



**THE WESTERN INDIA
C O T T O N S L T D**

57th ANNUAL REPORT
2011 - 2012

THE WESTERN INDIA C O T T O N S L T D

Registered Office & Mills
Pappinisseri - 670 561, Kannur

Directors

Shri P.K. Shameem - Chairman cum
Managing Director

Shri R.S. Nair - Director

Shri A. Ramachandra Shetty - Director

Shri A.K. Shereif - Director

Shri T.T.P Mahamood - Director
wef
31.01.2012

Statutory Auditors

T.K.Menon & Co
Chartered Accountants
Calicut

Bankers

- 1) The ICICI Bank Ltd.
- 2) The Federal Bank Ltd.
- 3) The Bank of India
- 4) The State Bank of India
- 5) The IDBI Bank



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DIRECTORS' REPORT 2011-2012

Your Directors have pleasure in presenting their report and audited accounts for the financial year 2011-2012.

(Rs. In lakhs)

| | 2011 - 2012 | 2010 - 2011 |
|--|-------------|-------------|
| Sales Income | 394.05 | 363.77 |
| Other Income | 50.36 | 524.29 |
| Gross Income | 444.41 | 888.06 |
| Gross Profit before financial Charges & depreciation | | |
| Add/Less: | 40.42 | 505.20 |
| Financial charges | 13.92 | 1.73 |
| Depreciation | 5.56 | 5.67 |
| Net Profit | 20.94 | 497.80 |
| Adjustment for Extraordinary item | -- | 0.00 |
| Net Profit before taxation | 20.94 | 497.80 |
| Deferred Tax / FBT | 53.51 | -- |
| Less : Transfer to Capital Reserve | -- | 509.15 |
| Net Profit/Loss transferred to balance sheet | -32.57 | -62.35 |
| Add/Less: Loss brought forward | 2097.35 | 2035.00 |
| Loss | 2129.92 | 2097.35 |

REVIEW OF OPERATIONS

Your Company could achieve a gross revenue of Rs.444.41 lakhs (Note no.:15 & 16), consisting of (i) Sales revenue of Rs.387.79 lakhs, against Rs.363.77 lakhs in the previous year, (ii) income from Processing Operations of Rs.6.26 lakhs, (iii) Rental income of Rs.31.02 lakhs and (iv) Miscellaneous income of Rs.19.34 lakhs. After adjustment and taxation your Company's net loss this year stands at Rs.32.57 lakhs.

Despite the best efforts, the Company could not achieve a higher sales revenue during the year for reasons beyond its control. The year under review faced unprecedented uncertainties affecting cotton textile industry in general and that of the business of the Company in particular. The increase in the prices of cotton was frequent, unsteady and high. Not used to such high and frequent hike in the prices, the demand came down considerably. Unlike the past where orders could be placed for large quantum of grey fabric based on the then prevalent price, the suppliers never gave a firm commitment for price or delivery of grey fabric. Also the demand being sporadic the cycle of procurement of grey fabric through processing to delivery, results in delayed supplies and sometimes lead to cancellation of the orders. Taking advantage of the situation, some unscrupulous parties supply cheaper fabric to the market under established brand names including that of the Company. All these factors have contributed in not able to fulfill the hope of the Company to achieve a higher turnover during the year.



As explained earlier your Company had to suspend the manufacturing operations since November 2003 for reasons beyond its control. Thus during the year no manufacturing activity could be carried out at the factory due to the suspension of operations. The Company's presence in the market was ensured through outsourcing its products on a reduced scale and have been able to keep the brand name alive for the last nine years. One of the factors that contributed immensely to the continuous operation of the Business has been the Company's reputation, credibility, and its strength derived through its quality assurance programme which is implemented from the initial phase of manufacturing at the suppliers' premises.

The Company has discharged its major liabilities by payment of the One Time Settlement dues to the three Consortium Banks, VR compensation to the employees and other liabilities to the creditors, out of the sales proceeds of the machinery and two pieces of land located in the Mill premises.

By apt and relevant sales approach including increasing the sale prices of our products from time to time, the Company has been able to generate funds to meet the growing expenditure related to aspects beyond merely the trading, like expenses of Stock Exchanges, Share Transfer Management, Factory Licence, Pollution Control Board certification, Audit expenses and maintenance of the buildings in the mill premises.

The Company has since rented out about 35,000 sq ft of godown space, mainly to KSBC and to some small organizations and the rent received through the process during the year 2011-12 has been Rs.31.02 lakhs. Efforts are on to find more parties so that more space could be rented out.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY UPGRADATION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The report required to be made pursuant to clause (e) of Section (1) of Section 217 of the Companies Act, 1956 read with the Companies (Disclosure of particulars (the report of Board of Directors) Rules 1988) and forming part of the Director's report is given in Annexure A to this report.

DIRECTORS:

Retirement of Directors: Shri.A.Ramachandra Shetty and Shri. A.K.Shereif retire by rotation in the next Annual General meeting and are eligible for reelection.

Appointment of CMD: Shri.P.K.Shameem was appointed as Chairman cum Managing Director with effect from 09.08.2010 for 2 years without any remuneration. The Board has reappointed him as Chairman Cum Managing Director for a further period of 2 years with effect from 09.08.2012 without any remuneration as recommended by the Remuneration Committee subject to the approval of the shareholders in the forthcoming Annual General Meeting.

The appointment of Shri TTP Mahamood as Director is included in the Agenda of the 57th AGM for approval of the shareholders.



PERSONNEL:

There were no employees drawing remuneration in excess of the limits specified under section 217(2) of the Companies Act during the year under report.

CORPORATE GOVERNANCE

Pursuant to clause 49 of the listing agreement with Stock Exchanges, Management Discussion and Analysis, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of corporate governance have been incorporated in the Annual Report. Your company is committed to good corporate governance practices to follow the guidelines provided by SEBI and stock exchanges from time to time.

DIRECTORS RESPONSIBILITY STATEMENT:

Your Directors hereby confirm:

1. That in the preparation of Accounts for the period ended 31st March 2012, applicable accounting standards have been followed along with proper explanation relating to material departures, wherever necessary.
2. 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 for the financial year ended 31st March 2012.
3. That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of The Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities
4. That the Profit and Loss Account and Balance Sheet have been prepared on a going concern basis.

COMPLIANCE CERTIFICATE

As required under Section 383(A) of the Companies Act, 1956, Compliance Certificate obtained from Sri Murali Kanniyath, Practicing Company Secretary, Kannur, for the year ended 31st March 2012 is given in Annexure-B and forms part of this report.

AUDITORS:

M/s.T K Menon & Co., Chartered Accountants, Calicut the Statutory Auditors, retire at the ensuing Annual General Meeting and are eligible for re-appointment. Your Directors recommend the reappointment of the Statutory Auditors till the conclusion of the next Annual General Meeting.

INSURANCE:

The Company's Assets have been adequately insured.

DIVIDEND

Though the Company has earned small amounts of operational profit during the years 2010-2011 and 2011-2012, owing to accumulated losses of Rs.2129.92 lakhs as on 31st March 2012, no dividend could be declared under the Companies Act.



ACKNOWLEDGEMENT

Your Directors place on record their thanks and appreciation to the employees of the Company at all levels, shareholders, agents and other business associates for their dedication and contribution to the Company's operations.

Your Directors place on record their thanks to The ICICI Bank Ltd., The Federal Bank Ltd., The State Bank of India, The Bank of India and The IDBI Bank for their valuable co-operation and support to the Company.

Place : Kannur
Date

On behalf of the Board
Chairman

Annexure -A to Directors Report

Particulars required as per Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988.

CONSERVATION OF ENERGY (Not applicable for the year ended 31.03.2011 and 31.03.2012 as there were no manufacturing activities.)

FORM B

FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION OF RESEARCH AND DEVELOPMENT (R&D), TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION.

As your Company had been a member of the South India Textile Research Association and SIMA Cotton Development and Research Association the benefit of Research and development work carried out at the above institutions are available to the Company.

FOREIGN EXCHANGE EARNINGS AND OUTGO

| | | |
|---|---|---|
| 1 | Activities relating to Exports Initiatives taken to increase exports and development of new export markets for products and services and export plans. | Steps are being taken to increase exports by exploration through internet facilities. |
| 2 | Expenditure in Foreign Exchange A) Used - on account of Traveling Activities relating to Exports | Nil |
| | - on import of spares etc | Nil |
| | - others (Commission) | Nil |
| | Total | Nil |
| 3 | B) Total earnings in Foreign exchange | |
| | - on account of sales | 3,29,128/- |

Place : Kannur
Date: 22.08.2012

On behalf of the board

Chairman



THE WESTERN INDIA
COTTONS LTD

ADDENDUM TO THE DIRECTORS' REPORT

Refer para of the Auditors' Report to the Members

4 AS 28 impairment of assets:

Impairment of assets does not apply on our assets as the carrying cost does not exceed their recoverable value.

