

WELTERMAN INTERNATIONAL LTD.

NINETEENTH ANNUAL REPORT

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BOARD OF DIRECTORS

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

AUDITORS

Parikh Shah Chotalia & Associates

Chartered Accountants

Vadodara.

BANKERS

Union Bank of India

REGISTERED OFFICE

AND

FACTORY

Plot No. 1135, Lamdapura Road,

Near Manjusar, At & Post: Lamdapura – 391 775

Tal. Savli, Dist. Vadodara

TRADING UNIT

4/249, Alagappa Nagar,

PTC QTRS-Thuraiyakkam

Chennai-600097

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NOTICE

NOTICE is hereby given that the Nineteenth Annual General Meeting of **WELTERMAN INTERNATIONAL LIMITED** will be held on Wednesday, 28th September, 2011, at 11.00 a.m. at the Registered Office at Plot no. 1135, Lamdapura Road, Nr. Manjusar, At & Post, Tal. Savli, Dist Vadodara to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and Profit & Loss Account for the year ended even date along with the Report of Auditors' and Directors' thereon.
2. To appoint a Director in place of Mr. Biji Paul, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors and fix their remuneration.

FOR AND ON BEHALF OF THE BOARD

FOR WELTERMAN INTERNATIONAL LTD.

Place: Vadodara

(Kayum R. Dhanani)

CHAIRMAN & MANAGING DIRECTOR

Date: 25th August, 2011

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXY (IES) TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
3. THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS OF THE COMPANY WILL REMAIN CLOSED FROM 27th Sept TO 28th SEPTEMBER, 2011 (BOTH DAYS INCLUSIVE)

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure to present their **NINETEENTH ANNUAL REPORT** together with the Audited Statement of Accounts for the Financial Year ended on 31st March, 2011

1) **FINANCIAL & WORKING RESULTS:**

Particulars	2010-11	2009-10
	Rs. in lacs	Rs. I lacs
Total income	1116.45	25.25
Gross Profit/ (Loss) Before Depreciation:	113.04	(103.84)
(Less): Depreciation	(14.83)	(17.68)
Profit/(Loss) before taxation	98.21	(121.52)
ADD/(LESS) IT & FBT OF PREVIOUS YEAR	(0.01)	0.057
PROFIT/ (LOSS) AFTER TAXES	98.20	(121.47)
Add/ (Less): Balance brought forward:	(1521.32)	(1399.85)
BALANCE CARRIED TO BALANCE SHEET	(1423.12)	(1521.32)

2) **DIVIDEND:**

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

3) **DEPOSITS:**

The Company has not accepted / renewed deposits within the meaning of the Companies (Acceptance of Deposits) Rules, 1975.

4) PRESENT STATUS UNDER BIFR:

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

5) PARTICULARS OF EMPLOYEES:

There was no employee drawing remuneration of Rs 60,00,000 per annum or Rs. 5,00,000 per month or more for any part of the year and hence no particulars have been furnished as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (particulars of Employees) Rules, 1975

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

Since the Company has not carried out any manufacturing activity during the year, the Company is not required to give any information as specified

The Company is not required to give information required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Board of Directors) Rules, 1988 to offer and hence no particulars have been furnished.

7) DIRECTORS' RESPONSIBILITY STATEMENT :

(i) Your Directors have followed the applicable accounting standards along with proper explanation relating to material departures if any, while preparing the annual accounts;

(ii) Your Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of financial year and of the profit of the Company for the period;

(iii) Your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) Your Directors have prepared the annual accounts on a going concern basis.

9) DIRECTORATE:

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

10) SECRETARIAL COMPLIANCE CERTIFICATE:

Secretarial Compliance Certificate as required under Rule 3(1) of The Companies (Compliance Certificate) Rules 2001 read with Section 383A(1) of the Companies Act, 1956 received from M/s. Devesh Vimal & Co., Practising Company Secretaries has been attached to this report.

11) AUDITORS:

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

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

12) ACKNOWLEDGEMENTS:

Your Directors place on record their sincere gratitude to Bank, Shareholders, employees and all the associates of the Company for their continued support to the Company.

FOR AND ON BEHALF OF THE BOARD

(Kayum R. Dhanani)

Place: Vadodara

CHAIRMAN & MANAGING DIRECTOR

Date: 13th August, 2011

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

2. BOARD OF DIRECTORS

Composition and category of Directors.

The Board of Directors consists of THREE Directors

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

Meetings and Attendance

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

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

During the year under review, four Board meetings were held on 30.04.2010; 14.08.2010; 30.10.2010 and 31.01.2011

Attendance of directors at the meetings of the Board of Directors held during the year and Annual General Meeting held on 09th September 2010 is as follows:

Name of Director	No. of Board meetings attended during 2009-2010.	Whether present at the last AGM
Shri Kayum R. Dhanani	4	Yes
Shri Biji Paul	4	Yes
Smt. Shamim Sheikh	4	Yes

AUDIT COMMITTEE

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

During the year under review, Audit committee meetings were held four **times** on 30th April, 2010; 14th August, 2010; 30th October 2010 and 31st January 2011 under the Chairmanship of Shri Biji Paul, which were attended by all the Members of the Audit committee

REMUNERATION COMMITTEE

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

SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

The Shareholders'/Investors' Grievance committee is headed by Shri Biji Paul, a non executive Independent Director. In order to expeditiously approve transfer etc the Board of Directors at its meeting held on 30th July, 2011 has individually, authorized Mr. Asif Razzak Dhanani, Mr. N.M. Patel and Mr. Biji Paul, in the best interest of the investors and dissolved share transfer committee. The said authorized persons approve transfer /transmission/ transposition/ issue of duplicate share certificates in lieu of lost

/misplaced/ worn out etc. Share certificate, issue of fresh share certificate in view of rematerialization of shares, consolidation and division and incidental matters relating to shares.

