

***18th* Annual Report**
2009-2010

SNS TEXTILES LIMITED

Annual Report 2009-2010

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NOTICE

NOTICE is hereby given that the **18TH ANNUAL GENERAL MEETING** of the Members of **SNS TEXTILES LIMITED** will be held as scheduled below:

Date : 23rd September, 2010

Day : Thursday

Time : 11.30 A. M.

Place : At the Registered Office of the Company at:

Plot No. 330- A, Opp. Atul Products, G.I.D.C., Ankleshwar – 393 002, Dist: Bharuch (Gujarat)

to transact the following business:

ORDINARY BUSINESS:

1. To receive and adopt Audited Profit and Loss Account for the year ended 31st March, 2010 and the Balance Sheet as on that date together with the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Satish V. Batavia, who retires by rotation and, being eligible, offers himself for re appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

Regd Office :

Plot No. 330- A, Opp. Atul Products,

G.I.D.C., Ankleshwar - 393 002.

Dist : Bharuch (Gujarat)

Place : Ankleshwar

Date : 29th May, 2010

By order of the Board

Mansukh K. Patel
Wholetime Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. The instrument appointing proxy in order to be effective must be deposited at Registered Office of the Company not less than 48 hours before the time for holding the meeting.
3. Members/Proxies should bring their attendance slip duly filed in for attending the meeting.
4. The Register of Members and Share Transfer Book of the Company will be closed from Wednesday, the 8th September, 2010 to Thursday, the 23rd September, 2010 (both days inclusive).
5. Shareholders seeking any information with regard to accounts are requested to write to the Company early so as to enable the management to keep the information ready.
6. The Equity Shares of the Company are available for dematerialisation, as the Company has entered into agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Those shareholders who wish to hold shares in electronic form may approach their Depository Participant. The ISIN of the Equity Shares is INE979D01011.

DIRECTORS' REPORT

Your Directors present the 18th Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31st March, 2010.

		(Rs in Lacs)	
1. FINANCIAL RESULTS:		2009-2010	2008-2009
Particulars		2009-2010	2008-2009
Profit before Depreciation		59.85	47.61
Less: Depreciation		50.04	47.78
Profit/(Loss) after depreciation		9.81	(0.17)
Add: Prior period Income		16.98	0.03
Profit/(Loss) before tax		26.79	(0.14)
Add/(Less): Deferred Taxation Assets/(Liabilities)		(128.79)	6.01
Less: Provision for tax		—	0.17
Profit/(Loss) for the year		(102.00)	5.71
Opening (debit) balance of Profit & Loss Account		(1920.69)	(1926.40)
(Loss) carried forward to Balance sheet		(2022.69)	(1920.69)

2. OPERATIONS:

During the year under review the sales comprised mainly from the own production of furnishing fabrics of Rs.123.59 Lacs as compared to Rs. 174.60 Lacs during the previous year. The efforts have been made to maximize the profit through own production and marketing.

During the year under review the sales (including other income and job work income) was Rs.193.63 Lacs as against Rs.224.53 Lacs in the previous financial year. The sales of current financial year is mainly from the furnishing fabrics division which is Rs.123.59 Lacs against Rs. 174.60 Lacs during the previous financial year. The Company has earned profit before tax of Rs.26.79 Lacs during the year under review compared to loss of Rs.0.14 Lacs for the year 2008-09. After providing for deferred tax liability of Rs.128.79 Lacs the loss for the year stood at Rs.102.00 Lacs compared to profit of Rs.5.71 Lacs during the year 2008-09.

In view of the accumulated losses, the Directors are unable to recommend any Dividend on the Equity Shares of the Company.

3. FUTURE OUT LOOK:

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

4. FINANCE:

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

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

5. MANAGEMENT DISCUSSION AND ANALYSIS:

The furnishing fabric sector of the textile industry is a fashion driven segment and with improved life style and increased corporatisation, the market for furnishing fabric like home furnishing, curtains, upholstery, sofa cover, linen etc. is showing increasing trend. The Company has focused on developing its own marketing. The Company has started its own marketing so in future the possibility of increased margins are better.

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

6. DIVIDEND:

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

7. DIRECTORS:

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

8. DIRECTORS' RESPONSIBILITY STATEMENT:

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

- (i) That in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed.
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at 31st March, 2010 and loss of the Company for the year.
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing/detecting frauds and other irregularities.
- (iv) That the Directors have prepared the Annual Accounts on a going concern basis.

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9. DEMATERIALISATION OF EQUITY SHARES:

The Company has entered into arrangements with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for demat. The ISIN No. of the Equity Shares is INE979D01011. The shareholders have option to dematerialize their shares with either of the Depositories.

10. COST AUDITORS:

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

11. CORPORATE GOVERNANCE:

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

12. FIXED DEPOSITS:

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

13. AUDITORS' REPORT

As regards the remark of the Auditors in their report, the Directors state that the same is self explanatory and does not call any further explanations.