7. Confirmation of balances:

Even though letters were sent to the debtors with whom transactions have not taken place for years, for confirming the balance directly to the Statutory Auditors, wherein it was specifically mentioned that if no reply was received, the balance mentioned in the Company's communication would be construed as correct. Some replies have been received through the Auditors. However we are actively pursuing the matter and in many cases the amounts outstanding have been realized.

8(i)(a): The Company has maintained proper records showing full particulars including quantitative details and situation of the fixed asset. The records also stand updated.

8(x):Accumulated losses of the Company:

Since suspension of operation of the Mill in 2003, the Company has been surviving through comparatively a far lesser income while the expenses including heavy interest burden on the working capital loans taken from the consortium Banks have been constant until the same was settled through a one time settlement arrangement, which led to heavy accumulated losses over the years. However, despite the limited operation through outsourcing, the Company's financial position over the years is recovering after discharge of its major liabilities.

Place: Kannur
Date: 23.8.2012

CHAIRMAN



ANNEXURE B

Registration No. : U17115KL1954PLC001709

Nominal Capital Rs. : Rs. 600 Lakhs

Compliance Certificate

To

The Members
Western India Cottons Limited
Pappinisseri PO
Cannanore, Kerala-670561

I have examined the registers, records, books and papers of **Western India Cottons Limited** as required to be maintained under the Companies Act, 1956, and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31st March, 2012**. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries there in have been duly recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this Certificate with the Registrar of Companies. The company has not filed any other forms with the Regional Director, Central Government, or other authorities during the financial year.
3. The company, being a public company, comments is not required.
4. The Board of Directors duly met 8 times on 14-05-2011, 22-07-2011, 06-08-2011, 27-08-2011, 30-09-2011, 21-10-2011, 05-11-2011 and 31-01-2012 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The company closed its Register of Members from 23-09-2011 to 30-09-2011 and necessary compliance of Section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31-3-2011 was held on 30-09-2011 after giving due notice to the members of the company and the resolution passed thereat were duly recorded in Minutes book maintained for the purpose.
7. No extra ordinary general meeting was held during the financial year.
8. The company has not advanced any loans to its Directors or persons or firms or companies referred to under Section 295 of the Act.
9. The company has not entered into any contract falling within the purview of Section 297 of the Act.
10. The company was not required to make any entries in the register maintained under section 301 of the Act.
11. To the extend of information and explanation given to me there were no instances falling within the purview of Section 314 of the Act.



12. The Company has not issued any duplicate share certificates during the financial year.
13. (i) The Physical and dematerialized share transfer/ transmission is done by Registrar and Transfer Agents, Cameo Corporate Services Ltd. as per direction of SEBI. There was no allotment of securities during the financial year.
- (ii) The company was not required to and has not deposited any amount in a separate bank account as no dividend/interim dividend was declared during the year under scrutiny.
- (iii) The company was not required to post warrants to any member of the company as no dividend was declared during the financial year.
- (iv) The company was not required to and has not transferred any amount to Investor Education and Protection Fund during the year under scrutiny.
- (v) The company has duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the company is duly constituted and the appointment of Additional Director has been duly made. There was no appointment of alternate directors and directors to fill casual vacancies during the financial year.
15. The Company has not appointed any Managing Director/ Whole time Director/ Manager During the financial year.
16. The company has not appointed any sole-selling agents during the year under scrutiny.
17. The company has obtained necessary approvals from Company Law Board for condonation of delay for Satisfaction of charges as detailed below
 Company Petition No. 1428/141/CB/2011 Order dated 11-10-2011
 Company Petition No. 1429/141/CB/2011 Order dated 11-10-2011
 Company Petition No. 1518/141/CB/2011 Order dated 21-10-2011
 Company Petition No. 1519/141/CB/2011 Order dated 21-10-2011
18. The Directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The company has not issued any shares, debentures or other securities during the financial year.
20. The company has not bought back any shares during the financial year ending on 31st March, 2012.
21. There was no redemption of preference shares/debentures during the financial year as the company does not have any redeemable preference shares/debentures.
22. There was no transaction necessitating the company to keep in abeyance the rights to dividends, right shares and bonus shares pending registration of transfer of shares.
23. The company has not invited/accepted any deposits including any unsecured loan falling within the purview of sections 58A read with Companies (Acceptance of Deposit) Rules, 1975. I have been informed that the amounts shown in the Balance Sheet of the company under the head unsecured loan are from the Directors of the company.
24. The company has not made any borrowings during the financial year ended 31st March, 2012 except temporary loan obtained in the ordinary course of business.
25. The companies has not made loans and investments, or given guarantees or provided securities to other bodies corporate during the year under review and consequently no entries have been made in the register kept for the purpose.



- 26 The company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
- 27 The company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
- 28 The company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
- 29 The company has not altered the provisions of the memorandum with respect to share capital of the company during the year under scrutiny.
- 30 The company has not altered the Articles of Association during the financial year.
- 31 There was no prosecution initiated against or show cause notices received by the company and no fines or penalties or any other punishment was imposed on the company for offences under the Act during the period under scrutiny.
- 32 The Company has not received any money as security from its employees during the financial year.
- 33 The company does not have a Provident Fund Scheme as laid down under Section 418 of the Act.

Kannur
14-08-2012

Sd/-
Murali Kanniyath
Practicing Company Secretary
S D Complex, 1st Floor
Room No.T P (N)-3/355
South Bazar, Po Civil Station
Kannur-670002
C P No. 7543

Annexure-A

Registers as maintained by the Company

1. Register of Member u/s 150.
2. Register of Directors, Managing Directors, etc. u/s 303.
3. Register of Directors Shareholding u/s 307.
4. Register of Contracts, Companies and firms in which Directors are interested u/s 301.
5. Register of Charges u/s 143.
6. Minutes of the Board Meetings u/s 193.
7. Minutes of the General Meetings u/s 193.
8. Minutes of the Audit Committee u/s 292A.

Annexure- B

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Government or other authorities during the financial year ending 31st March 2012



Registrar of Companies

1. Form No.17, pursuant to Section 138 of the Act, in respect of satisfaction of charge of The Industrial Development Bank of India, filed on 19-07-2011 With Additional fee
2. Form No.17, pursuant to Section 138 of the Act, in respect of satisfaction of charge of The Industrial Development Bank of India, filed on 19-07-2011 With Additional fee
3. Form No.17, pursuant to Section 138 of the Act, in respect of satisfaction of charge of The Industrial Development Bank of India, filed on 05-08-2011 With Additional fee
4. Form No.17, pursuant to Section 138 of the Act, in respect of satisfaction of charge of The Industrial Development Bank of India, filed on 05-08-2011 With Additional fee
5. Form No.23, pursuant to Section 192 of the Act, in respect of Appointment of Chairman cum Managing Director **Mr. P. K. Shameem**, filed on 17-08-2011 with additional fee.
6. Form No. 61 Pursuant to Section 141 of the Act, in respect of CLB petition for condonation of Delay filed on 26-09-2011
7. Form No. 61 Pursuant to Section 141 of the Act, in respect of CLB petition for condonation of Delay filed on 26-09-2011
8. Form No. 61 Pursuant to Section 141 of the Act, in respect of CLB petition for condonation of Delay filed on 26-09-2011
9. Form No. 61 Pursuant to Section 141 of the Act, in respect of CLB petition for condonation of Delay filed on 26-09-2011
10. Compliance Certificate for the financial year ended on 31-3-2011, filed on 20-10-2011.
11. Form No.21, pursuant to Section 141 of the Act, Company Law Board Order in respect of Satisfaction of charge of The Industrial Development Bank of India, filed on 22-10-2011
12. Form No.21, pursuant to Section 141 of the Act, Company Law Board Order in respect of Satisfaction of charge of The Industrial Development Bank of India, filed on 22-10-2011
13. Annual Return u/s 159 made up to 30-09-2011, filed on 27-10-2011
14. Form No.21, pursuant to Section 141 of the Act, Company Law Board Order in respect of Satisfaction of charge of The Industrial Development Bank of India, filed on 09-11-2011
15. Form No.21, pursuant to Section 141 of the Act, Company Law Board Order in respect of Satisfaction of charge of The Industrial Development Bank of India, filed on 09-11-2011
16. Balance sheet & Profit and Loss Account u/s 220 as on 31-3-2011, filed on 19-12-2011.
17. Form No.32, pursuant to Section 303 of the Act, in respect of Appointment of Additional Director **Mr. Thottinakaththuruthinakat Puthiyapurayil Mahamood**, filed on 06-02-2012

Company Law Board

- 2 Nos. of Petition under section 141 of the Companies Act Dated 25-07-2011
 2 Nos. on Petition under section 141 of the Companies Act Dated 08-08-2011



REPORT ON CORPORATE GOVERNANCE

The Board of Directors is pleased to present the Report on the compliance of Corporate Governance for the financial year ending 31st March 2012.