GENERAL BODY MEETINGS

Locations and time of last three Annual General Meetings held.

Details of AGM*	Location	Date & Time
Sixteenth	Regd. Office of the Company at Plot No. 1135, AT & Post Lamdapura, Near Manjusar, taluka Savali, District Vadodara.	30/09/08 At 12.00 Noon
Seventeenth	-do-	29/09/09 At 12.00 Noon
Eighteenth	-do-	09/09/2010 At 12.00 Noon

*No special resolutions were passed in the meeting.

NOTES ON DIRECTORS APPOINTMENT /RE-APPOINTMENT

There is no change among the directors during the year under review.

Mr. Biji Paul Director of the Company is retiring by rotation and is eligible for re-appointment.

DISCLOSURES

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

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

SUSPENSION OF SCRIIP:

Trading of Equity Shares is presently suspended on the floor of Bombay Stock Exchange (BSE).

GENERAL SHAREHOLDERS INFORMATIONS

19th Annual General Meeting: **Date: 28th September, 2011**

Time: 12.00 Noon

Venue:

Registered office of the Company at Plot No. 1135,

At & Post: Lamdapura,

Near Manjusar,

At : Savli, Dist: Vadodara

Financial calendar

Unaudited results for the quarter ending on 30th June, 2011	Mid August, 2011
Unaudited results for the quarter ending on 30 th September, 2011	Mid November, 2011
Unaudited results for the quarter ending on 31 st December, 2011	Mid February, 2012
Unaudited results for the quarter ending on 31 st March, 2012	Mid May, 2012

Dates of book closure: 27.09.2011 to 28.09.2011
(Both days inclusive)

Listing on the Stock Exchanges Bombay Stock Exchange Ltd.
Vadodara Stock Exchange Ltd.
Ahmedabad Stock Exchange Ltd.
Madras Stock Exchange Ltd.

Stock code BSE-526431

ISIN No. of the Company's Equity: INE662D01013

Shares in demat form:

Depository Connectivity: CDSL

Registrar and share transfer

Agent: LINK INTIME INDIA PRIVATE LTD.
Formerly: (Intime Spectrum
Registry Limited)
**B- 102 & 103, Shangrila Complex,
First Floor, Opp. HDFC Bank,**

**Nr Radhakrishna Char Rasta,
Akota, Vadodara 390020 (Gujarat) India**

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

Stock Market Data.

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

Distribution of Shareholding: (as on 31st March, 2011)

Range of Holding	Number of shareholders	% to total shareholders	Number of shares	% to total shares.
1-500	3663	93.3962	624500	14.0612
501 – 1000	142	3.6206	116300	2.6186
1001 – 2000	40	1.0199	63100	1.4207
2001 – 3000	08	0.2040	19700	0.4436
3001 – 4000	14	0.3570	55500	1.2496
4001 – 5000	13	0.3315	64300	1.4478
5001 – 10000	11	0.2804	91100	2.0512
10001 & above	31	0.7904	3406800	76.7073
TOTAL	3922	100.0000	4441300	100.0000

Shareholding pattern (as on 31st March, 2011)

Category	No. of Shares held	% of total shares
Promoters	454000	10.22
Financial institutions	60000	1.35
Bodies Corporate	2713200	61.09
Indian Public (Resident Individual)	1183100	26.64

Non-Resident Individuals/OCBs	31000	0.70
Total	44,41,300	100.00

Break up of shares in physical and Demat Segment (As on 31st March, 2011)

Segment	No. of Shares held	% to total Shares
Physical	3035800	68.35 %
Demat	1405500	31.65 %
Total	4441300	100.00 %

Address for communication:

LINK INTIME INDIA PRIVATE LTD.

Formerly: Intime Spectrum Registry Limited)

B- 102 & 103, Shangrila Complex,

First Floor, Opp. HDFC Bank,

Near Radhakrishna Char Rasta, Akota,

Vadodara 390020 (Gujarat) India

E-mail: Vadodara@intimespectrum.com

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

Not Applicable as the company has not issued such instruments.

Project location

Plot No. 1135,

At & Post Lamdapura, Near Manjusar,
Taluka Savali, Dist. Vadodara Gujarat.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry structure and Developments

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

Opportunities, outlook and Threats

With the opening up of FDI in the retail sector, the Company in industry is facing stiff competition not only from domestic retail players from foreign players as well. Moreover large chunk of income is eaten away in the payment of interest. Reference of the Company with the Board for Industrial & Financial Reconstruction (BIFR) as a sick company is also pending and on sanction of Rehabilitation scheme for which your Company has already been negotiating; financial position of the company may improve.

However in the meantime, on order to combat the situation, the Company stopped manufacturing activities and carried on trading activities during the year which have helped a lot to control the cost and pressure on the margin.