14. PARTICULARS OF EMPLOYEE:

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

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

(a) Conservation of Energy:

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

(b) Power and Fuel Consumption:

<u>Sr. No.</u>	<u>Particulars</u>	<u>2009-2010</u>	<u>2008-2009</u>
1.	Electricity		
-	Purchase units (KWH)	317537	311095
-	Total Amount (Rs. in Lacs)	16.34	18.78
-	Rate/Unit (Rs.)	5.15	6.04
2.	Oil (LDO)/Diesel		
-	Qty. in Litres	400	1200
-	Total Amount (Rs. in Lacs)	0.15	0.46
-	Rate/Per Litre (Rs.)	36.95	38.16

(c) Technology Absorption:

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

(d) Foreign Exchange Earning & Outgo

<u>Sr. No.</u>	<u>Particulars</u>	<u>2009-2010</u>	<u>2008-2009</u>
	Total Foreign Exchanges used and Earned		(Rs in Lacs)
(a)	Total Foreign Exchange used	—	8.74
(b)	Total Foreign Exchange earned	52.23	32.00

16. RESEARCH & DEVELOPMENT:

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

17. AUDITORS:

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

18. CHANGE OF REGISTRAR AND TRANSFER AGENTS:

During the year under review the Registrar and Transfer Agents of the Company have been changed to M/s. Link Intime India Private Limited.

19. ACKNOWLEDGEMENT:

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

For and on behalf of the Board

Place : Ankleshwar
Date : 29th May, 2010

Mansukh K. Patel Dinesh K. Patel
Whole time Director Director

REPORT ON CORPORATE GOVERNANCE

ANNEXURE TO DIRECTORS' REPORT

1. Corporate Governance Philosophy

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

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

2. Board of Directors:

a. The Board of Directors consists of five Directors as on 31st March, 2010 as well as as on the date of Report.

b. Composition, Attendance, Category etc.

Sr. No.	Name	Category	No. of Other Directorships held *	Committee Membership /Chairmanship held in other Companies	No. of Board Meetings Attended	Attendance at the AGM held on 25-09-2009
1	Shri Mansukh K. Patel	Executive	-	-	5	No
2	Shri Ranjitsinh A. Parmar	Independent	5	-	5	Yes
3	Shri Priyesh G. Shah	Non-Executive	-	-	5	No
4	Shri Satish V. Batavia	Independent	-	-	-	No
5	Shri Dinesh K. Patel	Non-Executive	-	-	5	Yes

*Private Companies excluded

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

Name	Shri Satish V. Batavia
Date of Birth	13-12-1953
Date of Appointment	30-12-1996
Nature of Expertise	Overseas Marketing
List of Public Limited Companies in which Directorship held	—
Chairman/Member of the Committees of the Board of Directors of the Company	Audit Committee
Chairman/Member of the Committees of Directors of other Companies	—

d. Board Procedures:

The Board of Directors meets at least once in a quarter to review the performance of the Company and Financial Results. All the major decisions / approvals are taken at the Meeting of the Board of Directors such as policy formation, business plans, Statutory Compliance etc. The Board meetings were held during the period 01-04-2009 to 31-03-2010 on (1) 15-06-2009, (2) 25-06-2009, (3) 31-07-2009, (4) 30-10-2009 and (5) 29-01-2010.

3. Audit Committee

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

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

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The meetings of the committee were held during the period 01-04-2009 to 31-03-2010 on (1) 25-06-2009 (2) 31-07-2009 (3) 30-10-2009 and (4) 29-01-2010.

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

4. Remuneration Committee

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

5. Shareholders / Investors Grievance Committee

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

The Company received 4 complaints during the year and all were resolved to the satisfaction of shareholders. There is no pending complaint as on 31st March, 2010.

6. Details of Annual General Meetings

Information about last three Annual General Meetings.

Year	Date	Time	Location
2006-2007	18-09-2007	11.30 a.m.	Plot No. 330-A, Opp. Atul Products, G.I.D.C., Ankleshwar - 393 002, Dist. Bharuch (Gujarat)
2007-2008	12-09-2008	11.30 a.m.	Plot No. 330-A, Opp. Atul Products, G.I.D.C., Ankleshwar - 393 002, Dist. Bharuch (Gujarat)
2008-2009	25-09-2009	11.30 a.m.	Plot No. 330-A, Opp. Atul Products, G.I.D.C., Ankleshwar - 393 002, Dist. Bharuch (Gujarat)

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

7. Disclosures:

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

8. Means of Communication

- In compliance with the requirements of the Listing Agreement, the Company regularly intimates Unaudited/Audited Financial Results to the Stock Exchange/s immediately after they are taken on record by the Board of Directors. These Financial Results are normally published in 'Western Times' (English and Gujarati)
Results are not displayed on Website and are not sent individually to the shareholders.
- During the year ended 31st March, 2010 no presentation were made to Institutional Investors or analyst or any other enterprise.
- Management Discussions and analysis form part of the Directors' Report.

9. General Shareholders Information:

- Registered Office : Plot No. 330-A, Opp. Atul Products, G.I.D.C., Ankleshwar - 393 002, Dist : Bharuch (Gujarat)
- AGM
Day : Thursday
Date : 23rd September, 2010
Time : 11.30 a.m.
Venue : Plot No. 330-A, Opp. Atul Products, G.I.D.C., Ankleshwar - 393 002, Dist : Bharuch (Gujarat)
- Financial Calendar :
1st Quarter Results : 1st /2nd week – August, 2010
Half yearly Results : 1st /2nd week – November, 2010
3rd Quarter Results : 1st /2nd week – February, 2011
Audited yearly Results : End – May, 2010
- Book Closure Dates : From To
Wednesday, the 8th September, 2010 Thursday, the 23rd September, 2010. (Both days inclusive).

SNS Textiles Limited

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

M/s. Link Intime India Pvt. Ltd.