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

The Company firmly believes in and has consistently endeavored to practice good Corporate Governance. The Company's philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, professionalism and accountability, in all facets of its operations and in all its interactions with its stakeholders, including shareholders, employees, customers, the government and the lenders.

BOARD OF DIRECTORS:

During the year under report, the Board comprised of Executive and Non-Executive Directors. The Non-Executive Directors bring fresh air of independent judgment in the Board's deliberations and decisions.

Composition and category of Directors is as follows:

| Category | Name of Directors |
|-------------------------|------------------------------------|
| Executive Director | Shri. P K Shameem |
| Non- Executive Director | Shri A K Shereif |
| Non-Executive Director | Shri T.T.P Mahamood from 31/1/2012 |
| Independent Director | Shri A Ramachandra Shetty |
| Independent Director | Shri R S Nair |

BOARD MEETINGS AND ATTENDANCE:

Eight Board meetings were held in the year 2011-2012 on the following dates:

| Sl.No | Date of Meeting | Board Strength | No. of Directors attended |
|-------|-----------------|----------------|---------------------------|
| 1 | 14/05/2011 | 4 | 4 |
| 2 | 22/07/2011 | 4 | 2 |
| 3 | 06/08/2011 | 4 | 2 |
| 4 | 27/08/2011 | 4 | 4 |
| 5 | 30/09/2011 | 4 | 3 |
| 6 | 21/10/2011 | 4 | 2 |
| 7 | 05/11/2011 | 4 | 2 |
| 8 | 31/01/2012 | 4 | 3 |

The information as required under Annexure I to clause 49 of the Listing Agreement is made available to the Board. The Agenda and the papers for consideration at the Board meeting are circulated at least 7 days prior to the meeting. Adequate information is circulated as part of the Board paper and is also made available at the Board meeting to enable the Board to take informed decisions. Attendance of each



Director at the Board meeting and last Annual General Meeting (AGM) and the number of Companies and Committees where he is Director/Member are given below:

| Name of the Director | Attendance | | No. of other Directorships and Company memberships | | |
|----------------------|---------------|----------|--|----------------------------|------------------------------|
| | Board Meeting | Last AGM | Other Directorship including Pvt Ltd.Cos | Other Committee Membership | Other Committee Chairmanship |
| P K SHAMEEM | 8 | Yes | 2 | None | None |
| A K SHEREIF | 7 | Yes | None | None | None |
| R S NAIR | 4 | Yes | 3 | None | None |
| A RAMACHANDRA SHETTY | 3 | Yes | 1 | None | None |

Audit Committee:

The Audit Committee was reconstituted on 13/01/2007 with Shri R S Nair, Shri Ramachandra Shetty and Shri P K Shameem as members. Four Audit Committee meetings were held during the year.

Remuneration Committee:

The Company has a remuneration Committee consisting of the following three Directors

Shri. A. Ramachandra Shetty - Chairman
Shri.R.S.Nair
Shri. A.K.Shereif

There was no need for the Committee to meet during the year.

Remuneration to the Managing Director:

No remuneration was paid to the Managing Director during the year as, considering the financial health of the Company, he himself declined to accept any remuneration.

DETAILS OF THE REMUNERATION PAID TO THE DIRECTORS FOR THE YEAR (SITTING FEES ONLY)

| | BOARD MEETING | AUDIT COMMITTEE MEETING | TOTAL |
|----------------------|---------------|-------------------------|---------------|
| P K SHAMEEM | — | — | — |
| A K SHEREIF | 10,000 | — | 10,000 |
| R S NAIR | 8,000 | 8,000 | 16,000 |
| A RAMACHANDRA SHETTY | 6,000 | 6,000 | 12,000 |
| TOTAL | 24,000 | 14,000 | 38,000 |

STOCK OPTIONS AND PECUNIARY RELATIONSHIP:

No stock option has been given to any of the Directors.



STOCK OPTIONS

The Company does not have a scheme for grant of stock option to employees.

SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The Grievance Committee has been constituted with the following members.

- 1) Ramachandra Shetty, Chairman.
- 2) P K Shameem, Member
- 3) R S Nair, Member

1. There were no complaints/grievances from shareholders during the year.

GENERAL BODY MEETINGS

Last three Annual General Meeting held

| AGM | Year | Location | Time |
|------------------|----------------------------|--|-----------|
| 54th | 31 st Oct 2009 | Regd. Office of the Company at Pappinisseri 670561 | 10.30 AM. |
| 55 th | 27 th Sept 2010 | Regd. Office of the Company at Pappinisseri 670561 | 11.00AM |
| 56th | 30 th Sept 2011 | Regd. Office of the Company at Pappinisseri 670561 | 10.30AM |

Details of Special Resolution passed at AGM during the last three years:

54th AGM held on 31/10/2009 : NIL

55th AGM held on 27/09/2010 : One Special Resolution pertaining to appointment of Chairman-cum-Managing Director.

56th AGM held on 30/09/2011 : NIL

POSTAL BALLOT

During the year under report there was no business which had to be conducted through postal ballot.

Disclosures

Disclosures on materially significant related party transactions ie transaction of the company of material nature, with its promoters, the Directors or the Management, their subsidiaries or relatives etc that may have potential conflict with the interest of the Company at large.

During the year, the Company had not entered into any transaction with any of the related parties, which were in conflict with the interest of the Company.

Details of Non-compliance by the company, penalties, strictures imposed on the company by stock exchanges or SEBI or any statutory authority on any matter related to capital markets during the last year - None.

Whistle Blower Policy

Company has got a policy which is ensured through swift communication by the employees to the Chairman of the Audit Committee.



The company has paid annual listing fees to Cochin Stock Exchange and The Bombay Stock Exchange.

Name of Depositories with whom the company has entered into agreement for dematerialization of shares:

National Securities Depository Ltd. (NSDL)

ISIN Code INE-078F01017
Trade World, 4th Floor, "A" Wing, Kamala Mills Compound
Senapati Bapat Marg, Lower Parel,
Mumbai 400 013
Ph.4972964-70, 4972980, Fax 91 22497 2993, 497 2979
E mail:cbbhave@nsdl.co.in

Central Depository Services (India) Ltd.

ISIN Code INE - 078F01017
Phiroze Jeejeebhoy Towers
16th Floor, Dalal Street
Mumbai 400 001
Ph.227233333
Fax 22722072

Registrar and Transfer Agents

(Share Transfer and communication regarding Share Certificates, Dividends and change of Address)

Cameo Corporate Services Ltd.,
Subramanian Building
No.1 Club House Road
Chennai 600 002
Tel. No.04428460390 (6 lines)
Fax no.044 28460129
E mail: cameo@cameoindia.com

Contact person Mr P.Muralidharan, Asst. Manager (Shares)

The physical transfer of shares, which was handled by the company directly, has also been handed over to the Registrars and Transfer Agent/s Cameo Corporate Services, Chennai as per direction of SEBI.

Shareholders may contact/write to the Secretarial department of the Company for assistance/information when required.