Threats and Risks

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

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

Financial performance with respect to operational performance

In view of switching over from the manufacturing activities to trading activities during the year the Company has exhibited turnaround by registering net profit of Rs. 1,14,87,232 against loss of Rs. 1,21,46,714 during the previous year.

Internal Control system and their efficacy

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

Statutory Compliances

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

Quality

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

Material Developments in Human Resources/ Industrial Relations

Industrial Relations with employees remained cordinal throughout the year under review.

Cautionary statement

Statement in this management analysis detailing the Company's objectives, projections, estimates, expectations, or predictions may be "forward looking" statements within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that may influence your Company's operations include Global and domestic supply and demand conditions

affecting selling prices, input availability and prices, changes in Government policies, regulations, tax regimes, economic development within and outside the country and other allied factors. The Company assumes no responsibility to publicly amend, modify or revise the forward looking statement on the basis of subsequent developments, information or events.

CEO CERTIFICATE

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

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

For Welterman International Limited

Place: Vadodara

(Kayum R. Dhanani)

Date : 13th August, 2011

Managing Director

CODE OF CONDUCT

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board of Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for the year ended on 31st March,2011

Place: VADODARA

Date:13.08.2011

Kayum Dhanani

MANAGING DIRECTOR

AUDITORS' CERTIFICATE

To:

The Shareholders,

We have examined the compliance of conditions of Corporate Governance by Welterman International Limited for the year ended on 31st March, 2011 as stipulated in the Listing Agreement of the said Company with stock exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

We state that in respect of investor grievances received during the year ended 31st March, 2010, no investor grievances are pending against the Company as per the records maintained and information given by the Company and presented to the Shareholders' Grievance Committee.

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

For PARIKH SHAH CHOTALIA & ASSOCIATES

CHARTERED ACCOUNTANTS

(D. P. SHAH)

PARTNER

VADODARA, 13th AUGUST, 2011

AUDITORS' REPORT

To,

THE MEMBERS,

WELTERMAN INTERNATIONAL LIMITED

VADODARA.

We have audited the attached BALANCE SHEET of WELTERMAN INTERNATIONAL LIMITED, as at 31st March, 2011 and also the PROFIT AND LOSS ACCOUNT of the Company for the year ended on that date annexed thereto both of which we have signed under reference of this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Auditors' Report Continued

Auditors' Report Continued

- iii. On the basis of our review of the confirmations made available to us from the companies in which the directors of the Company are directors and the information and explanations given to us, none of the directors of the Company is prima facie as at 31st March, 2011, disqualified from being appointed as director of the Company under Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

- iv. In our opinion and to the best of our information and according to the explanations given to us the said accounts read together with the notes appearing in the Schedule of Significant Accounting Policies and Notes on Accounts, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of Balance Sheet, of the STATE OF AFFAIRS of the Company as at 31st March, 2011; and
 - b) in the case of the Profit and Loss Account, of the PROFIT of the Company for the year ended on that date

For PARIKH SHAH CHOTALIA & ASSOCIATES

CHARTERED ACCOUNTANTS

Firm Reg. No. 118493W

(D. P. SHAH) (Mem. No.30454)

PARTNER

VADODARA, 13TH AUGUST, 2011

Auditors' Report Continued

ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2011 OF WELTERMAN INTERNATIONAL LIMITED:

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

i. **Fixed Assets**

(a) *The Company has been in the process of updating the maintenance of records showing particulars, including quantitative details and situation of fixed assets, however they are yet to be updated.*

(b) As explained to us, fixed assets, according to the practice of the Company, are physically verified by the management at reasonable intervals, in a phased verification-programme, which, in our opinion, is reasonable, looking to the size of the Company and the nature of its business. *According to the information and explanations given to us, discrepancies could not be ascertained on physical verification as book records are being updated.*

(c) The Company has not disposed off any substantial part of its fixed assets so as to affect its going concern.

ii. **Inventory**

(a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.

(b) The procedures explained to us, which are followed by the management for physical verification of inventories, are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) On the basis of our examination of the inventory records of the Company, we are of the opinion that, the Company is maintaining proper records of its inventory. Discrepancies which were noticed on physical verification of inventory as compared to book records, have been properly dealt with in the books of account.

iii. **Loans and Advances**

- a) The Company has not granted any unsecured loan to any party covered under Section 301 of the Companies Act, 1956, during the year under report.
- b) The Company has taken Secured Loan from one party covered under Sec.301 of the Companies Act,1956. The Maximum outstanding during the year for such Loan was Rs.921.86 Lacs. The year end balance of the Loan was Rs.921.86 Lacs.
- c) According to the information and explanations given to us, the Company had to its credit unsecured loans amounting to Rs.344.45 Lacs at the beginning of the year, accepted from five parties listed in the register maintained under Section 301 of the Companies Act, 1956. The year end balance from such parties was Rs. 344.45 Lacs.
- d) Interest on these loans is not paid nor has been provided as they are interest free. Other terms on which they have been accepted are not prejudicial to the interests of the company.

iv. **Internal Control**

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

v. **Related Transactions**

- (a) On the basis of the audit procedures performed by us, and according to the information, explanations and representations made to us, we are of the opinion that, the transactions in which directors were interested as contemplated under Section 297 and sub-section (6) of Section 299 of the Companies Act, 1956 and which were required to be entered in the register maintained under Section 301 of the said Act, have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at that time.