211, Sudarshan Complex, Near Mithakhali Under Bridge, Navragpura, Ahmedabad - 380009.
Tele. No. :91-79-26465179
Fax No. :91-79-26465179
e mail Address:ahmedabad@linkintime.co.in

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

i Distribution of Shareholding:

Distribution of Shareholding as on 31st March, 2010:

Shares Balance	Number of Shareholders	% of total Shareholders	Total Shares held	% of total Shareholding
1-500	3727	76.22	978788	6.42
501-1000	556	11.37	502616	3.30
1001-2000	258	5.28	433215	2.84
2001-3000	89	1.82	234645	1.54
3001-4000	38	0.77	139125	0.90
4001-5000	57	1.17	280212	1.84
5001-10000	64	1.31	491040	3.22
10001 & above	101	2.06	12190359	79.94
Total	4890	100.00	15250000	100.00

j Shareholding Pattern:

Shareholding pattern as on 31st March, 2010.

Category	No. of Shares held	% of Shareholding
Promoters (Directors & Relatives)	93,74,923	61.47
Financial Institutions/Banks/Mutual Funds/UTI	4,24,000	2.78
Bodies Corporate	6,62,892	4.35
Indian Public	39,76,538	26.08
NRIs, Trust, CM & CH	8,11,647	5.32
Total	1,52,50,000	100.00

k Share Transfer System:

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

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

l Dematerialization of shares:

Total 94,14,050 Equity shares of the Company have been dematerialized up to 31st March, 2010 which form 61.73% of the share capital of the Company.

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m Stock Market Data :

Monthly high and low prices of equity shares of the Company during the year 2009-10:

Month & Year	BSE		Share Traded
	High (in Rs.)	Low (in Rs.)	
April 2009	3.05	2.29	23521
May 2009	3.60	2.52	45736
June 2009	4.38	3.44	32377
July 2009	3.85	2.97	12877
August 2009	4.00	3.15	17227
September 2009	3.75	3.13	247202
October 2009	3.70	2.86	87301
November 2009	3.34	2.70	26244
December 2009	3.47	2.80	49608
January 2010	5.42	3.64	114137
February 2010	4.18	3.25	12455
March 2010	3.99	3.10	57155

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

10. Plant Locations :

Unit – I : Plot No. 330-A, Opp. Atul Products, G.I.D.C., Ankleshwar - 393 002,
Dist : Bharuch (Gujarat)

Unit – II : Survey No. 370,372,373 Village : Dhank Tal.: Upteta, Dist.: Rajkot.
Pin-360 490

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

M/s. Link Intime India Pvt. Ltd.

211, Sudarshan Complex, Near Mithakhali Under Bridge, Navrangpura, Ahmedabad – 380 009.
Tel. No. 91-79-26465179 Fax No. 91-79-26465179 e-mail: ahmedabad@linkintime.com

12. Compliance Officer :

Shri Mansukh K. Patel, Whole time Director

For and on behalf of the Board

Place : Ankleshwar
Date : 29th May, 2010

Mansukh K. Patel Dinesh K. Patel
Whole time Director Director

COMPLIANCE CERTIFICATE

TO THE MEMBERS OF SNS TEXTILES LIMITED

We have examined the compliances of condition of Corporate Governance by SNS TEXTILES LIMITED ("The Company") for the year ended 31st March 2010, as stipulated in Clause 49 of Listing Agreement entered into with the Stock Exchanges.

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

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

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

For and on behalf of
Natvarlal Vepari & Co.
Chartered Accountants
Firm Registration No. : 123626W

Place : Surat
Date : 29th May, 2010

R. N. Vepari
Partner
Membership No. : 006728

AUDITORS' REPORT

To
The Members,
SNS Textiles Limited.

We have audited the attached Balance Sheet of **SNS TEXTILES LIMITED** as at 31st MARCH, 2010 the Profit and Loss account and the Cash Flow statement of the Company for the year ended on that date attached hereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

- (1) As required by the Companies (Auditors' Report) Order, 2003 issued by the Company Law Board in terms of Section 227(4-A) of the Companies Act, 1956, we annex hereto Annexure 'A' on the matters specified in paragraph 4 and 5 of the said order.
- (2) Further to our comments in Annexure referred to in Para (1) above, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
 - c. The Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the books of accounts;
 - d. In our opinion, the Profit and Loss Account and Balance Sheet comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
Subject to note no. 5 of Schedule '16' of the Financial Statement.
 - e. On the basis of written representations received from the Directors of the Company as at March 31, 2010 and taken on record by the Board of Directors, we report that no Director is disqualified from being appointed as Director of the Company under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
- (3) Subject to matters referred to above, in our opinion and to the best of our information and according to the explanation given to us, the said accounts read together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in accordance with the Generally Accepted Accounting Principles in India:
 - a. in the case of the Balance Sheet of the Company of the state of affairs of the Company as at 31st MARCH, 2010,
 - b. In the case of the Profit and Loss account of the **LOSS** of the Company for the year ended on that date and
 - c. In the case of the Cash Flow Statement of the Company the cash flows for the year ended on that date.

For **Natvarlal Vepari & Co.**
Chartered Accountants
Firm Membership No. : 123626W

Place : Surat
Date : 29th May, 2010

R. N. Vepari
Partner
Membership No. : 006728

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ANNEXURE 'A' TO AUDITORS' REPORT FOR THE YEAR ENDED: 31-03-2010.