Distribution on shareholding as on 31.03.2012

| No. of shares held | No. of shareholders | % of shareholders | No. of shares | % of shareholding |
|--------------------|---------------------|-------------------|-----------------|-------------------|
| 10-5000 | 1187 | 74.0486 | 3257750 | 7.2507 |
| 5001-10000 | 200 | 12.4766 | 1900000 | 4.2285 |
| 10001 - 20000 | 42 | 2.6200 | 676000 | 1.5044 |
| 20001 - 30000 | 36 | 2.2457 | 959800 | 2.1360 |
| 30001 - 40000 | 16 | 0.9981 | 577200 | 1.2845 |
| 40001 - 50000 | 23 | 1.4348 | 1059000 | 2.3568 |
| 50001 - 100000 | 26 | 1.6219 | 2134470 | 4.7503 |
| 100001-And above | 73 | 4.5539 | 34368580 | 76.4888 |
| TOTAL | 1603 | 100.00 | 44932800 | 100.00 |

PATTERN OF SHAREHOLDING AS ON 31ST MARCH 2012

| S. No. | Category | No. of Holders | No. of shares | % of shares |
|--------|---|----------------|----------------|---------------|
| A | Promoter's Holding | | | |
| 1 | Promoters - Indian Promoters - Foreign Promoters | 134 | 3351920 | 74.60 |
| 2 | Persons acting in concert | | | |
| B | Non-Promoters Holding | | | |
| 3 | Institutional Investors | | | |
| a | Mutual Fund | | | |
| b | Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non-Government Institutions) | 1 | 100000 | 2.23 |
| c | FII's | | | |
| d | Foreign Institutional Investment (Foreign Company) | | | |
| 4 | Others | | | |
| a | Private Corporate Bodies | 7 | 10500 | 0.23 |
| b | Indian Public | 1308 | 840260 | 18.70 |
| c | NRI / OCBs | 153 | 190600 | 4.24 |
| | Total | 1603 | 4493280 | 100.00 |

Registered Office & Mills

Pappinisseri 670561
Kannur Dist, Kerala**NUMBER OF SHARES HELD BY DIRECTORS:**

The Shareholding of the Directors as on 31.03.2012 is given below:

| | | |
|---|---------------------|--------|
| 1 | Shri P K Shameem | 252977 |
| 2 | Shri T.T.P.Mahamood | 22400 |

**THE WESTERN INDIA
COTTONS LTD**

Confirmation of Code of Conduct

Pursuant to Clause 49 of the Listing Agreement, all the Members of the Board and senior managerial personnel have affirmed compliance with the Code of Conduct framed by the Company.

The above report was adopted by Board of Directors at their meeting held on 14.05.2012

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

1) Industry Structure and Development:

The Indian Textile Industry suffers from lack of stability in availability of raw material, high cost of production and low technology. The cheap goods coming from China and other neighboring countries in volumes has affected the overall business. Only Companies having latest technology with mass production capacity and strength of capital can survive.

2) Risks, Concerns, Opportunities, and Threats

The prices of raw materials were shooting up without any corresponding increase in the price of the finished products. The increase in cost of power, fuel, licence fees and levies by the Government resulted in increased the manufacturing cost. The labour-laws prevailing in Kerala are very stringent to ensure smooth manufacturing process whereas in neighboring states they are flexible. The cost of labour is also comparatively very high and hence uneconomical.

The high cost of cotton increases the price of the finished product and hence is beyond the reach of the common man. This has affected the cotton textile business adversely.

3) Segment-wise or Product-wise Performance Outlook

Since the company has been in the field of high quality textiles, trading operations could be carried out in a larger scale ensuring the quality of the product provided adequate resources are available for operations.

4) Industrial Relations

As there was no manufacturing operation due to suspension of operations, there were no dealings with the factory employees.

5) Internal Control System

The Company has a well defined internal control system. Transactions are authorized and correctly reported. Control Systems are periodically reviewed by the Management and the Audit Committee. The Board is of the view that the existing control methods are operating satisfactorily and monitoring procedures are in place.



6) Material Development in Human Resources and Industrial Relations including Number of people Employed :

Owing to the suspension of operations, since 2003 the Company's business is restricted to outsourcing the products on a reduced scale based on its reputation and credibility. The operations are conducted through less than 10 nos. of staff from an office located in the town. The Staff are well trained under the umbrella of ISO, experienced and highly exposed to quality assurance and marketing strategy.

7) Discussion on Financial performance with regard to operational performance

The Company concentrated only on trading operations including some meagre exports which stand considerably reduced this year. The small profit earned out of trading operations contributes towards fixed overheads and other related expenses as for an ongoing Company including maintenance of building in the Mill premises, which together would have been otherwise an expensive liability.

8) Cautionary Statement:

Statement in this report on Management's Discussion and Analysis describing the Company's objectives, projections, estimates, expectation or predictions may be forward looking statements within the meaning of applicable security laws or regulation. These results are based on certain assumptions and expectation of future events. Actual results may however differ materially from those expressed or implied. Important factors that could make a difference to the Company's future operations include global and domestic demand, raw material cost and availability, finished goods prices, changes in Govt. regulations and Tax laws, economic conditions within India and the countries with which the Company had business contacts and other environmental factors over which the Company does not have any control.

9) Statutory Compliance:

The Company has continued its subscription to the Cochin and Bombay Stock Exchanges and has ensured compliance of SEBI regulations and provisions.

10) Information on non Mandatory requirements:

1. The Company has not issued any GDR\ADR\Warrants or any convertible Instruments
2. The Company is not maintaining a separate office for the Chairman
3. The Companies Amendment Act, 2000 introduced the concept of postal ballot in respect of certain items. The Company will comply with this requirement as and when necessary.

On behalf of the Board

Place: Kannur
Date: 22.08.2012

Chairman



No.R 54

22 August 2012

**AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE
CONDITIONS OF CORPORATE GOVERNANCE
UNDER CLAUSE 49 OF THE LISTING AGREEMENT(S)**

To

The Members of the Western India Cottons Ltd. Pappinisseri

We have examined the compliance of the conditions of corporate governance by The Western India Cottons Ltd., Pappinisseri for the year ended 31st March, 2012 as stipulated in clause 49 of the listing agreements of the said company with the stock exchanges in India.

The compliance of conditions of corporate governance is the responsibility of the company's management. Our examination was limited to the 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 agreements, *except that the quarterly compliance reports to stock exchanges have not been submitted as required under sub clause VI (ii) of clause 49 of the Listing Agreement.*

We state that no investor grievances are pending against the company as per the certificate obtained from the registrar and share transfer agents.

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 T.K. Menon & Co.,
Chartered Accountants.
Firm Regn. no:0020675

P.Balagopal
Partner
Membership No.022290



**THE WESTERN INDIA
COTTONS LTD**

No.R 53

22 August 2012

**AUDITORS' REPORT TO THE MEMBERS OF
THE WESTERN INDIA COTTONS LIMITED, PAPPINISSERI-670 561**

We have audited the attached Balance Sheet of THE WESTERN INDIA COTTONS LIMITED, PAPPINISSERI, as at 31st March, 2012 and the Profit and Loss Account and the Cash Flow Statement of the company for the year ended that date annexed thereto. The preparation and presentation of 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 have conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatements. An audit includes examining, on test basis, evidences supporting the amounts and disclosures in the financial statements. An audit also includes assessment of the accounting principles used and the significant estimates made by the management, as well as evaluation of the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and we report that:

- (1) 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.
- (2) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
- (3) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- (4) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the accounting standards referred to in section 211(3C) of the Companies Act, 1956, *except 'AS 28, Impairment of Assets', in that impairment loss, if any, in respect of assets has not been assessed and adjusted in the accounts.*
- (5) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors of the company are disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 on the said date.
- (6) The cess payable under section 441A of the Companies Act, 1956, has not been specified by the Central Government and hence, it is neither paid nor provided for in the accounts.



- (7) *Confirmation in respect of balances outstanding under trade receivables, advances and liabilities has not been obtained.*

Subject to the above comment, in our opinion, and to the best of our information and according to the explanations given to us, the said accounts, read 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 conformity with the accounting principles generally accepted in India: -

- (a) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2012;
 - (b) in the case of the Profit and Loss Account, of the *loss* for the year ended that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended that date.
- (8) As required by the Companies (Auditors' Report) Order, 2003 issued by the Government of India under section 227(4A) of the Companies Act, 1956, we enclose in the attached Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

For **T.K. Menon & Co.,**
Chartered Accountants.
Firm Regn. no:002067S

P.Balagopal
Partner
Membership No.022290



Annexure to Auditors' Report Referred to in paragraph 8 of our report of 22 August, 2012

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. *But, the records have not been updated.*
- (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
- (c) The company has disposed of a substantial part of the fixed assets during the year. In our opinion, the sale has not affected the company's ability to continue as a going concern.
- (ii) (a) The inventory has been physically verified by the management during the year. In our opinion the frequency of verification is reasonable.
- (b) The procedures laid down by the management for physical verification of inventory are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. The discrepancies noticed on physical verification of stocks as compared to book records were not material and have been properly dealt with in the books of account.
- (iii) (a) The company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) The company has taken unsecured loan from a director. The maximum amount of the loan during the year and the year-end balance were Rs.49 lakh each. The company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (c) No interest is charged on the loans taken from the director. In our opinion, the other terms and conditions on which the loans have been taken from the director are not, *prima facie*, prejudicial to the interest of the company.
- (d) The principal amount of the loan taken from the director was not repaid by the company during the year.
- (iv) 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 with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) (a) According to the information and explanations given to us, there were no contracts or arrangements referred to in section 301 of the Companies



Act, 1956 to be entered in the register required to be maintained under that section.