vi. **Deposits from Public**

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

vii. **Internal Audit**

The Company has not introduced Internal Audit System though the same has been applicable to it.

viii. **Cost Records**

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

ix. **Payment of Statutory Dues**

According to the records of the Company, it has been regular in depositing undisputed statutory dues including provident fund, Income tax, Sales tax, Excise Duty, Customs Duty, Cess and other Statutory Dues and there are no arrears outstanding as at year end for a period of more than six months from the date they became payable. *However the Company has not paid Sales Tax amounting to Rs.86,70,195 /- which the company is liable to pay upon expiry of the tax holiday availed by the Company as deferment of Sale tax as prescribed by the State Government*

x. Accumulated Losses / Cash Losses

As at 31st March, 2011, the accumulated losses of the company are more than fifty percent of its net worth. The company has not incurred cash loss in the year under report however their was cash loss in the preceding financial year.

xi. Default in payments of dues

The Company has not made any default in repayment of dues.

xii. Grant of Secured Loans and Advances

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

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

Not Applicable to Company.

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

Not Applicable to Company.

xv. Provision of Guarantee

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

xvi. Term Loans

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

xvii. Usage of Funds

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

xviii. Preferential Allotments

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

xix. Creation of Security for Debenture Issue

The company has not issued debentures.

xx. Disclosure of End use of Funds

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

xxi. Frauds

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

For PARIKH SHAH CHOTALIA & ASSOCIATES

CHARTERED ACCOUNTANTS

Firm Reg. No. 118493W

(D. P. SHAH) (Mem. No.30454)

PARTNER

VADODARA, 13TH AUGUST, 2011

BALANCE SHEET

	Schedule	AS AT 31.03.2011		AS AT 31.03.2010	
		Rupees	Rupees	Rupees	Rupees
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	43,982,500		43,982,500	
Reserves and Surplus	2	2,500,000	46,482,500	2,500,000	46,482,500
Loan Funds					
Secured Loans	3	92,186,000		92,186,000	
Unsecured Loans	4	43,115,419	135,301,419	50,051,918	142,237,918
			<u>181,783,919</u>		<u>188,720,418</u>
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	5	54,046,119		61,736,313	
Less : Depreciation		43,700,975		48,999,405	
Net Block			10,345,144		12,736,909
Capital Work in Progress			20,135,932		20,135,932
Investments	6		7,696,000		7,696,000
Current Assets, Loans and Advances	7				
Inventories		35,673,151		8,710,453	
Sundry Debtors		4,326,454		90,728	
Cash and Bank Balances		698,003		382,269	
Loans and Advances		1,312,557		1,161,084	
		42,010,165		10,344,534	
Less :					
Current Liabilities and Provisions	8				
Current Liabilities		41,470,258		15,474,682	
Provisions		5,011		106,346	
		41,475,269		15,581,028	
Net Current Assets			534,896		(5,236,494)
Miscellaneous Expenditure			760,010		1,256,015
Profit and Loss Account			142,311,937		152,132,057
			<u>181,783,919</u>		<u>188,720,418</u>

Notes on Accounts	15		-		
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As per our report of even date attached

For PARIKH SHAH CHOTALIA & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Reg. No.118493W

For and on behalf of the Board of

(D. P. SHAH)(Mem. No.30454)

PARTNER

VADODARA, 13TH AUGUST, 2011

(KAYUM R. DHANANI)

MANAGING DIRECTOR

VADODARA, 13TH AUGUST, 2011

(BIJI PAUL)

DIRECTOR

PROFIT AND LOSS ACCOUNT

	Schedule	FOR THE	FOR THE
		YEAR ENDED	YEAR ENDED
		31.03.2011	31.03.2010
		Rupees	Rupees
I N C O M E			
Sales	9	109,953,246	2,392,801
Other Income	10	1,692,483	133,051
		111,645,729	2,525,852
E X P E N D I T U R E			
Materials	11	92,071,843	1,221,915
Manufacturing Expenses	12	-	882,391
Employees' Emoluments	13	1,918,899	8,803,658
Selling and Administration Expenses	14	6,349,989	2,002,289
Depreciation	5	1,483,331	1,767,941
		101,824,062	14,678,194
Profit/ (Loss) for the Year		<u>9,821,667</u>	<u>(12,152,342)</u>
Income Tax in Respect of Previous Years		(1,548)	5,628
Profit/ (Loss) after tax		9,820,119	(12,146,714)
Balance Brought Forward		(152,132,057)	(139,985,344)
Balance Carried to Balance Sheet		(142,311,937)	(152,132,057)
Notes on Accounts	15		

As per our report of even date attached

For PARIKH SHAH CHOTALIA & ASSOCIATES

For and on behalf of the Board of

CHARTERED ACCOUNTANTS

Firm Reg. No.118493W

(D. P. SHAH)(Mem. No.30454)

(KAYUM R. DHANANI)

(BIJI PAUL)

