



Fairdeal Filaments Ltd.

NINETEENTH ANNUAL REPORT - 2008-09

BOARD OF DIRECTORS : **Mr. Jayanti R. Shah** Chairman
Mr. Dhiraj R. Shah Managing Director
Mr. Arvind R. Shah Whole-time Director
Mr. Manubhai J. Shah Director
Mr. Rajendra K. Desai Director
Mr. Paresh A. Topiwala Director

COMPANY SECRETARY : **Mr. Hitesh K. Garmora**

AUDITORS : **M/s. Natvarlal Vepari & Co.**
Chartered Accountants, Surat.

BANKERS : **Bank of Baroda**
Zampa Bazar, Surat.

PLANT LOCATION : 1 Mota Borasara, Kim
Taluka : Mangrol,
District : Surat.
2 Limodara Patiya, Karanj
Taluka : Mandvi,
District : Surat.

REGISTERED OFFICE : 3rd Floor, Dawer Chambers,
Near Sub-Jail, Ring Road,
Surat-395002.

REGISTRARS & TRANSFER AGENT : **MCS Limited**
Neelam Apartment,
88, Sampatrao Colony,
Alkapuri, Vadodara- 390 007.

ISIN for NSDL & CDSL : **INE719D01011**

CONTENTS	PAGE NO.
Notice -----	1
Directors' Report -----	3
Report on Corporate Governance -----	6
Management Discussion & Analysis -----	12
Auditors' Report -----	15
Balance Sheet -----	18
Profit & Loss Account -----	19
Schedules -----	20
Balance - Sheet Abstract -----	30
Cash - Flow Statement -----	31

NOTICE

Notice is hereby given that the 19th Annual General Meeting of the Members of FAIRDEAL FILAMENTS LIMITED will be held on Wednesday the 30th day of September, 2009 at 11.00 A.M. at the Registered office of the company situated at 3rd Floor, Dawer Chambers, Nr. Sub Jail, Ring Road, Surat- 395 002 to transact the following Business.

Ordinary Business :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009, Profit and Loss Account for the year ended on that date together with the Report of the Board of Directors and Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Shri Jayanti R. Shah and Shri Dhiraj R. Shah who retire by rotation and being eligible, offers themselves for re-appointment.
4. To appoint M/s. Natvarlal Vepari & Co., Chartered Accountants, the retiring Auditors of the company, as Auditors who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix the remuneration of the said Auditors.

By Order of the Board of Directors

Place : Surat
Date : 30th July, 2009

Hitesh K. Garmora
Company Secretary

NOTES

1. The relevant details of person seeking appointment or re-appointment as required by clause 49 of the Listing agreement entered into with stock exchanges are annexed herewith.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. The instrument appointing proxy should, however, be deposited at the Registered office of the company not less than 48 hours before the commencement of the Meeting. Proxies submitted on behalf of corporates, societies, trust, etc. must be supported by appropriate resolution/ authority as applicable, issued on behalf of the nominating organization.
3. The Register of Members and Share Transfer Books of the company will be closed from September 18, 2009 to September 30, 2009 (both days inclusive) for the purpose of payment of dividend to those members whose names stand on the Register of Members as on September 30, 2009. The dividend in respect of equity shares held in electronic form will be payable to the beneficial owners of the equity shares as at the end of business hours on September 17, 2009 as per the details furnished by the depositories for this purpose.
4. The dividend on equity shares as recommended by the Director for the year ended on 31.03.2009 will be payable on or after September 30, 2009 in accordance with the resolution to be passed by the members of the company.