- (b) The company did not have any transaction exceeding the value of five lakh rupees with any party in pursuance of contracts or arrangements to be entered in the register maintained under section 301 of the Companies Act, 1956.
- (vi) The company has not accepted deposits from the public.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956 are not applicable to the company. The company was not, therefore, required to maintain cost records.
- (ix) (a) The company was regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, income tax, sales tax and excise duty during the year. The company did not have any employees' state insurance scheme in operation during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of statutory dues were in arrears, as at 31 March, 2012 for a period of more than six months from the date they became payable.
(b) According to the information and explanation given to us, there are no dues of salestax, wealthtax, service tax, customs duty and excise duty which have not been deposited on account of dispute.
- (x) *The accumulated losses of the company are more than fifty percent of its net worth as at 31 March, 2012.* The company has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xi) The company has not defaulted in repayment of dues to any financial institution or bank. The company has not issued debentures.
- (xii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) According to the information and explanations given to us the company has not given guarantees for loans taken by others from banks or financial institutions.



- (xvi) According to the information and explanations given to us, the company has not raised any term loan during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) According to the information and explanations given to us, the company has not issued any debentures during the period covered by our audit report.
- (xx) The company has not raised any money by public issues during the period covered by our audit report.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For **T.K. Menon & Co.,**
Chartered Accountants
Firm Regn. no:002067S

P.Balagopal
Partner
Membership No.022290



THE WESTERN INDIA COTTONS LTD
PAPPINISSERI-670561

BALANCE SHEET AS AT 31ST MARCH 2012

| Particulars | Note No | 31-Mar-2012 | 31-Mar-2011 |
|-----------------------------------|---------|-----------------|-----------------|
| 1 | 2 | 3 | 4 |
| I. EQUITY AND LIABILITIES | | Rs | Rs |
| 1 Shareholders' Funds: | | | |
| (a) Share Capital | 1 | 49294360 | 49294360 |
| (b) Reserves and Surplus | 2 | -2904716 | 1407605 |
| 2 Non-current Liability | | | |
| Deferred tax Liability (net) | | 310494 | 0 |
| 3 Current Liabilities | | | |
| (a) Short-term borrowings | 3 | 12682016 | 13600000 |
| (b) Trade payables | 4 | 8592733 | 10524468 |
| (c) Other current liabilities | 5 | 17101006 | 18276370 |
| (d) Short-term provisions | 6 | 389570 | 389570 |
| TOTAL | | 85465463 | 93492373 |
| II. ASSETS | | | |
| Non-current assets | | | |
| 1 (a) Fixed assets | | | |
| Tangible assets | 7 | 58004136 | 59760893 |
| (b) Non Current investments | 8 | 117000 | 117000 |
| (c) Deferred tax assets (net) | | 0 | 5040724 |
| (d) Longt-term loans and advances | 9 | 88971 | 81915 |
| 2 Current assets | | | |
| (a) Inventories | 10 | 8085285 | 9873552 |
| (b) Trade receivables | 11 | 5841751 | 4301376 |
| (c) Cash and cash equivalents | 12 | 11961826 | 13418427 |
| (d) Short-term loans and advances | 13 | 1349532 | 898486 |
| (e) Other current assets | 14 | 16962 | 0 |
| TOTAL | | 85465463 | 93492373 |
| Notes to accounts | 1 to 33 | | |

P.K.Shameem
Chairman cum Managing Director

As per report attached
For **T.K.Menon &Co**
Chartered Accountants

A.K.Shereif
Director
Kannur
Date : 22 August 2012

P.Balagopal
Partner
Calicut:



THE WESTERN INDIA
COTTONS LTD

THE WESTERN INDIA COTTONS LTD
PAPPINISSERI-670561

STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31 MARCH 2012

| Particulars | Note No. | 31-Mar-2012 Rs | 31-Mar-2011 Rs |
|---|----------|-------------------|-------------------|
| Revenue from operations | 15 | 39405220 | 36377235 |
| Other income | 16 | 5036038 | 52429282 |
| Total Revenue | | 44441258 | 88806517 |
| Expenses: | | | |
| Purchase of Stock-in-Trade | 17 | 30121495 | 30390802 |
| Changes in inventories of finished goods, work-in-progress and stock in trade | 18 | 1788268 | -1418035 |
| Employee benefits expense | 19 | 1392347 | 1604759 |
| Finance costs | 20 | 1104382 | 157463 |
| Depreciation and amortization expense | | 556403 | 566787 |
| Other expenses | 21 | 7384497 | 7724623 |
| Total expenses | | 42347392 | 39026399 |
| Profit before tax | | 2093866 | 49780118 |
| Tax expense: | | | |
| Current tax | | 0 | 5100000 |
| Deferred tax | | 5351218 | 367 |
| Profit/Loss for the year after tax | | -3257352 | 44679751 |
| Earnings per equity share: | | | |
| Basic | | -1 | 10 |
| Diluted | | - | - |
| Notes to accounts | 1 to 33 | | |

P.K.Shameem
Chairman cum Managing Director

As per report attached
For **T.K.Menon &Co**
Chartered Accountants

A.K.Shereif
Director
Kannur
Date : 22 August 2012

P.Balagopal
Partner
Calicut:



THE WESTERN INDIA COTTONS LTD
PAPPINISSERI-670561

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

| Note No. | Particulars | 31 March 2012 Rs | 31 March 2011 Rs |
|----------|---|---------------------|---------------------|
| 1 | SHARE CAPITAL | | |
| | <u>Authorised shares</u> 60,00,000 Equity shares of Rs. 10/- each (Previous year 60,00,000 Shares) | 60000000 | 60000000 |
| | <u>Issued shares</u> 5274080 Equity shares of Rs 10/- each (Previous Year 5274080 Equity Shares) | 52740800 | 52740800 |
| | <u>Subscribed and Paid up:</u> 4493280 Equity shares of Rs10 each (Previous year 4493280 Equity Shares) | 44932800 | 44932800 |
| | <u>Forfeited Shares</u> (Amount paid up on 780800 equity shares forfeited for non payment of allotment money. Previous year 780800 shares) | 4361560 | 4361560 |
| | Total | 49294360 | 49294360 |

1.1 Reconciliation of shares at the beginning and at the end of the financial year.

| | 31-Mar-2012 | | 31-Mar-2011 | |
|--------------------------------|------------------|----------|------------------|----------|
| | No. of shares | Rs. | No. of shares | Rs. |
| 1. Equity Shares | | | | |
| At the beginning of the period | 4493280 | 44932800 | 4493280 | 44932800 |
| At the end of the period | 4493280 | 44932800 | 4493280 | 44932800 |
| 2. Forfeited Shares | | | | |
| At the beginning of the period | 780800 | 4361560 | 780800 | 4361560 |
| At the end of the period | 780800 | 4361560 | 780800 | 4361560 |

- 1.2 Terms/rights attached to equity shares:** Nil Nil
The company has only one class of equity shares.
Each share has a paid up value of Rs10/-
Every share holder is entitled to one vote per share.

1.3 List of shareholders holding more than 5% of the equity share capital:

| Share holders name | No of shares held | % held | Total face value | No of shares held | % held | Total face value |
|--------------------------|-------------------------|-----------|---------------------|-------------------------|-----------|---------------------|
| Estate of K.L.Ramanathan | 330160 | 7 | 3301600 | 330160 | 7 | 3301600 |
| P.K.Shameem | 252977 | 6 | 2529770 | 252977 | 6 | 2529770 |
| Valli Muthuraman | 240000 | 6 | 2400000 | 240000 | 6 | 2400000 |



2 RESERVES AND SURPLUS

| | | |
|---|-----------------|----------------|
| Capital Reserve: | | |
| Remission of Secured Loans: | | |
| Balance as at 1-4-2011 | 72054637 | 72054637 |
| Add: Transfer from Statement of Profit and Loss | 0 | 0 |
| | 72054637 | 72054637 |
| Capital Profit On Sale of Assets: | | |
| Balance as at 1-4-2011 | 51642699 | 728438 |
| Add: Transfer from Statement of Profit and Loss | 0 | 50914261 |
| | 51642699 | 51642699 |
| Central Subsidy | | |
| Balance as on 1.4.2011 | 1500000 | 1500000 |
| State subsidy for Generator | | |
| Balance as on 1.4.2011 | 615000 | 615000 |
| Revaluation Reserve: | | |
| Balance as at 01-04-2011 | 52760066 | 66597454 |
| Less: Transfer from Depreciation | 612471 | 721596 |
| Less: Transfer to Asset Account | 442499 | 13115793 |
| | 51705096 | 52760065 |
| Securities Premium: | | |
| Balance as at 1-4-2011 | 32570199 | 32570199 |
| Surplus: | | |
| Balance at debit as at 1-4-2011 | -209734995 | -203500485 |
| Less/add Profit/Loss for the year | -3257352 | 44679751 |
| | -212992347 | -158820734 |
| Add: Transfer to capital profit on sale of Assets | 0 | 50914261 |
| | 212992347 | -209734995 |
| Total | -2904716 | 1407605 |