PARTNER

MANAGING DIRECTOR

DIRECTOR

CASH FLOW STATEMENT

FINANCIAL YEAR				
	2010 - 2011		2009 - 2010	
Particulars	Amt. Rs.	Amt. Rs.	Amt. Rs.	Amt. Rs.
	Rs in Lacs	Rs in Lacs	Rs in Lacs	Rs in Lacs
(A) CASH FLOW FROM OPERATING ACTIVITIES				
NET PROFIT(LOSS) BEFORE TAX AND EXTRAORDINARY ITEMS		98.20		(121.47)
Add:- Adjustments for:				
Depreciation	14.83		17.68	
Interest received	(0.08)		(0.68)	
Profit on Discardation of Asset	(7.11)		-	
Loss on Discardation of Asset	1.48	9.12	6.06	23.06
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES (A)		107.32		(98.40)
Adjustments for:				
Trade and Other Receivables	(43.87)		42.62	
Inventories	(269.63)		(54.34)	
Trade payables	258.94	-54.56	53.06	41.33
(B)				
CASH GENERATED FROM OPERATIONS C = (A+B)		52.76		(57.07)
Payment on VRS to be Amortised in future years		4.96		4.96
Prior Period and Extra Ordinary Items				-
NET CASH FROM OPERATING ACTIVITIES		57.72		(52.11)
(B) CASH FLOW FROM INVESTING ACTIVITIES				
Increase in Investments	-		-	
Purchase of Fixed Assets	(0.35)		-	
Sale of Fixed Asset	15.07		9.62	
Interest received	0.08		0.68	
NET CASH FLOW FROM INVESTING ACTIVITIES		14.80		10.30
(C) CASH FLOW FROM FINANCING ACTIVITIES				
Short Term Borrowings (repaid) / Accepted		(69.36)	76.30	
Long Term borrowings repaid		-	(38.06)	38.24

NET CASH GENERATED FROM FINANCING ACTIVITIES				
Net Increase in cash and cash equivalents		3.16		(3.57)
Cash and Cash equivalent as at the beginning of the year		3.82		7.39
Cash and Cash equivalent as at the end of the year		6.98		3.82

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

For and on the behalf of the Board of Directors

KAYUM R. DHANANI BIJI PAUL
MANAGING DIRECTOR DIRECTOR
VADODARA, 13TH AUGUST, 2011

AUDITORS' CERTIFICATE

We have verified the attached Cash Flow Statement of Welterman International Ltd. for the year ended 31stMarch, 2011. This statement has been compiled by the Company from the audited financial statement for the year ended 31st March, 2011 and 31stMarch 2010

For PARIKH SHAH CHOTALIA & ASSOCIATES

CHARTERED ACCOUNTANTS

Firm Reg. No.118493W

(D. P. SHAH) (Mem. No.30454)

PARTNER

VADODARA, 13TH AUGUST, 2011

SCHEDULES FORMING PART OF ACCOUNTS

	AS AT 31.03.2011		AS AT 31.03.2010	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE ' 1 '				
SHARE CAPITAL				
Authorised				
60,00,000 (Previous year 60,00,000)				
Equity shares of Rs. 10/- each		60,000,000		60,000,000
Issued, Subscribed and Paid-up				
44,41,300 (Previous year 44,41,300)				
Equity Shares of Rs.10/- each,	44,413,000		44,413,000	
Less : Allotment Money Due	430,500		430,500	
		43,982,500		43,982,500
SCHEDULE ' 2 '				
RESERVES AND SURPLUS				
State Subsidy		2,500,000		2,500,000
SCHEDULE ' 3 '				
SECURED LOANS				
From Sara Soule Private Limited		92,186,000		92,186,000
[Secured by way of execution of an Agreement to create Mortgage and charge by the Company in favour of the lender]				
SCHEDULE ' 4 '				
UNSECURED LOANS				
From Body Corporates	16,304,159		24,904,158	
From Director	18,141,065		18,141,064	
Sales Tax Deferred Loan	8,670,195		7,006,696	
		43,115,419		50,051,918

SCHEDULE '5'												
FIXED ASSETS AND DEPRECIATION												
S r.	DESCR IPTION	G R O S S B L O C K					D E P R E C I A T I O N				N E T B L O C K	
		As at	Addi tions	Dedu ctions	Discar dation	As at	As at	For	Reco uped	As at	As at	As at
N o.	OF	01.04 .10	In 2010 - 11	In 2010 - 11	In 2010 - 11	31.03 .11	01.04 .10	2010 - 11	2010 - 11	31.03 .11	31.03 .11	31.03 .10
	ASSET	Rupe es	Rupe es	Rupe es	Rupee s	Rupe es	Rupe es	Rupe es	Rupe es	Rupe es	Rupe es	Rupe es
1	Land and Land Develop ment	1,397 ,950	-	-		1,397 ,950	-	-	-	-	1,397 ,950	1,397 ,950
2	Building s	11,64 0,060		-		11,64 0,060	6,437 ,771	388, 778	-	6,826 ,549	4,813 ,511	5,202 ,289
4	Plant and Machine ry	42,83 9,276	-	7,618 ,938	-	35,22 0,338	37,28 0,567	757, 119	6,71 5,70 1	31,32 1,985	3,898 ,353	5,558 ,707
5	Furnitur e and Fixtures and	5,796 ,376	-	101,9 35		5,694 ,441	5,257 ,999	327, 738	61,9 83	5,523 ,754	170,6 87	538,4 27
	Dead Stock											
6	Comput ers	58,58 0	34,7 50	-		93,33 0	18,99 1	9,69 6	-	28,68 7	64,64 3	39,53 6
	T O T A L	61,73 2,242	34,7 50	7,720 ,873	-	54,04 6,119	48,99 5,327	1,48 3,33 1	6,77 7,68 4	43,70 0,975	10,34 5,144	12,73 6,910
	Previ ous Year	73,27 0,136	-	11,53 3,823	-	61,73 6,313	57,19 6,573	1,76 7,94 1	9,96 5,11 1	48,99 9,405	12,73 6,909	16,07 3,563
	Capital Work in Progress	20,13 5,932				20,13 5,932					20,13 5,932	20,13 5,932