5. Pursuant to the provisions of Section 205 of the Companies Act, 1956 (the Act), all unclaimed / unpaid dividends for the financial year ended on 31st March, 1995 have been transferred to the General Revenue Account of the Central Government. Shareholders, who have not yet encashed their dividend warrants for the said period, are requested to forward their claims in the prescribed Form No. II to the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 to office of the Registrar of Companies, Gujarat at Ahmedabad.
- Consequent upon the amendment of Section 205A of the Act and the introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend for the subsequent years remaining unpaid or unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account of the company shall be transferred to the Investor Education and Protection Fund (the Fund) set up by the Central Government and thereafter no claims shall lie against the company or the Fund and no payments shall be made in respect of any such claims.
- It may be noted that the unclaimed dividend for the financial year ended 31st March 1997 have been transferred to Investor Education and Protection Fund (the Fund) on 26th November, 2004.
6. Members/Proxy Holders should bring the Attendance Slips duly filled in for attending the meeting. Shareholders are requested to bring their copy of Annual Report at the Meeting.
7. Members seeking to obtain any information concerning the accounts and operations are requested to send their queries to the company at least 10 days before the date of the meeting, so that information required can be made available at the meeting.

Annexure to Notice

As required by Clause 49 VII (F) of the Listing Agreement with the stock exchange, the information relating to the Directors proposed to appointed/reappointed is provided hereunder:

Name of Directors	Mr. Jayanti R. Shah	Mr. Dhiraj R. Shah
Date of Birth	11.12.1947	18.02.1955
Date of Appointment	08.02.1994	15.05.1990
Expertise in specific functional areas	Accounts & Legal	Finance & overall management
Qualification	B. Com.	B. Com.
Directorship held in other companies	Viresh Textiles Pvt. Ltd. Shahlon Silk Mills Pvt. Ltd.	Shahlon Industrial Infrastructure Pvt. Ltd. Sayan Textile Park Pvt. Ltd. Viresh Textiles Pvt. Ltd. Fairdeal Textile Park Pvt. Ltd. Sanimo Polymers Pvt. Ltd. Lakhani Filaments Pvt. Ltd. Keenara Filaments Pvt. Ltd.
Committee position held in other companies	Nil	Nil

Directors' Report

Your Directors are pleased to present the 19th Annual Report and the audited accounts for the year ended 31st March, 2009.

Financial Results

(Rs. in Lacs)

Particulars	2008-09	2007-08
Sales and other operating income	7183.10	7032.67
Profit before interest and depreciation	649.98	539.49
Less : Interest	280.89	220.16
Depreciation	252.55	221.92
Profit before Tax	116.54	97.41
Less : Provision for Current Taxation	13.07	10.03
Provision for Deferred Taxation	5.65	(15.22)
Fringe Benefit Tax	2.00	2.01
Profit after Tax adjustment	95.82	100.59
Excess/Short provision for depreciation	-0.86	+0.62
Net Profit	94.96	101.21
Add : Balance brought forward from previous year	362.81	315.12
Amount available for Appropriation	457.77	416.33
Transfer to General reserve	13.00	0
Proposed Dividend	45.75	45.75
Tax on Dividend	7.77	7.77
Balance Carried to Balance Sheet	391.25	362.81

Dividend

Your Directors recommend dividend at the rate of 12.50% i.e. Rs. 1.25 per share on the paid-up equity share capital of the company for the year ended 31st March, 2009, subject to the approval by the members at the forthcoming Annual General Meeting.

Operational Performance

Your company has achieved turnover of Rs. 7183.10 lacs during the year under review as compared to Rs. 7032.67 lacs for the previous year. During the year under review, manufacturing turnover has increased and trading turnover has decreased as compared to the last year.

The company has achieved operating profit of Rs. 649.98 lacs as compared to Rs. 539.49 lacs for the previous year. Cash generation for the year under review is Rs. 355.91 lacs as compared to Rs. 313.46 lacs for the previous year. Profit before tax increased to Rs. 116.54 lacs as compared to Rs. 97.41 lacs for the previous year. Profitability has improved during the year under review on account of increase in manufacturing activities.

Fixed Deposits

Your company has not accepted any deposits from the public during the year under review.

Directors

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the company, Shri Jayanti R. Shah, Director and Shri Dhiraj R. Shah, Director of the company who retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Brief particulars of the Directors retiring by rotation and proposed to be re-appointed have been given in the Annexure to Notice of Annual General Meeting.

Energy Conservation, Technology Absorption and Foreign Exchange earnings and outgo

Information pursuant to clause (e) of sub-section (1) of Section 217 of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 relating to total energy consumption and energy consumption per unit of production is given in Annexure-A of this Report. Particulars with respect to Technology Absorption, Research and Development are Nil.

