale, Dist : Kolhapur (INDIA)

I / We hereby record my/our presence at the 18th Annual General Meeting being held on 30th September, 2009 at
11.30 a.m. at Ambapwadi Phata R.S.No.347, Off.NH-4, P.B.No.1, Vadgaon – 416 112 Tal : Hatkanangale, Dist :
Kolhapur (INDIA)

Name of the Shareholder/Proxy

(in block letters)

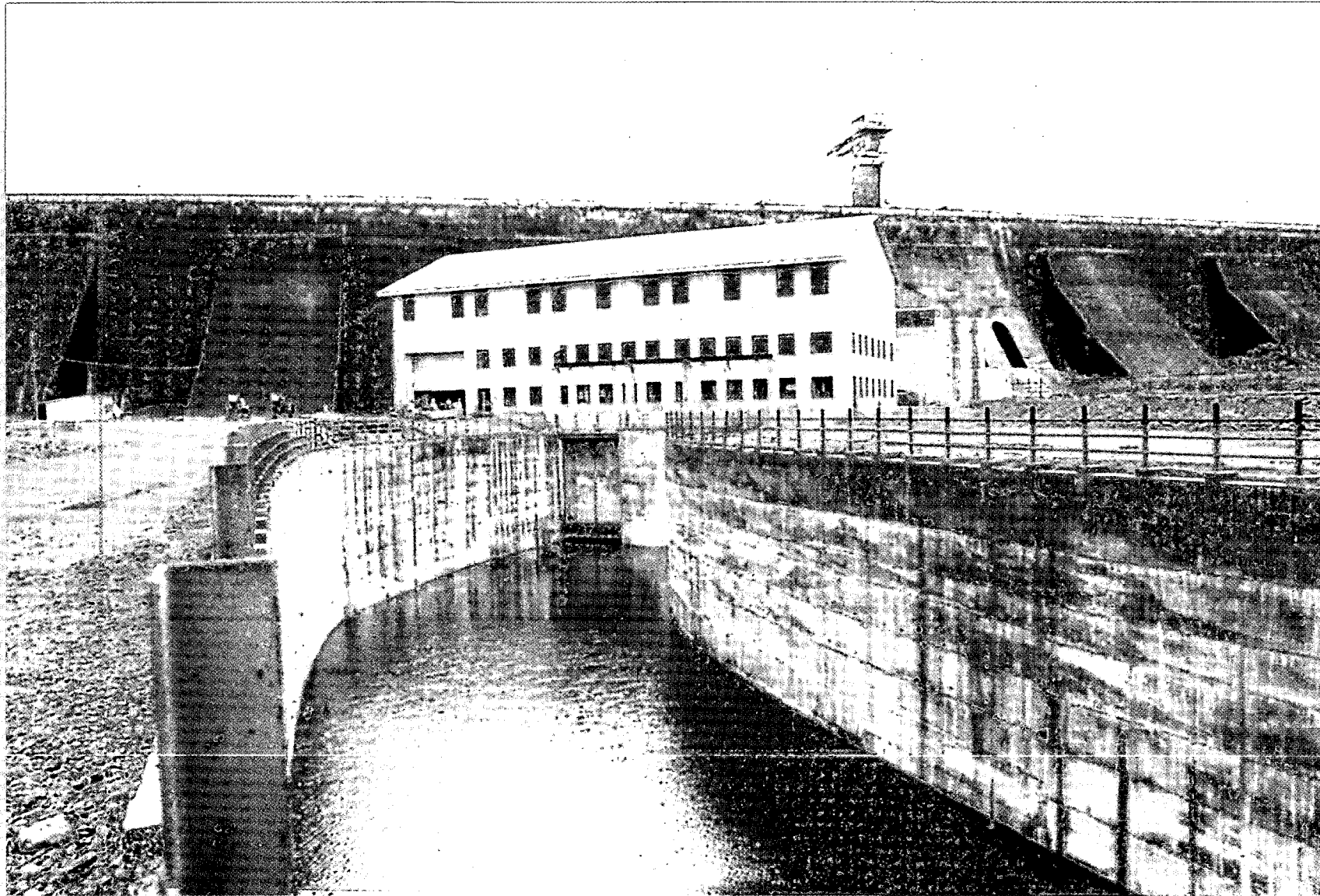
Reference Folio No.....