	AS AT 31.03.2011		AS AT 31.03.2010	
	Rupees	Rupees	Rupees	Rupees
SCHEDULE ' 6 '				
INVESTMENTS (Long Term, at Cost)				
(Unquoted and Non-Trade)				
Equity Shares in Ahilya Hotels Limited		7,696,000		7,696,000
[1,92,400 (Previous year 1,92,400) Shares of Rs.10/- each (issued at Rs.40/each) fully paid up]				
SCHEDULE ' 7 '				
CURRENT ASSETS, LOANS AND ADVANCES				
Inventories				
Finished Goods	-		616,502	
Stock of Trading Materials	35,673,151		8,093,951	
[Inventories taken , valued and certified by the Management. Method of Valuation is stated in Note 1(E) of Schedule 15.]		35,673,151		8,710,453
Sundry Debtors (Unsecured Goods)				
Over six months	-		-	
Others	4,326,454		90,728	
		4,326,454		90,728
Cash and Bank Balances				
Cash on hand	187,212		30,668	
Bank Balances	510,791		-	
(With Schedule Banks in Current Accounts)			351,601	
		698,003		382,269
Loans and Advances				
(Advances recoverable in cash or in kind, or for value to be received)				
Advances to Suppliers	800,000		612,000	
Pre Paid Expenses	45,165		-	
Loans to Employees	102,790		400	
Deposits with Government Departments	145,551		170,851	
Other Deposits	125,300		100,800	
Advances Payment of Income Tax	93,751		277,033	
		1,312,557		1,161,084

		42,010,165		10,344,534
SCHEDULE ' 8 '				
CURRENT LIABILITIES AND PROVISIONS				
CURRENT LIABILITIES				
Sundry Creditors		41,470,258	15,474,682	
PROVISIONS			-	
Provision for FBT		5,011	64,000	
Provision for Gratuity and Leave Encashment		-	42,346	
		41,475,269		15,581,028

SCHEDULE ' 9 '				
SALES				
Domestic Sales	30,486		1,743,536	
Processing Charges	-		649,265	
Traded Goods	109,922,760		-	
		109,953,246		2,392,801
SCHEDULE ' 10 '				
OTHER INCOME				
Interest Earned	8,733		68,124	
Foreign Exchange Earning	972,446		-	
Miscellaneous Income	-		64,927	
Profit on Sale of Plant & Machinery	711,304		-	
		1,692,483		133,051
SCHEDULE ' 11 '				
MATERIALS				
Raw Materials Consumption				
Stock at commencement			1,063,745	
Add : Purchases	-		672,292	
			1,736,037	
Less : Sales of Raw Material			920,814	
Less : Closing Stock	-	-	-	
				815,223
Variance in Stocks				
Stock at close				
Work-in-process			-	
Finished Goods			616,502	
			616,502	
Less:Stock at Commencement				

Work-in-process	-		190,129	
Finished Goods	616,502		833,065	
Stock decreased / (increase) by		616,502	1,023,194	406,692
Traded Goods				
Op. Stock of Traded Goods	8,093,951		-	
Add: Purchases of Traded Goods	113,074,328		7,649,710	
Total	121,168,279		7,649,710	
Add : Job Work Charges	5,960,213		444,241	
Less : Stock At Close	35,673,151		8,093,951	
		91,455,341		-
		92,071,843		1,221,915

SCHEDULE ' 12 '				
MANUFACTURING EXPENSES				
Power and Fuel		-		322,768
Repairs to Machinery		-		623,310
Stores Consumption		-		(65,412)
Factory Expenses		-		1,725
		-		882,391
SCHEDULE ' 13 '				
EMPLOYEES' EMOLUMENTS				
Salaries, Wages, Bonus etc.		1,913,914		7,652,977
Contribution to P.F and Other Funds		100		58,113
Workmen and Staff welfare Expenses		4,885		46,573
Gratuity and Leave Encashment		-		1,045,995
		1,918,899		8,803,658
SCHEDULE '14'				
SELLING AND ADMINISTRATION EXPENSES				
Audit Fees and Professional Charges		967,659		486,647
Bank Charges		10,339		886
Commision & Demarage		207,869		-
General Expenses		2,190,247		59,563
Insurance Premium		12,767		81,367

Loss on Discardation of Plant and Machinery		117,540		501,398
Loss on Discardation of Other Assets		30,953		105,068
Others Repairs		9,709		2,995
Power and Fuel(Factory)		287,825		-
E B Charges		13,540		-
Packing and Forwarding Expenses		7,900		45,793
Postage and Telephone Expenses		41,417		45,986
Printing and Stationery		44,713		27,056
Security Expenses		277,956		277,956
Selling Expenses		18,600		36,133
Sundry Balances Writen Off		11,720		192,588
Sales Tax Exp.		1,663,499		-
Travelling and Conveyance Expenses		435,736		113,969
Vehicle Expenses		-		24,884
		6,349,989		2,002,289

SCHEDULE “15”

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

(A) Basis of Presentation

The accounts have been prepared using historical cost convention and on the basis of a going concern, with revenues recognized and expenses accounted for on accrual (including for committed obligations), in accordance with the accounting standard prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, to the extent applicable. Insurance and other claims are accounted for, as and when admitted by the appropriate authorities.