P.K.Shameem

Chairman cum Managing Director

A.K.Shereif

Director



THE WESTERN INDIA COTTONS LTD
PAPPINISSERI-670561

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

| Note No | Particulars | 31-Mar-2012 Rs | 31-Mar-2011 Rs |
|----------|----------------------------------|-------------------|-------------------|
| 3 | Short-term borrowings | | |
| | Other Loans and Advances: | | |
| | Secured: | | |
| | From Bank Of India | | |
| | Loan on Fixed Deposit | 7782016 | 8700000 |
| | | 7782016 | 8700000 |
| | Unsecured: | | |
| | From Directors | 4900000 | 4900000 |
| | Total | 12682016 | 13600000 |

- 3.1 The loan from Bank of India is secured by pledge of fixed deposit receipts.

| | | | |
|----------|---------------------------|---------|----------|
| 4 | Trade Payables | | |
| | Liabilities for purchases | 8592733 | 10524468 |
| | | 8592733 | 10524468 |

- 4.1 a) Based on information available with the Company regarding the status of suppliers as defined under the Micro, Small Medium Enterprises Development Act 2006 and relied upon by the auditors, there were no delays in payment and no amounts overdue and remaining unpaid to Micro, Small and Medium Enterprises on account of principal and as at the end of the year
- b) Liability for purchases are subject to confirmation from the parties.

| | | | |
|----------|---|-----------------|-----------------|
| 5 | OTHER CURRENT LIABILITIES: | | |
| | Current maturities of long term debt: | | |
| | Secured: | | |
| | From The Federal Bank Ltd: | | |
| | Term loan-Car loan | 0 | 49403 |
| | Interest accrued and due on borrowings: | | |
| | On loan on fixed deposit from Bank of India | 13112 | 19301 |
| | Other Payable: | | |
| | Liabilities for expenses | 1438161 | 1381737 |
| | Liabilities for others | 8829450 | 11346789 |
| | Customers credit balances | 1777049 | 1077474 |
| | Trade Security deposits | 5043234 | 4401666 |
| | Total | 17101006 | 18276370 |



- 5.1 The term loan from Federal Bank Ltd secured by charge on motor car was settled during the year.
The loan was repayable in equated monthly instalments.
- 5.2 Liability for others includes amount due to Directors 214054 242405
- 5.3 Liabilities for others under current liabilities includes a sum of Rs 3,10,616/- payable to Gratuity Trust
(Previous year Rs 3,10,616/-)
- 5.4 Amounts to be credited to the Investor Education and Protection Fund Nil
(Previous year Nil)

| | | | |
|----------|--|---------|---------|
| 6 | Short-term provisions | | |
| | Provision for Taxation | 5100000 | 5100000 |
| | Less: Deduction from advance as per contra | 4710430 | 4710430 |
| | | 389570 | 389570 |

- 6.1 The period of service of all employees of the company being less than the statutory minimum required to be served for eligibility to gratuity, no provision is made in the accounts for the same.

P.K.Shameem

Chairman cum Managing Director

A.K.Shereif

Director



THE WESTERN INDIA COTTONS LTD
PAPPINISSERI-670561

7. FIXED ASSETS

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2012

| Asset | GROSS BLOCK | | | ACCUMULATED DEPRECIATION | | | | NET BLOCK | |
|-------------------------------|---------------------------|----------------|-----------------------|---------------------------|--|----------------------|---------------------------|---------------------------|---------------------------|
| | As at 31 March 2011 | Additions | Deductions | As at 31 March 2012 | Depreciation charge for the year | Deduction | As at 31 March 2012 | As at 31 March 2012 | As at 31 March 2011 |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| TANGIBLE ASSETS | | | | | | | | | |
| LAND | 45408482 [57117970] | 0 [0] | 67970 [11709488] | 45340512 [45408482] | 0 [0] | 0 [0] | 0 [0] | 45340512 [45408482] | 45408482 [57117970] |
| BUILDING | 23283518 [25923918] | 0 [0] | 0 [2640400] | 23283518 [23283518] | 637400 [741930] | 0 [1201759] | 13895160 [13257763] | 9388358 [10025755] | 10025755 [12206326] |
| PLANT & MACHINERY | 22982806 [22982806] | 792225 [0] | 7770324 [0] | 16004707 [22982806] | 411600 [402356] | 6128770 [0] | 13796327 [19513495] | 2208380 [3469311] | 3469311 [3871667] |
| FURNITURE&FIXTURES | 117031 [117031] | 0 [0] | 0 [0] | 117031 [117031] | 6684 [7004] | 0 [0] | 72813 [66129] | 44218 [50902] | 50902 [57906] |
| COMPUTERS | 633700 [633700] | 0 [0] | 0 [0] | 633700 [633700] | 32038 [35376] | 0 [0] | 525187 [493150] | 108513 [140550] | 140550 [175926] |
| ELECTRICAL FITTINGS | 407957 [407957] | 0 [0] | 0 [0] | 407957 [407957] | 12171 [12245] | 0 [0] | 238375 [226204] | 169582 [181753] | 181753 [193998] |
| VEHICLES | 758768 [1231611] | 590135 [0] | 479464 [472843] | 869439 [758768] | 68981 [89472] | 218743 [439552] | 124866 [274628] | 744573 [484140] | 484140 [606903] |
| TOTAL | 93592262 [108414993] | 1382360 [0] | 8317758 [14822731] | 86656864 [93592262] | 1168874 [1288383] | 6347513 [1641311] | 28652728 [33831369] | 58004136 [59760893] | 59760893 [74230696] |

Note: 1. Gross Block as on 01-04-2011 includes Rs.657,44,182/- towards revaluation of Fixed Assets carried out during 1999-2000.

2. The depreciation amount of Rs. 11,68,874/- 'includes extra depreciation on account of revaluation amounting to Rs.6,12,471/- which is transferred to Revaluation Reserve Account The balance depreciation amounting to Rs. 5,56,403/- is charged to Profit & Loss Account in accordance with the provisions of the companies Act

3. Figures in brackets pertain to the previous year.

P.K.Shameem

Chairman cum Managing Director

A.K.Shereif

Director



**THE WESTERN INDIA
COTTONS LTD**

THE WESTERN INDIA COTTONS LTD
PAPPINISSERI-670561

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

| Note No | Particulars | 31-Mar-2012 | 31-Mar-2011 |
|-------------|--|----------------|----------------|
| | | Rs. | Rs |
| 8 | Non-Current Investments | | |
| | Other Investments: | | |
| | Investment in Equity Instruments: | | |
| | Quoted (At Cost) | | |
| | 1440 Equity shares of Rs. 10/- each fully paid up including 540 bonus shares (Previous year 1440 shares)in IDBI Bank Ltd | 117000 | 117000 |
| | Total | 117000 | 117000 |
| 8.1 | Aggregate amount of quoted investments | 117000 | 117000 |
| | Aggregate market value of quoted investments | 151488 | 84960 |
| 9 | Long-term loans and advances | | |
| | Unsecured, Considered good: | | |
| | Security Deposits | 85971 | 56915 |
| | Miscellaneous Advance | 3000 | 25000 |
| | Total | 88971 | 81915 |
| 9.1 | Deposits includes amount deposited with Regional Joint Labour Commissioner against a claim for gratuity by employee | 14671 | 14671 |
| 10 | Inventories | | |
| | Stock in Trade | 8085285 | 9873552 |
| | Total | 8085285 | 9873552 |
| 10.1 | Method of valuation of inventories-see note 33 (v) | | |
| 11 | Trade Receivables | | |
| | Unsecured ,considered good: | | |
| | a) Debts outstanding for a period exceeding six months | 195265 | 563550 |
| | b) Other Debts | 5646486 | 3737826 |
| | Considered doubtful : | | |
| | a) Debts outstanding for a period exceeding six months | 1259892 | 1900977 |
| | b) Other Debts | 0 | 0 |
| | Total | 7101643 | 6202353 |
| | Less: Provision for Doubtful Debts | 1259892 | 1900977 |
| | Balance | 5841751 | 4301376 |
| 11.1 | Trade Debtors are subject to confirmation from the parties. | | |