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

SNS Textiles Limited

excise duty, cess have been regularly deposited by the Company with appropriate authorities in all cases during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, custom duty and excise duty were outstanding, at the year end for a period more than six months from the date they became payable.

- b) According to the records of the Company, the disputed statutory dues (provided/considered as contingent liability, as appropriate) on account of sales tax, custom duty, Income tax, excise duty, and cess that have not been deposited on account of matters pending before appropriate authorities are as follows:

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

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

For **Natvarlal Vepari & Co.**
Chartered Accountants
Firm Membership No. : 123626W

R. N. Vepari
Partner
Membership No. : 006728

Place : Surat
Date : 29th May, 2010

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BALANCE SHEET AS AT 31ST MARCH, 2010

	SCHEDULE	As At 31-3-2010 Rs.	As At 31-3-2009 Rs.
SOURCES OF FUNDS			
Shareholder's Funds			
(a) Share capital	1	148,467,810	148,467,810
(b) Share Application Money		35,000,000	35,000,000
(c) Reserves and surplus	2	45,211,704	45,211,704
		<u>228,679,514</u>	<u>228,679,514</u>
Loan Funds			
Unsecured loans	3	134,250,000	139,750,000
TOTAL...		<u><u>362,929,514</u></u>	<u><u>368,429,514</u></u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	114,674,918	112,407,524
Less: Depreciation		65,583,285	60,578,965
Net Block		<u>49,091,633</u>	<u>51,828,559</u>
Investments	5	175,900	175,900
Deferred Tax Asset		80,924,383	93,803,175
Current assets, loans and advances			
(a) Inventories	6	9,165,484	9,409,877
(b) Sundry Debtors		4,882,879	1,445,636
(c) Cash and bank balances		14,811,846	13,091,952
(d) Loans and advances		8,260,200	13,285,644
		<u>37,120,409</u>	<u>37,233,109</u>
Less: Current liabilities and provisions	7		
(a) Current liabilities		6,081,922	6,507,378
(b) Provisions		569,670	172,660
		<u>6,651,592</u>	<u>6,680,038</u>
Net Current Assets		<u>30,468,817</u>	<u>30,553,071</u>
Profit & Loss Account	8	202,268,781	192,068,809
TOTAL....		<u><u>362,929,514</u></u>	<u><u>368,429,514</u></u>
Notes forming part of the accounts.	16		

As per our report of even date
For Natvarlal Vepari & Co.
Chartered Accountants
Firm Mem. No. : 123626W

R. N. Vepari
Partner
Mem. No. : 006728
Place : Surat
Date : 29th May, 2010

For and on behalf of the Board

Mansukh K. Patel
Wholesale Director

Dinesh K. Patel
Director

Place : Ankleshwar
Date : 29th May, 2010

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

	SCHEDULE	Current Year Rs.	Previous Year Rs.
Income			
Domestic Sales		12,358,847	17,459,922
Less: Excise duty		0	88,529
Jobwork Income		11,190	1,131,221
Other income	8	7,047,574	4,297,203
Increase/(Decrease) in Finish Goods Stock	9	-54,670	-346,362
TOTAL...		19,362,941	22,453,455
Expenditure			
Consumption of Raw Material	10	2,144,211	3,247,647
Manufacturing and other expenses	11	4,310,027	7,327,523
Payment and benefits to employees	12	2,977,810	2,913,823
Administrative and other expenses	13	1,559,913	1,479,304
Selling and distribution expenses	14	2,381,671	2,702,288
Depreciation		5,004,319	4,777,580
Financial charges	15	4,077	22,056
TOTAL...		18,382,028	22,470,221
Net Profit/(Loss) for the year before taxation		980,913	(16,766)
Add / (Less) : Deferred tax Asset/(liability)		(12,878,793)	601,304
Less : Provision for tax		—	17,035
Net Profit/(Loss) for the year after taxation		(11,897,880)	567,503
Prior Period adjustments		1,697,908	3,138
Net Profit/(Loss)		(10,199,972)	570,641
Balance brought forward		(192,068,809)	192,639,450
Balance carried to Balance sheet.		(202,268,781)	(192,068,809)
Notes forming part of the accounts.	16		

As per our report of even date
 For Natvarlal Vepari & Co.
 Chartered Accountants
 Firm Mem. No. : 123626W