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

(B) Fixed Assets

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

(C) Depreciation

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

(D) Investments

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

(E) Valuation of Inventories

Inventories are valued as under:

Raw Materials, Work in Progress, Trading Goods and Finished Goods are valued at lower of Cost or Net Realizable Value using First in First Out Method.

(F) Recognition of Incomes:

- (a) Revenues/Incomes are generally accounted on accrual, as they are earned.
- (b) Sale of goods is recognized on transfer of property in goods or on transfer of significant risks and reward of ownership to the buyer, which is generally on dispatch of goods.

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

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

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

(H) Foreign Currency Transactions

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

(I) Payments made under VRS Scheme

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

(J) Prior Period Items

Prior Period and Extra Ordinary items and Changes in Accounting Policies, having a material bearing on the financial affairs of the Company are disclosed separately along with the amount by which any item In the financial statements is affected by such change wherever same is available

(K) Impairment of Assets

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 asset is impaired when the carrying amount of the asset exceeds the recoverable amount. An impairment loss is charged to the Profit & Loss Account in the year in which an asset is identified as impaired. An impairment loss recognized in prior accounting periods is reversed if there has been change in the estimate of the recoverable amount.

(L) Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known/materialized.

(M)Borrowing Costs:

Interest and other borrowing costs attributable to qualifying assets are capitalized. Other interest and borrowing cost are charged to revenue.

2. During the Year under report, the Company has written off 1/5th component, Rs. 4,96,005, towards the Voluntary Retirement Scheme to the workmen who opted retirement in previous years U/s 35DDA of the Income Tax Act, 1961
3. The manufacturing unit at Lamdapura - Manjusar has been closed since May, 2009 and hence the purchase – production – sales activity in respect of the manufacturing unit is no more there. However Company has started trading activity in the same line of business.
4. In the opinion of the Board, the Current Assets, Loans and Advances are approximately of the value stated, if realised in the ordinary course of business. Provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.
5. Debit and Credit balances in party accounts are subject to confirmation and reconciliation. In absence of taxable income, provision for Income Tax has not been made.
6. The Company has yet to comply provisions of Section 383-A of the Companies Act 1956 in respect of appointment of Company Secretary and provisions of Section 205-A of the Companies Act, 1956 in respect of payment of Dividend for the year 1995-96. However a Practicing Company Secretary has been appointed as a retainer.
7. Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force on October, 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. Since the relevant information is not readily available, no disclosures have been made in the Books of Accounts.

8. Accounting for Taxes on Income AS – 22

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

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

Class Of Goods	Unit Of Measure	Installed Capacity	Manufactured Qty. for Job Work		Manufactured Qty. for Sales	
		Qty.	2010-11	2009-10	2010-11	2009-10
Soles	Pair	12,00,000	0	9,730	0	8,667
Heels	Pair	12,00,000	0	0	0	794
Welt	Mts.	18,00,000	0	0	0	7,200

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

CLASS OF GOODS	UNIT OF MEAS URE	<u>2010-2011</u>		<u>2009-2010</u>	
		<u>QTY</u>	<u>SALES VALUE</u> <u>Rupees</u>	<u>QTY</u>	<u>SALES VALUE</u> <u>Rupees</u>

Manufactured					
Soles	Pair	10,162	30,486	9,664	16,46,519
Heels	Pair	-	-	997	60,817
Welts	Mts.	-	-	7,200	36,200
Job Work					
Soles	Pair	-	-	10,258	6,49,265
Total		10,162	30,486		23,92,801

11. RAW MATERIALS CONSUMPTION

		Unit of Measure	<u>2010-2011</u>		<u>2009-2010</u>	
			<u>Qty</u>	<u>Value</u> <u>Rupees</u>	<u>Qty</u>	<u>Value</u> <u>Rupees</u>
(i)	Leather	Kgs.	-	-	2,432	6,58,825
(ii)	Massonite Sheet	Nos.	-	-	400	81,938
(iii)	Rubber Sheet	Nos.	-	-	378	1,76,761
(v)	Welt Sheet	Nons.	-	-	162	33,081
(vii)	Leather Board	Nons.	-	-	4	47,411
(viii)	Others	Nons.	-	-	-	2,23,899
	Total		*	-	-	12,21,915

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

12. Quantitative details and value in regard to closing stock of finished goods and Traded Goods.

Class of goods	Unit of	<u>2010 – 2011</u>	<u>2009 – 2010</u>
----------------	---------	--------------------	--------------------

	measure				
		<u>Qty</u>	<u>Value</u> <u>Rupees</u>	<u>Qty</u>	<u>Value</u> <u>Rupees</u>
Soles	Pair	-	-	10,162	6,16,502
Leather	kgs	1,46,314	35,673,151	-	-
TOTAL		-	35,673,151	-	6,16,502