| | | | |
|------|--|-----------------|-----------------|
| 12 | Cash and bank balances : | | |
| | Cash and Cash equivalents: | | |
| | Cash on hand | 68127 | 25079 |
| | Balance with Banks | | |
| | In current account | 874017 | 2073367 |
| | Other bank balance: | | |
| | In fixed deposit account | 10975000 | 11226031 |
| | (Including fixed deposit with more than 12 months maturity, Rs Nil) | | |
| | Previous year, Rs Nil) | | |
| | Interest accrued on fixed deposit | 44682 | 93950 |
| | Total | 11961826 | 13418427 |
| 13 | Short-term loans and advances | | |
| | Unsecured, considered good: | | |
| | Advances recoverable in cash or in kind or for value to be received | 493545 | 618698 |
| | Advances to Employees | 103103 | 86555 |
| | Prepaid expenses | 247865 | 33563 |
| | Advance Payment of Taxes and Duties | 505019 | 159670 |
| | (Less: Provision as per Contra, Rs 4,710,430/- (Previous Year Rs.4,710,430/)) | | |
| | | 1349532 | 898486 |
| | Considered doubtful: | | |
| | Advances recoverable in cash or in kind or for value to be received | 1336281 | 1336380 |
| | Total | 2685813 | 2234866 |
| | Less: Provision for Doubtful Advances | 1336281 | 1336380 |
| | Balance | 1349532 | 898486 |
| 13.1 | Advances for supply of raw materials and stores are subject to confirmation from the parties | | |
| 14 | Other current assets | | |
| | Rent Receivable | 16962 | 0 |
| | Total | 16962 | 0 |

P.K.Shameem

Chairman cum Managing Director

A.K.Shereif

Director



THE WESTERN INDIA
COTTONS LTD

THE WESTERN INDIA COTTONS LTD
PAPPINISSERI-670561

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

| Note No | Particulars | 31-Mar-2012 | 31-Mar-2011 |
|---------|-------------------------|-----------------|-----------------|
| | | Rs. | Rs |
| 15 | Revenue from operations | | |
| | Sale of products: | | |
| | Cloth/Dothi cloth | 35330462 | 32862916 |
| | Lungi | 3448283 | 3514319 |
| | Other Operating income: | | |
| | Processing Charges | 626475 | 0 |
| | Total | 39405220 | 36377235 |

15.1 Earnings in Foreign Exchange

Export of goods on FOB basis

(i) Direct export

329128

896219

(ii) Export through Merchant Exporters

Nil

Nil

| | | | |
|----|--|----------------|-----------------|
| 16 | Other income | | |
| | Interest | 1135124 | 117426 |
| | Dividend received | 7920 | 4320 |
| | Other non-operating income: | | |
| | Rent | 3101945 | 191294 |
| | Profit on sale of assets | 0 | 51059133 |
| | Foreign currency translation difference(net) | 42877 | |
| | Miscellaneous income | 99 | 68988 |
| | Excess Provision of Interest Written Back | 0 | 186982 |
| | Excess Provision for Doubtful Debts Written Back | 641086 | 801139 |
| | Sundry Credit Balances Written Back | 106987 | 0 |
| | Total | 5036038 | 52429282 |

16.1 Profit on sale of assets in the previous year includes gain on sale of 468 cents of land and building thereon at Pappinisseri amounting to Rs 510,57,666./-

16.2 The profit of capital nature in the previous year amounting to Rs 509,14,261/- realised on sale of land and building included in the profit on sale of assets was transferred to Capital Reserve.

16.3 Provision for Doubtful Debts and Advances:

Opening Balance

3237358

4038497

Add: Additional provision during the year

0

0

3237358

4038497

Less: Bad debts /advances written off

99

0

Excess provision written back

641086

801139

Closing Balance

2596173

3237358

P.K.Shameem

Chairman cum Managing Director

A.K.Shereif

Director



THE WESTERN INDIA
COTTONS LTD

THE WESTERN INDIA COTTONS LTD
PAPPINISSERI-670561

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

| Note No | Particulars | 31-Mar-2012 | 31-Mar-2011 |
|-----------|---|-----------------|-----------------|
| | | Rs. | Rs. |
| 17 | Purchase of stock in trade | | |
| | Purchase of: | | |
| | Cloth | 22794884 | 21549780 |
| | Lungi | 1983413 | 2325861 |
| | Made Ups | 300098 | 739460 |
| | Expenses on Purchases | 5043100 | 5775701 |
| | Total | 30121495 | 30390802 |
| 18 | Change in inventories of finished goods, work-in-progress and Stock-in-trade | | |
| | Opening Stock: | | |
| | Stock In Trade | 9873553 | 8455517 |
| | Total | 9873553 | 8455517 |
| | Closing Stock: | | |
| | Stock inTrade | 8085285 | 9873552 |
| | Total | 8085285 | 9873552 |
| | Decrease/Increase in inventories | -1788268 | 1418035 |
| 19 | Employee benefits expense | | |
| | Salaries and wages | 1215846 | 1221269 |
| | Bonus | 40513 | 52751 |
| | Contribution to Provident and other funds | 63526 | 70188 |
| | Welfare expenses | 72462 | 94583 |
| | Gratuity | 0 | 100968 |
| | Retrenchment Compensation | 0 | 65000 |
| | Total | 1392347 | 1604759 |

- 19.1 Employee benefits:-
 Defined Contribution Scheme:
 Provident Fund Contribution 58339 62233
 The company did not have any defined benefit schemes during the year.
- 19.2 Gratuity under Employee Benefits Expenses in the previous year represents additional amount paid to the Managing Director for service rendered by him up to 30th September 2005

P.K.Shameem
 Chairman cum Managing Director

A.K.Shereif
 Director



THE WESTERN INDIA
COTTONS LTD

THE WESTERN INDIA COTTONS LTD
PAPPINISSERI-670561

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

| Note No | Particulars | 31-Mar-2012 | 31-Mar-2011 |
|-----------|--------------------------------------|----------------|----------------|
| | | Rs. | Rs. |
| 20 | Finance cost | | |
| | Interest on car loan | 1975 | 11834 |
| | Interest on loan on fixed deposit | 1102012 | 19301 |
| | Interest on others | 395 | 126328 |
| | Total | 1104382 | 157463 |
| 21 | Other expenses | | |
| | Consumption of stores and spares | 167463 | 241520 |
| | Power and Fuel | 160014 | 91035 |
| | Rent | 48000 | 46000 |
| | Building repairs | 545422 | 917549 |
| | Machinery repairs | 189147 | 10865 |
| | Maintenance of Vehicles | 629625 | 482443 |
| | Sundry repairs | 507933 | 785593 |
| | Insurance | 66836 | 57224 |
| | Rates, taxes and licence fees | 115927 | 358015 |
| | Printing and stationery | 94495 | 102012 |
| | Postage, telegram and telephone | 215709 | 255748 |
| | Travelling expenses | 659615 | 720717 |
| | Advertisement expenses | 5524 | 18925 |
| | Subscriptions, books and periodicals | 80262 | 52213 |
| | Directors sitting fees | 38000 | 52000 |
| | Auditor's Remuneration | 154783 | 160555 |
| | Professional and consultancy charges | 167545 | 135340 |
| | Loss on Sale of Assets | 209775 | 8729 |
| | Donations | 18500 | 3520 |
| | Testing Charges | 4211 | 10675 |
| | Office Expenses | 928523 | 906257 |
| | Bank charges | 10352 | 16016 |
| | Miscellaneous expenses | 327505 | 400142 |
| | Brokerage and Commission | 540153 | 495852 |
| | Carriage outwards | 156948 | 229596 |
| | Selling Expenses | 1230039 | 1166082 |
| | Debit Balances Written Off | 112191 | 0 |
| | Total | 7384497 | 7724623 |