Signature of the Shareholder/Proxy

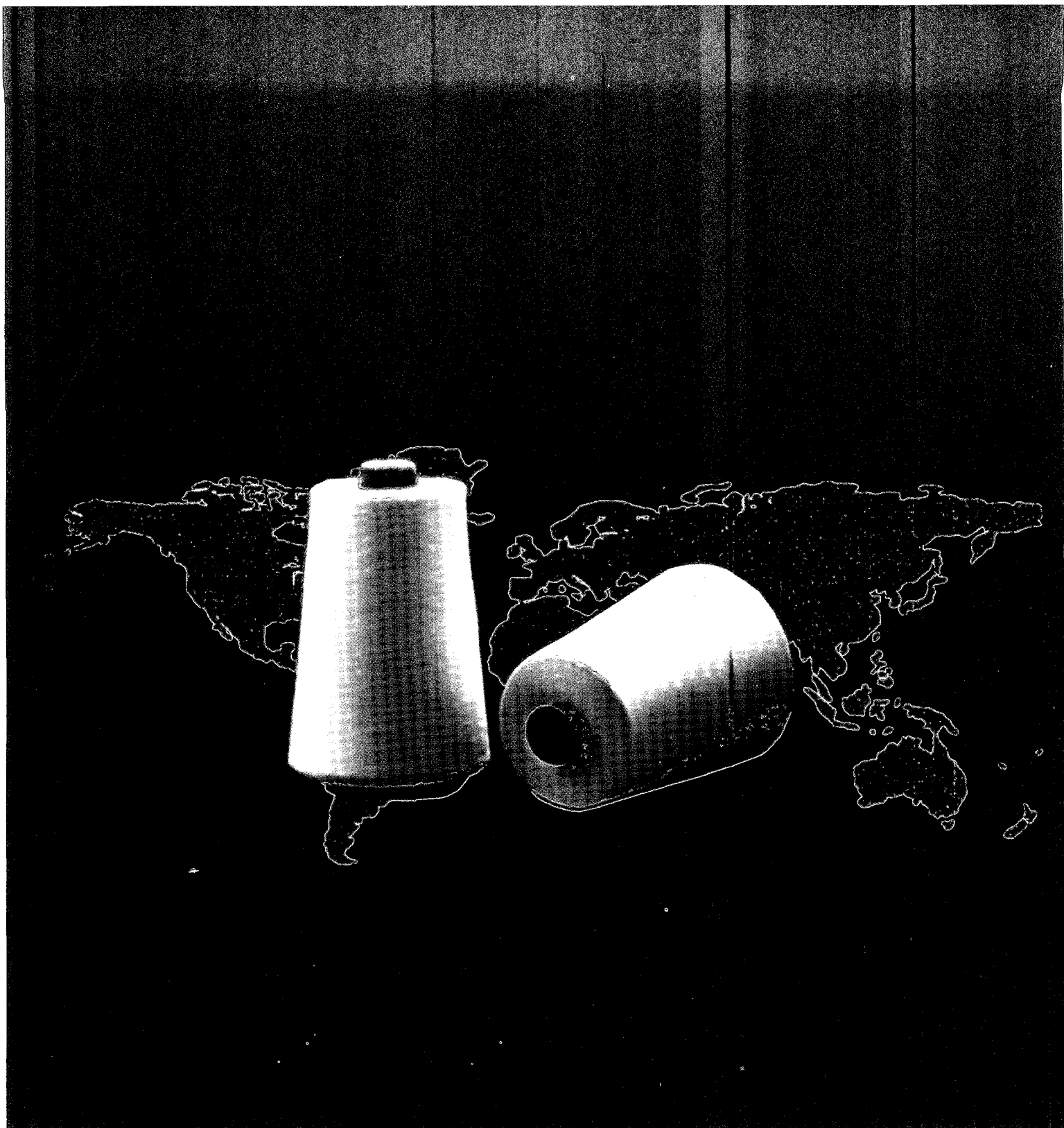
Note : 1. Please complete this attendance slip and hand it over at the entrance of the venue of the
Meeting.

2. Please bring your copy of Annual Report at the time of Annual General Meeting.

* Applicable for members holding shares in Demat Mode.



Radhanagri Hydro Power Project (10 MW)



R. M. MOHITE TEXTILES LTD.

REGISTERED OFFICE :

R. S. No. 347, Ambapwadi Phata, NH-4, Vadgaon, Tal. Hatkanangale, Dist - Kolhapur INDIA 416 112

Phone : ++91 - 230 - 2471230, Fax : ++91 - 230 - 2471229