Foreign Exchange Earnings and Outgo :

(Rs. in Lacs)

	2008-09	2007-08
I) Foreign Exchange Earnings	Nil	9.55
II) Foreign Exchange Outgo:		
a) Raw Material	7.54	Nil
b) Capital Goods	7.39	38.79
c) Consumable Spares	0.40	14.30
d) Foreign Traveling	1.67	3.16

Particulars of Employees

None of the employee of the company was in receipt of remuneration exceeding the limits specified under sub-section (2A) of Section 217 of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors based on the representation received from the Operating Management, confirm that:

- i) in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to all material departures;
- ii) they have, in selection of accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of financial year and of the profit of the company for that period;
- iii) they have taken proper and sufficient care to the best of their knowledge and ability 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; and
- iv) they have prepared the annual accounts of the company on a 'going concern' basis.

Auditors and Auditor's Report

M/s. Natvarlal Vepari & Co., Chartered Accountants, Surat, Statutory Auditors of the company, holds office until the conclusion of the forthcoming Annual General Meeting and is eligible for re-appointment. The company has received letters from them to the effect that their appointments, if made, would be within the prescribed limits under sub-section (1B) of Section 224 of the Companies Act, 1956 and also that they are not otherwise disqualified within the meaning of sub-section 3 of Section 226 of the Companies Act, 1956, for such appointment. The notes to the accounts referred to in the Auditors' Report are self explanatory and therefore do not call for any further comments.

Cost Auditors

The Central Government had directed an audit of cost accounts maintained by the company in respect of Textiles business. The Board of Directors, subject to the approval of the Central Government, has appointed Mr. V. Srinivasan, Cost Accountant, Navsari as the Cost Auditor of the company for conducting the cost audit. The Cost Audit Report for the year ended on 31st March, 2009 will be submitted by Mr. V. Srinivasan to the Central Government after approval of the Board of Directors.

Corporate Governance and Compliance Certificate

A separate section on Corporate Governance and a certificate from the Auditors of the company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the stock exchange, form part of the Annual Report.

Acknowledgement

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the Banks, Financial Institution, Government authorities, Customers, Suppliers and Shareholders during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services of employees of the company at all levels.

ANNEXURE "A" TO THE DIRECTORS' REPORT

A. POWER AND FUEL CONSUMPTION :

	FFLKIM	FFLKRJ-1	FFLKRJ-2
POWER GENERATED THROUGH OWN DIESEL GENERATOR			
Quantity (Ltrs. in lacs)	0.45	1.26	0.30
Total Value (Rs. in lacs)	4.36	11.60	2.89
Cost / Unit (Rs.)	9.68	9.18	9.50
POWER PURCHASED			
Unit (in lacs)	4.59	37.08	15.68
Total Value (Rs. in lacs)	24.41	171.58	63.73
Cost / Unit (Rs.)	5.32	4.63	4.70
LIGNITE			
Quantity (Kgs. in lacs)	13.14	-	-
Total Value (Rs. in lacs)	41.01	-	-
Cost / Unit (Rs.)	3.12	-	-

B. CONSUMPTION PER UNIT OF PRODUCTION :

Power & Fuel	Current Year	Previous Year
Yarn - POWER		
FFLKIM	0.27	0.35
FFLKRJ-1	1.53	1.15
FFLKRJ-2	0.75	1.20
Fabrics : FFLKRJ-1	0.26	0.27
Lignite		
FFLKIM	0.71	0.66

For and on behalf of the Board of Directors

Place : Surat
Date : 30th July, 2009

Jayanti R. Shah
Chairman

Report on Corporate Governance

(1) Company's Philosophy on the Code of Governance:

Fairdeal's philosophy of doing business through ethical and fair means has been its foundation. The company's management firmly believes that good corporate governance should be internally driven and not to be looked upon just as an issue of compliance dictated by statutory requirements. Fairdeal's philosophy on corporate governance envisages the attainment of the highest level of transparency, integrity, honesty and accountability in all facets of its operations, and in all its interactions with its stakeholders including employees, Government authorities, Bankers and shareholders.