P.K.Shameem

Chairman cum Managing Director

A.K.Shereif

Director



THE WESTERN INDIA
COTTONS LTD

THE WESTERN INDIA COTTONS LTD
PAPPINISSERI-670561

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2012

- 21.1 a) Selling expenses includes insurance premium paid on transit of goods exported Rs 10,000/-
(Previous year Rs 6,289/-)
- b) Expenditure in Foreign Currency (on payment basis)
- | | | |
|---------------------------------------|-----|-----|
| (i) On account of Travel | Nil | Nil |
| (ii) Commission on exports and others | Nil | Nil |
- c) Auditor's Remuneration
- | | | |
|---------------------|--------|--------|
| Audit fees | 100000 | 100000 |
| Tax Audit fees | 23000 | 25000 |
| Taxation Matters | 6000 | 13000 |
| Expenses | 10436 | 9165 |
| Service Tax on fees | 15347 | 13390 |
| | 154783 | 160555 |
- d) Travelling expenses include expenditure of Directors 472385 590465
- 21.2 Depreciation has been calculated on the fixed assets of the company as per schedule XIV of the Companies Act, 1956 on the following basis.
- a) Assets acquired on or before 31.03.1990: Written Down Value Method
- b) Assets acquired on or after 01.04.1990 : Straight Line Method
The assets Cycle depreciated at rate 9.5(SLM)higher than those specified in schedule XIV:
- 22 Major Components of Deferred Tax Assets & Liabilities
- | | <u>As on</u>
<u>31-Mar-12</u> | <u>As on</u>
<u>31-Mar-11</u> |
|--|----------------------------------|----------------------------------|
| Deferred Tax Assets: | | |
| Unabsorbed depreciation under Income Tax Rules | 991056 | 6606197 |
| Deferred Tax Liability: | | |
| Difference in written down value of Fixed Assets under Income Tax Rules and as per Books | 1301550 | 1565473 |
| Net Deferred Tax Liability /Assets | -310494 | 5040724 |
| Provision for Deferred Tax reversed to the Profit and Loss Statement | Nil | 367 |
| Proision for Deferred Tax | 5351218 | Nil |
- 23 Value of Imports(CIF value on payment basis)
- | | | |
|----------------------|-----|-----|
| (i) Raw Materials | Nil | Nil |
| (ii) Stores & Spares | Nil | Nil |
| (iii) Capital Goods | Nil | Nil |



- 24 Details of imported and indigeneous materials consumed during the year:
- | | | | | |
|-----------------------------|-------|---|---------|-----|
| Raw materials: | Value | % | Value | % |
| Imported | Nil | | Nil Nil | Nil |
| Indigenous | Nil | | Nil Nil | Nil |
| Total | | | | |
| Spare parts and components: | | | | |
| Imported | Nil | | Nil Nil | Nil |
| Indigenous | Nil | | Nil Nil | Nil |
| Total | | | | |
- 25 Contingent Liabilities and commitments:
- | | | |
|--|-----|-----|
| Contigent liabilities | Nil | Nil |
| Commitments: | | |
| The estimated amount of contracts remaining to be executed on capital account and not provided for as on 31.03.2012 was Nil (Previous year Rs Nil) | | |
- 26 The company suspended manufacturing opration on 14 th November 2003.
- 27 Expenditure/income relating to prior year debited/credited to the Profit and Loss account:
- | | |
|--------------|-------|
| Expenditure | Nil |
| Income-Sales | 25710 |
- 28 A sum Rs 67,78,682/- was recovered during the year 2010-2011 towards the decree awarded by the sub court,Thalassery in CP (ARB) No 8 of 2005 on 21-07-2007.The appeal by KSEB disputing the award before the High Court of Kerala is pending orders.The amont released as an incohate payment kept under sundry creditors.
- 29 The Chairman cum Managing Director was appointed with effect from 9th August 2010. No remuneration is payable to the Manging Director as per the terms of appointment.
- 30 Earnings per share:
- | | | |
|---|------------|------------|
| Basic | | |
| Profit after tax | Rs-3257352 | Rs 4467951 |
| Number of equity shares | 4493280 | 4493280 |
| Basic EPS | Rs -1 | Rs 10 |
| Diluted earnings per share is not calculated and disclosed as there are no 'dilutive potential 'equity-shares | | |
- 31 The provision for taxation made in the accounts for the year 2010-11 relates to the assessment year 2011-12.The provision made is for any liability to income tax which may arise in respect of profitrealised on sale of land and building during the year.No provision is made for taxation for the current year in view of unabsorbed depreciation of earlier years.
- 32 Figures for the previous year have been regrouped wherever necessary to conform to this year's classification and the figures given in brackets for item No.5 (a) & (b) represent previous year's figures'



33 Significant Accounting Policies

i) The Company has been consistently following accrual method in accounting its income and expenditure. The accounting is on the basis of going concern concept.

ii) The values of fixed assets have been arrived at on historical cost including sales tax and other expenses incurred and as reduced by Cenvat credits.

iii) Depreciation has been charged in the accounts as per schedule XIV of Companies Act, 1956. From the year 1990-91 and onwards, depreciation has been calculated on Straight Line Method on additions made to the fixed assets and on Written Down Value Method for assets put into use prior to that date.

iv) Investments are valued at cost

v) Stock of raw materials, stores and spares, finished goods and stock in trade are valued at cost or net realisable value whichever is lower. Cost assigned for valuation of stores and spares is on weighted average basis and of raw materials, finished goods and stock in trade on first in first out basis, after providing for diminution in value of obsolete/damaged and slow moving items.

vi) Revenue from sales transactions is recognised as and when the property in the goods is transferred to the buyer for a definite consideration. Export incentives are recognised on accrual basis.

vii) Contingent liabilities are generally not provided in the accounts and are shown in item No.25 of notes attached to and forming part of financial statements.

vii) Deferred tax is recognised on the timing differences between the accounting income and taxable income for the year and quantified on the basis of tax rates enacted as on the date of Balance Sheet.

P.K.Shameem
Chairman cum Managing Director

As per report attached
For **T.K.Menon & Co**
Chartered Accountants

A.K.Shereif
Director
Kannur
Date: 22 August 2012

P.Balagopal
Partner
Calicut:



THE WESTERN INDIA COTTONS LTD
PAPPINISSERI-670561

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

| | Particulars | 2011-2012 Rs | 2010-2011 Rs |
|------------|---|-------------------|--------------------|
| (A) | CASH FLOW FROM OPERATING ACTIVITIES | | |
| | Net Profit Before Tax | 2,093,866 | 49,780,118 |
| | Adjustments for: | | |
| | Depreciation | 556,403 | 566,787 |
| | Interest Expense | 1,104,382 | 157,463 |
| | Profit on Sale of Assets | 0 | -51,059,133 |
| | Loss on Sale of Assets | 209,775 | 8,729 |
| | Dividend Income | -7,920 | -4,320 |
| | Interest Income | -1,135,124 | -117,426 |
| | Debit Balances Written Off | 112,191 | 0 |
| | Excess Provision For Doubtful Debts & Advances Written Back | -641,185 | 801,139 |
| | Sundry Credit Balances Written Back | -106,987 | 0 |
| | Operating Profit before Working Capital Changes | 2,185,401 | 133,357 |
| | Adjustments for: | | |
| | Change in Inventories | 1,788,268 | -1,325,907 |
| | Change in Trade & Other Receivables | -1,418,476 | -4,835,816 |
| | Change in Trade Payables & Other Liabilities | -565,159 | -9,681,206 |
| | Cash Generated from operations | 1,990,034 | -15,709,572 |
| (B) | CASH FLOW FROM INVESTING ACTIVITIES | | |
| | Sale of Fixed Assets | 1,250,000 | 51,116,029 |
| | Dividend Received | 7,920 | 4,320 |
| | Purchase of Fixed Assets | -1,382,360 | 0 |
| | Advance for Sale of Assets | -2,385,550 | -30,400,000 |
| | Net Cash used in Investing Activities | -2,509,990 | 20,720,349 |
| (C) | CASH FLOW FROM FINANCING ACTIVITIES | | |
| | Decrease/Increase In Short Term Borrowings | -917,984 | 6,819,301 |
| | Decrease/Increase In Current Maturities of Long Term Debt | -49,403 | -90,239 |
| | Interest Paid | -1,104,382 | -157,463 |
| | Interest Received | 1,135,124 | 117,426 |
| | Net Cash used in Financing Activities | -936,645 | 6,689,025 |
| | Net Decrease/ Increase In Cash And Cash Equivalents(A+B+C) | -1,456,601 | 11,699,802 |
| (D) | Cash and Cash Equivalents - Opening Balance | 13,418,427 | 1,718,625 |
| (E) | Cash and Cash Equivalents - Closing Balance | 11,961,826 | 13,418,427 |

As per report attached

P.K.Shameem
Chairman cum Managing Director

For **T.K.Menon & Co.**
Chartered Accountants

A.K.Shereif
Director

P.Balagopal
Partner

Kannur
Date : 22 August 2012

Calicut :



THE WESTERN INDIA
COTTONS LTD