R. N. Vepari
 Partner
 Mem. No. : 006728
 Place : Surat
 Date : 29th May, 2010

For and on behalf of the Board

Mansukh K. Patel
 Wholetime Director

Dinesh K. Patel
 Director

Place : Ankleshwar
 Date : 29th May, 2010

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

	2009-2010		2008-2009	
	Rs.	Rs.	Rs.	Rs.
(A) Cash Flow from Operating Activities:				
Net profit before prior period Adjustment		981		(17)
Adjustments for:				
Depreciation	5,004		4,778	
Interest/Dividend (Net)	1,280		877	
Bad Debts Written off	1,337		1,415	
Interest Paid/Bank Charges	4		4	
Balance Written off	—	7,625	(8)	7,067
		<u>8,606</u>		<u>7,050</u>
Operating Profit before Working Capital Changes				
Adjustments for:				
Loans & Advances	5,025		607	
Accounts Receivables	(3,437)		3,840	
Inventories	244		(1,248)	
Trade Payables	(28)	1,804	(1,761)	1,438
		<u>10,410</u>		<u>8,488</u>
Cash Generated from Operations..				
Interest paid on operations/Bank Charges		(4)		(4)
		<u>10,406</u>		<u>8,484</u>
Cash Flow before prior period Adjustment				
Prior Period Adjustments		1,698		3
Bad Debts and other balances written off		(1,337)		1,408
		<u>10,767</u>		<u>7,079</u>
Net Cash from Operating Activities				
(B) Cash Flow From Investing Activities:				
Advance for Capital Items	(2,267)		23	
Insurance Claim Received	—		191	
Interest Received	(1,270)		865	
Dividend Received	(10)	(3,547)	13	1,092
		<u>(3,547)</u>		<u>1,092</u>
Net Cash used in Investing Activities				
(C) Cash Flow from Financing Activities:				
Intercompany Deposits	(5,500)		(3,175)	
		<u>(5,500)</u>		<u>(3,175)</u>
Net Cash used in Financing Activities:				
		<u>1,720</u>		<u>4,094</u>
Net Increase in Cash and Cash Equivalents				
Cash and Cash Equivalents as on 1st April, 2009		13,092		8,998
Cash and Cash Equivalents as on 31st March, 2010		14,812		13,092

As per our report of even date

For **Natvarlal Vepari & Co.**
Chartered Accountants
Firm Mem. No. : 123626W

R. N. Vepari
Partner
Mem. No. : 006728
Place : Surat
Date : 29th May, 2010

For and on behalf of the Board

Mansukh K. Patel
Wholetime Director

Dinesh K. Patel
Director

Place : Ankleshwar
Date : 29th May, 2010

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

	SCHEDULE	As at 31-3-2010 Rs.	As at 31-3-2009 Rs.
Share capital	1		
Authorised			
25,000,000 Equity Shares of Rs. 10/- each		250,000,000	250,000,000
Issued, subscribed and paid-up			
15,250,000 Equity Shares of rs. 10/- each fully paid.		152,500,000	152,500,000
Less: Calls in arrears			
(Out of which 27,00,000 Equity Shares of Rs. 10/- each fully paid were issued for consideration otherwise than in cash)		4,032,190	4,032,190
		<u>148,467,810</u>	<u>148,467,810</u>
Reserves and surplus	2		
Capital Reserves		6,871,400	6,871,400
Share Premium Account		38,340,304	38,340,304
		<u>45,211,704</u>	<u>45,211,704</u>
Unsecured loans	3		
Inter corporate deposits from Companies		133,250,000	133,250,000
From Shareholders		—	5,500,000
From Partnership Firm		1,000,000	1,000,000
		<u>134,250,000</u>	<u>139,750,000</u>

FIXED ASSETS

Description	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As on 1-4-2009	Addition during the Year	Adjustment Rs.	As on 31-3-2010	Up to 1-4-2009 Rs.	For Adjustment the Year Rs.	As on 31-3-2010 Rs.	As on 31-3-2010 Rs.	As on 31-3-2009 Rs.
Lana	4,098,336	—	—	4,098,336	—	—	—	4,098,336	4,098,336
Building	67,042	—	—	67,042	21,614	1,419	23,033	64,009	66,427
Plant And Machinery	66,831,186	—	—	66,831,186	35,598,356	3,269,481	38,867,839	29,963,347	33,232,826
Furniture & Fixtures	660,827	—	—	660,827	650,827	—	660,827	—	—
Office Equipments	906,473	—	—	906,473	611,924	57,536	669,430	239,943	296,549
Vehicles	59,804	—	—	59,804	23,177	5,661	28,858	30,946	36,628
Factory Building	21,848,285	—	—	21,848,285	11,143,904	729,733	11,873,637	9,974,649	10,734,380
Plant & Machinery (C.P)	13,518,175	—	—	13,518,175	9,622,710	713,760	10,336,470	3,181,705	3,695,435
Computer & Penpherals (No Depreciation)	1,860,871	—	—	1,860,871	2,382,529	—	2,382,529	-501,658	-501,658
Plant And Machinery	—	—	—	—	—	—	—	—	—
Plant And Machinery - Double	—	2,267,394	—	2,267,394	—	226,739	226,739	2,040,655	—
Vehicles	513,923	—	—	513,923	513,923	—	513,923	—	—
Total...	112,407,524	2,267,394	—	114,674,918	60,578,966	5,004,319	65,583,285	49,091,533	51,828,558
Previous Year...	112,407,524	—	—	112,407,524	56,801,385	4,777,580	60,578,965	51,828,558	56,606,136

Note:

The Company had imported certain Plant and Machinery at concessional rate of custom duty under Export promotion Capital Goods (EPCG) scheme. The unit has been granted license for pre-decided export obligation. The custom duty paid during the current year is capitalised in the Plant & Machinery and depreciated considering remaining useful life of an asset.