(2) Board of Directors:

The Board of Directors consists of 6 Directors and the composition of the Board is as follows:

Category	Name of Directors
Promoter/Executive Directors	Dhiraj R. Shah - Managing Director Arvind R. Shah - Whole-time Director
Promoter/Non-Executive Director	Jayanti R. Shah - Chairman
Non-Promoter/Independent/ Non-Executive Directors	Manubhai J. Shah Rajendra K. Desai Paresh A. Topiwala

Six (6) Board Meetings were held during the year 2008-09 and the dates on which meetings held were as follows: April 4, 2008, June 30, 2008, July 31, 2008, October 25, 2008, January 31, 2009 and March 21, 2009. Last Annual General Meeting of the Company was held on September 30, 2008. Details of attendance of each Director at the Board meetings, last Annual General Meeting and number of other directorship and membership/chairmanship of committee of each Director in other companies are as follows:

Name of Directors	Board Meeting Attended	Attendance at last AGM	Directorship in other companies	Committee Membership/ Chairmanship in other companies
Jayanti R. Shah	4	Yes	2	Nil
Dhiraj R. Shah	6	Yes	7	Nil
Arvind R. Shah	6	Yes	Nil	Nil
Manubhai J. Shah	6	Yes	Nil	Nil
Rajendra K. Desai	6	Yes	2	Nil
Paresh A. Topiwala	6	Yes	Nil	Nil

(3) Audit Committee:

Audit committee consist of three Directors, out of them two are independent non-executive Directors and one non-executive promoter Director. The Company Secretary acts as the Secretary of the audit committee. The Committee met on 30th June 2008, 25th October 2008, 31st January 2009 and 21st March 2009 during the year under review. The composition of audit committee and particulars of meeting attended by the members of the audit committee are as follows.

Name of Directors	Position	Meeting Attended
Rajendra K. Desai	Chairman	4
Jayanti R. Shah	Member	4
Manubhai J. Shah	Member	4

Terms of reference of the Audit Committee are broadly as under :

- ◆ Reviewing with management the annual financial statements before submission to the Board
 - To review any changes in accounting policies and practices.
 - To review major accounting entries based on exercise of judgment by management.
 - Qualification in draft Audit Report.
 - Compliance with accounting standards.
 - Compliance with stock exchange and legal requirements concerning financial statements.
 - Overseeing the company's financial reporting process and the disclosure of financial information.
 - Reviewing the financial statements to ensure that it is correct, sufficient and credible.
- ◆ Reviewing with the management, external and internal auditors, the adequacy of internal control and audit functions.
- ◆ Reviewing the company's financial and risk management policies
- ◆ To look into the reasons for material defaults if any in the payment to shareholders and creditors.

(4) Remuneration to Directors:

The broad terms of reference of the Remuneration committee are as under:

- ◆ To approve the remuneration package of executive directors from time to time in compliance with the various applicable provisions read with Schedule XIII of the Companies Act, 1956.
- ◆ Such other matters as the Board may from time to time request the Remuneration Committee to examine, recommend and approve.

The committee consists of three Independent Non-executive Directors. The Company Secretary acts as the Secretary of the Remuneration Committee. Composition of the Remuneration committee is as under:

Name of Directors	Position
Manubhai J. Shah	Chairman
Paresh A. Topiwala	Member
Rajendra K. Desai	Member

The company has no pecuniary relationship or transaction with its non-executive Directors other than payment of sitting fees to them for attending the Board meeting and Committee meeting. No sitting fees are paid to Executive Directors. The remuneration policy of the company is directed towards rewarding performance. The Company has no stock option scheme. Further no commission is paid to any Directors.

Total remuneration paid to Managing Director and Whole-time Director of the company during the year ended on 31st March, 2009 is Rs. 39,25,720 including sitting fees paid to non-executive Directors.