13. Quantitative Details and Value in regards to Purchase and Sales of Traded Goods (Previous Year both Nil).

		2010-11			
ITEM NAME	UNITS	PURCHASES DURING THE YEAR		SALES DURING THE YEAR	
		QTY	VALUE (Rs)	QTY	VALUE (Rs)
Soles	Pair	-	-	10,162	30,486
Camel Wet Blue	Sqft	65,277	1,272,768	64,024	1,628,000
Cow Wet Blue	Sqft	717,721	31,366,173	122,120	40,836,304
Goat Wet Blue	Pcs	251,957	24,940,920	108,018	11,866,736
Goat Crust	Sqft	13,733	643,317	-	-
Goat Pickle E.I	Pcs	800	113,048	800	141,600
Sheep Wet Blue	Pcs	91,005	18,105,049	91,005	16,330,072
Cow Sole Leather	Kgs.	2,798	673,611	2,781	736,863
Cow E. I	Pcs	97	11,640	97	11,640
Buff Sole Leather	Kgs.	215,676	29,457,095	199,970	32,701,546
Sole Finished(le)	Kgs.	18,000	4,626,720	18,000	5,670,000
Cow Calf Finished	Sqft	50,045	7,824,200	-	-

			119,034,541		109,953,246

14. Related Party Disclosure as per Accounting Standard 18– “Related Party Disclosures”

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

II) Material Transactions with Related Parties

	Particulars	For The Year Ended on 31st March, 2011 (Amt in Rs.)	For The Year Ended on 31 st March,2010 (Amt in Rs.)
1	Sales of Trading Goods - to Sara Suole Pvt. Ltd.(B +C)	8,99,18,794	26,65,088
2	Processing Charges	-	33,150
3	Purchase of Goods	-	4,335
4	Unsecured Loan Repid - to Mr.Kayum R Dhanani - to Aashika Leather Pvt. Ltd	- -	2,000 1,00,000

III) Outstanding at the end of the year

	Particulars	As at 31st March,2011 (Amt in Rs.)	As at 31st March,2010 (Amt in Rs.)
a)	Receivables from:		
	Sara Suole Pvt.Ltd (Trade A/c)	39,08,071	-
b)	Payable to:		
	Sara Suole Pvt. Ltd (Secured Loan)	9,21,86,000	9,21,86,000
	Sara Suole Pvt. Ltd (Unsecured Loan)	15,83,241	15,83,241
	Sara Suole Pvt. Ltd (Creditor)	9,98,610	9,98,610
	Mr.Kayum R Dhanani (Unsecured Loan, Interest free)	1,81,41,064	1,81,41,064
	Aashika Leather Pvt. Ltd (Unsecured Loan, Interest free)	2,27,000	2,27,000

15. Auditors' Remuneration.

	<u>2010 – 2011</u>	<u>2009 – 2010</u>
	<u>Rupees</u>	<u>Rupees</u>
Audit Fees	21,508	16,545
Tax Audit	8,824	5,515
Income Tax Matters	11,030	0,000

Total	41,362	22,060
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16. Imports and Expenditure in Foreign Currencies.

	<u>2010 – 2011</u>	<u>2009 – 2010</u>
	<u>Rupees</u>	<u>Rupees</u>
Raw Leather Purchases at		
C.I.F value	11,12,73,093	43,42,748
(b)		

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

18. Balance Sheet Abstract and Company's General Business Profile:

I REGISTRATION DETAILS OF THE COMPANY

1	Registration Number	17613
2	State Code	04
3	Balance Sheet Date	31.03.2011

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

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

III DETAILS OF MOBILISATION AND DEPLOYMENT OF FUNDS

Amt Rs.

1	Total Assets	18,17,83,919
2	Total Liabilities	18,17,83,919

SOURCES OF FUNDS

Amt Rs

1	Paid up Capital	4,39,82,500
2	Reserve and Surplus	25,00,000
3	Secured Loans	9,21,86,000
4	Unsecured Loans	4,31,15,419

APPLICATION OF FUNDS

Amt. Rs.

1	Net Fixed Assets	1,03,45,144
2	Work in Progress	2,01,35,932
3	Net Current Assets	5,34,896
4	Profit and Loss Account	(14,23,11,937)
5	Miscellaneous Expenditure	7,60,010

IV PERFORMANCE OF THE COMPANY

Amt. Rs.

1	Turnover (Including Other Income)	11,16,45,729
2	Total Expenditure	10,18,24,062
4	Profit (Loss) for the Year	98,20,119
5	Earning per Share	2.00
6	Dividend Rate %	NIL

V. GENERIC NAMES OF PRINCIPAL PRODUCTS

Sr.No.	Item Code Number (I. T. C. No.)	Product Description
1.	N.A	Trading of Leather Soles

As per our report of even date attached

For Parikh Shah Chotalia & Associates

CHARTERED ACCOUNTANTS

Firm Reg. No.118493W

For and on behalf of the Board of Directors

(D. P. SHAH) (Mem. No.30454)

PARTNER

VADODARA, 13TH AUGUST, 2011

(KAYUM R. DHANANI)

MANAGING DIRECTOR

VADODARA, 13TH AUGUST, 2011

(BIJI PAUL)

DIRECTOR