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	Schedule	As at 31-3-2010 Rs.	As at 31-3-2009 Rs.
Investments	5		
Trade Investments :			
2700 (P.Y. 2700) Shares of Rs.10/- each of Fairdeal Filaments Ltd.(Fully paid up)		40,500	40,500
4375 (P.Y. 4375) Equity shares of Rs.10 each of Overseas Synthetics Ltd.(Fully paid up)		75,000	75,000
		<u>115,500</u>	<u>115,500</u>
Non Trade Investments :			
500 (P.Y. 500) Equity shares of Rs.10/- each of Gujarat Narmada Knitwear Ltd. (Partly paid up)		2,500	2,500
100 (P.Y. 100) Shares of Rs.10/- each of Oriental Bank of Commerce(Fully paid up)		6,000	6,000
3900 (3,900) Shares of Rs.10/- each of Bhagwati Bright Bars Ltd.(Fully paid up)		39,000	39,000
		<u>47,500</u>	<u>47,500</u>
Long Term Investments(Unquoted)			
Trade Investments :			
42 (P.Y. 42) Shares of Rs.100/- each of Surat People's Co-op. Bank Ltd.		4,200	4,200
87 (P.Y. 87) Shares of Rs.100/- each of Surat People's Co-op. Bank Ltd.		8,700	8,700
		<u>12,900</u>	<u>12,900</u>
		<u>175,900</u>	<u>175,900</u>
Current assets, loans and advances	6		
Inventories (As taken valued and certified by the Management)			
Raw materials		3,693,660	4,042,778
Work in progress		797,997	638,602
Finished goods		4,673,827	4,728,497
		<u>9,165,484</u>	<u>9,409,877</u>
Sundry Debtors (Unsecured and considered good)			
Others-Debtors		2,712,124	1,892,534
Sundry Debtors-Over Six Months		7,071,509	6,096,243
Less : Provision for doubtful debts		4,900,754	6,543,141
		<u>4,882,879</u>	<u>1,445,636</u>
Cash and bank balances			
Cash on hand		60,600	10,288
Balances with Scheduled banks in Current accounts		1,748,271	2,561,490
Balances with Scheduled banks in Fixed deposit accounts		10,975,974	8,493,173
Balances with Scheduled banks in Margin money accounts		2,027,000	2,027,000
		<u>14,811,845</u>	<u>13,091,951</u>
Loans and advances			
Advances (recoverable in cash or in kind or for value to be received)		833,122	833,122
Deposits		3,685,790	5,131,024
Prepaid Expenses		69,109	88,223
Advance Income Tax		1,338,870	3,069,756
Advance to Staff		48,500	24,000
Advance for Capital Goods		647,406	670,806
Advance for Goods		1,340,385	1,340,385
Advances for expenses		297,020	2,111,128
Advance Fringe Benefit Tax		—	17,200
		<u>8,260,202</u>	<u>13,285,644</u>

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	Schedule	2009-2010 Rs.	2008-2009 Rs.
Payment and benefits to employees	12		
Salaries and wages (Factory)		2,647,385	2,427,319
Contribution to PF, FPF, ESI		187,531	193,904
Staff Welfare Expenses		32,985	14,410
Bonus Expense		109,909	138,044
Gratuity		—	140,146
		<u>2,977,810</u>	<u>2,913,823</u>
Administrative and other expenses	13		
Vehicle Expense		4,374	3,606
Insurance Charges		249,190	319,019
Electricity Expense		720	645
Legal and Professional Charges		516,356	161,093
Professional Tax		1,000	1,000
Membership Fee		12,000	9,000
Audit Fees		110,300	110,300
Consultancy Charges		243,259	359,662
Travelling & Conveyance Expenses		64,119	106,981
Office Expenses		8,951	8,782
Telephone, Postage & Fax expense		74,887	130,314
Stationery and Printing Expenses		41,696	53,577
Subscription Expenses		3,235	3,235
Canteen Expenses		57,140	54,515
Entertainment Expenses		553	230
Notified Area Tax		172,133	157,345
		<u>1,559,913</u>	<u>1,479,304</u>
Selling and distribution expenses	14		
Advertisement Expense		40,225	28,695
Sales Promotion expenses		149,516	160,659
Brokerage		529,103	687,649
Packing Expense		325,717	409,904
Bad Debts Written off		1,337,110	1,415,381
		<u>2,381,671</u>	<u>2,702,288</u>
Financial charges	15		
Bank commission		4,077	3,885
Other finance charges		—	17,986
Banking Cash Transaction Tax		—	185
		<u>4,077</u>	<u>22,056</u>

NOTES FORMING PART OF THE ACCOUNTS: SCHEDULE "16"

(1) Significant Accounting Policies:

(i) Basis of accounting:

The financial statements have been prepared to comply in all material respects with the Notified Accounting Standard by Companies (Accounting Standard) Rules, 2009 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis and in accordance except in case of assets for which provision for impairment is made and revaluation is carried out. The Accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

(ii) Fixed Assets:

Fixed Assets (except land) are stated at cost of acquisition (or revalued amount as the case may be) (net of CENVAT) less accumulated depreciation and impairment losses if any. Cost comprised purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

(iii) Depreciation:

- i) Depreciation has been provided on straight line method at the rates specified in Schedule XIV to the Companies Act, 1956.
- ii) Fixed Asset costing below Rs. 5,000 are fully depreciated in the year of acquisition.
- iii) Depreciation on Fixed assets added/disposed off during the year is provided on pro-rata basis with respect to date of acquisition/disposal.
- iv) Custom Duty paid on after 01-04-2009 is depreciated considering remaining useful life of an asset.

(iv) Impairment:

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

(v) Investments:

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

(vi) Inventories:

Inventories of Raw Materials and WIP are valued at cost and Finished Goods are valued at lower of cost and net realizable value using FIFO method.

(vii) Borrowing Costs:

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of asset upto the date when such asset is ready for its intended use. Other borrowing costs are recognized as an expense in the period in which they are incurred.

(viii) Revenue Recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

i) Sale of Goods:

Sales revenue comprises sale value of goods, and are accounted net off sales returns, discount, rate difference.

ii) Interest:

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

iii) Dividends:

Dividend is recognized when the shareholders' right to receive payment is established by the balance sheet date.

(ix) Foreign Currency Transactions:

- i) Export sales are recorded at Invoice value actually realized.

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- ii) Other transactions are recorded at the rate of exchange in force at the time transactions are affected.
 - iii) Realised gains and losses on foreign exchange transactions other than those relating to fixed assets are recognized in the Profit and Loss Account.
- (x) Employee Benefits:
- Short term Benefits:**
- Short Term Employee Benefits like Provident Fund and Employee State Insurance Scheme are recognized as an expense at the undiscounted amount in the profit & loss Account of the year in which the related service is rendered.
- Long Term Benefits:**
- Post employment and other long term benefits are recognized as per Actuarial Valuation at the end of Financial Year.
- (xi) Provisions, Contingent Liabilities and Contingent Assets:
- i) Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.
 - ii) Liabilities which are material, and whose future outcome cannot be ascertained with reasonable certainty, are treated as contingent, and disclosed by way of notes to the accounts.
 - iii) Contingent Assets are neither recognized nor disclosed in the financial statement, Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.
- (xii) Accounting for Excise Duty:
- The liability for central excise duty on account of finished goods stock lying in factory has not been provided in the books of accounts, as the same is being accounted for on payment basis and not carried into stock as per practice followed by the Company.

(2) Contingent Liability:

- (a) Uncalled liability on partly paid up Shares Rs. 2500 (P.Y. Rs.2500).
- (b) Excise matters under appeal Rs. 30.42 Lacs (P.Y. Rs. 30.42 Lacs)
- (c) Sales Tax matter under appeal Rs. 33.00 Lacs (P.Y. Rs. 33.00 Lacs)
- (d) Income Tax disallowance, matter pending under appeal Rs. 18.64 Lacs (P.Y Rs.18.64)
- (e) The Company has imported certain Plant and Machinery at concessional rate of custom duty under Export promotion Capital Goods (EPCG) scheme. The unit has been granted license for pre-decided export obligation. As such, the liability that may arise for non-fulfillment of export obligation is currently non ascertainable. The said matter is pending with Deputy General of Foreign Trade, Surat.

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

	2009-2010	2008-2009
(a) Licensed Capacity:	Not applicable Delicensed Industry	Not applicable Delicensed Industry
(b) Installed Capacity:		
Furnishing Fabrics:	9.90 LMPA	9.90 LMPA

Note:

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

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

	Unit	Quantity	Quantity
(i) Production:			
Fabrics in 000's Own	Mtrs	98.08	143.13
Job *	Mtrs	—	71.01

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

SNS Textiles Limited

	Unit	Quantity	Rs in Lacs	Quantity	Rs in Lacs
(ii) Turnover:					
Fabrics (in 000's)- own	Mtrs.	96.65	123.59	144.67	176.59
Fabrics (in 000's)- job	Mtrs.	-	-	78.88	11.31
(iii) Consumption of Raw Material					
Yarn for weaving	MT.	16.93	21.44	27.07	32.48
(iv) Opening Stock of Finished goods:					
Fabrics (in 000's)	Mtrs.	45.39	47.28	48.55	50.75
(v) Closing Stock of Finished goods:					
Fabrics (in 000's)	Mtrs.	44.27	46.74	45.39	47.28
(d) Imported and Indigenous Consumption:					
		Rs. in Lacs	%	Rs. in Lacs	%
Imported:		-	0%	-	0%
Indigenous		21.44	100.00%	32.48	100.00%
		21.44	100.00%	32.48	100.00%
(b) Consumable Stores :					
Imported		-	0.00%	10.99	100.00%
Indigenous		6.74	100.00%	7.37	100.00%
		6.74	100.00%	18.36	100.00%
(e) Value of direct Imports on CIF basis:			2009-2010		2008-2009
			(Rs. in Lacs)		(Rs. in Lacs)
Components, spare parts & Chemicals			—		8.74
(f) Expenditure in foreign currency:					
[i] Travelling :			—		—
[ii] Sales commission			—		—
(g) Earning in foreign currency:					
Export of goods on FOB Basis			—		—
Commission			52.23		32.00
(h) Auditors' Remuneration:			(In Rs.)		(In Rs.)
(a) As Auditors for Audit Fee			110,300		110,300
(b) As Advisor or in any other Capacity in respect of:					
(i) Company law matter			—		—
(ii) Taxation matter			—		—
(iii) Management services			—		—
(iv) In any other manner			—		—
(4) Earning Per Share:			2009-2010		2008-2009
Amount used as a numerator (Rs. In 000's)					
Profit/(Loss) after Prior Period Adjustment			2,679		(13)
Nominal Value of Share (Rs. In 000's) [Face Value Rs. 10/- per share]			148,468		148,468
Earning per share			0.018		(0.000)

Annual Report 2009-2010

(5) Employee Benefits: (Details are given to the extent available)

Gratuity:

No specific fund is created for long term employee benefit. The valuation is done as per actuarial method.

	Amount (Rs)
a. Present Value of Defined Benefit Obligation	
- Wholly Funded	—
- Wholly Unfunded	3,22,336
Less: Fair Value of Plan Assets	—
Amount to be recognized as Liability or (Assets)	3,22,336
Amount Reflected in Balance Sheet	
- Liability	3,22,336
b. Amounts recognized in Profit & Loss Account:	
1. Current Service Cost	33,523
2. Interest Cost	34,546
3. Expected Return on Plan Assets	—
4. Actuarial Losses/(Gains)	35,943
Total included in "Payments to and Provision for Employees" (Refer. Schedule 12)	1,04,012
c. Changes in present value of defined benefit obligation representing reconciliation of opening & closing balances thereof are as follows:	
Opening value of present value of defined benefit obligation	4,17,224
Add: Current Service Cost	33,523
Add: Interest cost	34,546
Add: Contribution made	—
Actuarial Losses (gains)	35,943
Less: Benefits paid	(1,98,900)
Closing value of present value of defined benefit obligation	3,22,336
d. Principal Actuarial Assumptions at the Balance Sheet Date (expressed as Weighted Averages):	
Discount Rate (p. a.)	8.28%
Expected Rate of Return on Assets (p. a.)	0.00%
Proportion of employees opting for early retirement	—
Annual increase in Salary costs	6.00%
Future changes in maximum state health care benefits	—
* The estimate of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factor, such as supply of and demand in the market.	
e. Movement in Net Liability recognized in Balance Sheet:	
Net opening liability	4,17,224
P & L Charge	1,04,012
Benefits paid	(1,98,900)
Closing net liability	3,22,336

(6) The Company has identified only one segment Viz **Textiles**, and commission income credited is also identify to be relating to textile segment exclusively.

SNS Textiles Limited

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

			(Rs. in '000)
Name of the Related Party	Nature of Relation Ship	Nature of Transaction	Balance as on 31/03/10 (Rs)
Suzlon Infrastructure Service Ltd.	Associate Company	Service Charges	207.60 Cr.
Suzlon Energy Ltd.	Associate Company	Rent Income	176.40 Dr.

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

	As at 31st March, 2010	As at 31st March, 2009
(a) Deferred Tax Liability:		
On account of Depreciation differential between tax laws and books	2,79,32,813	3,08,09,306
Total	2,79,32,813	3,08,09,306
(b) Deferred Tax Asset:		
Effect of Section 43B of the Income Tax Act, 1961	1,09,909	2,32,756
Carried Forward of Unabsorbed Depreciation & Losses	26,59,16,115	30,65,59,704
Total	26,60,26,024	30,67,92,460
Deferred Tax Asset (Net) (a-b)	23,80,93,211	27,59,83,154
Current Year (Credit) / Charge	8,09,24,383	9,38,03,175

- (14) Previous year's figures have been regrouped/recast, wherever considered necessary to make them comparable with current year's figure.

Signature to Schedules 1 to 16

As per our report of even date
For **Natvarlal Vepari & Co.**
Chartered Accountants
Firm Mem. No. : 123626W

R. N. Vepari
Partner
Mem. No. : 006728
Place : Surat
Date : 29th May, 2010

For and on behalf of the Board

Mansukh K. Patel
Wholtime Director

Dinesh K. Patel
Director

Place : Ankleshwar
Date : 29th May, 2010

SNS TEXTILES LIMITED

Plot No. 330-A, Opp. Atul Products, G.I.D.C., Ankleshwar-393 002, Dist. Bharuch (Gujarat)

ATTENDANCE SLIP

18th Annual General meeting

Date : Thursday, the 23rd September, 2010 at 11.30 a.m.

Place : Registered Office of the Company at :

Plot No. 330- A, Opp. Atul Products, G.I.D.C., Ankleshwar-393 002 Dist : Bharuch (Gujarat)

DP ID _____

Folio No. / Client ID _____

Full Name of the shareholder/proxy attending the meeting

(First Name) (Second Name) (Surname)

FIRST HOLDER/JOINT HOLDER/PROXY

(Strike out whichever is not applicable)

Full Name of First Holder _____

If Joint Holder/proxy attending) (First Name) (Second Name) (Surname)

Signature of Member / Proxy : _____

Notes : Please bring this attendance slip duly signed and hand it over to the representative of the Company at the entrance of the meeting place.

SNS TEXTILES LIMITED

Plot No. 330-A, Opp. Atul Products, G.I.D.C., Ankleshwar-393 002, Dist. Bharuch (Gujarat)

FORM OF PROXY

DP ID _____

Folio No. / Client ID _____

I/We _____

of _____ in the district of _____ being

member of the above named Company hereby appoint _____ of

_____ in the district of _____ or

failing him _____ of _____ in the

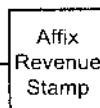
district of _____ as my / our Proxy to attend and

vote for me/us on my/our behalf at the 18th Annual General Meeting of the Company, to be held on

Thursday, the 23rd September, 2010 and at any adjournment thereof.

Signed the _____ day of _____ 2010.

Signature _____



- Note** : 1. The proxy need not be a member of the Company.
2. The proxy form duly signed across 15 paise Revenue stamp should reach the Company's Registered Office at least 48 hours before the time of the meeting.

BOOK-POST

TO

If undelivered please return to :
SNS TEXTILES LIMITED.
Plot No. 330 A, Opp. Atul Products,
G.I.D.C. Ankleshwar - 393 002
Dist : Bharuch (Gujarat).

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