(5) Shareholders/Investor Grievance Committee:

The Shareholder/Investors Grievance Committee consists of three Directors viz. Jayanti R. Shah, Dhiraj R. Shah and Arvind R. Shah. The Committee is headed by the Chairman and non-executive Director Shri Jayanti R. Shah. The Committee meets at frequent interval to consider and approve share transfers/share transmission and for redressing the other investor's grievances. The minutes of the committee meeting are placed at the Board Meeting from time to time. Mr. Hitesh K. Garmora, Company Secretary of the company is the Compliance Officer. All Investors complaints like non-receipt of annual report, change of address, non-receipt of dividend, revalidation of dividend warrant etc. are attended by compliance officer and monitored by the Committee. All requests/complaints were attended to promptly and resolved to the satisfaction of the shareholder.

(6) General Body Meeting :

Location and time for last three Annual general Meetings (AGM) were as follows :

Financial Year	Date	Location of the Meeting	Time
2005-06	23.09.2006	3 rd Floor, Dawer Chambers, Nr. Sub-Jail, Ring Road, Surat	11.00 A.M.
2006-07	29.09.2007	Do	11.00 A.M.
2007-08	30.09.2008	Do	11.00 A.M.

Special Resolution passed in previous three AGMs:

No special resolution has been passed at the AGM for the financial year 2005-06. 2 (Two) special resolutions have been passed in AGM for the financial year 2006-07 held on 29.09.2007 as per following details:

- (1) For re-appointment of Shri Dhiraj R. Shah as Managing Director of the company w.e.f. 01.10.2007 to 30.09.2010 upon the terms and conditions and remuneration as set out in the agreement and
- (2) For re-appointment of Shri Arvind R. Shah as Whole-time Director of the company w.e.f. 01.10.2007 to 30.09.2010 upon the terms and conditions and remuneration as set out in the agreement.

No special resolution has been passed at the AGM for the financial year 2007-08. However, at the Board meeting held on 29.03.2008, the Board of Directors have decided for change in Object clause of the Memorandum of Association of the company and accordingly appointed Mr. Devesh A. Pathak, Practising Company Secretary, Baroda as scrutinizer for conducting the postal ballot voting process. Approval of the shareholders of the company has been obtained for change in object clause by special resolution passed through postal ballot pursuant to Section 17 read with Section 192A of the Companies Act, 1956 and the rules made there under. Result of the postal ballot was declared at the registered office of the company at Surat on 15.05.2008.

None of the business required to be transacted at this AGM is proposed to be passed by postal ballot.

(7) Disclosures :

- a. During the year transactions with the related parties have been carried out in accordance with terms approved by Central Govt. under Section 297 of the Companies Act, 1956. Transactions with related parties are carried out at arm's length price and are not prejudicial to the interest of the company. Transactions with related parties during the year under review are disclosed in Note No. 8 of Schedule-17 to the accounts as required by Accounting Standard 18 issued by Institute of Chartered Accountants of India.
- b. There were no instances of non-compliance on any matters related to the capital markets during last three years.
- c. A qualified Practising Company Secretary carried out a secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/ paid-up capital of the company is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

(8) Means of Communication :

The quarterly, half-yearly and annual results of the company are published in leading newspapers which includes The Economic Times, Navbharat Times and Gujarat Mitra. The Management's Discussion and Analysis is a part of the Company's Annual Report.

(9) General Shareholder Information :**Annual General Meeting :**

Date and Time : 30th Day of September, 2009, 11.00 A.M.

Venue : 3rd Floor Dower Chamber, Nr. Sub-Jail, Ring Road, Surat 395 002.

Financial Calendar :

The Company follows April - March as its financial year. The results for every quarter beginning from April are declared in the month following the quarter except for the last quarter, for which the results are declared in the month of June as permitted under the listing agreement.

Date of Book Closure :

18th September, 2009 to 30th September, 2009 (Both days inclusive)

Dividend payment Date :

On or after 30th September, 2009

Listing on stock exchanges :

Company's shares are listed on following Stock Exchanges :

1. Bombay Stock Exchange Limited, Mumbai
2. Vadodara Stock Exchange Limited, Vadodara.

Listing Fees and Custodian Fees :

The company has paid listing fees for the year 2009-10 to the respective stock exchanges. The company has paid custodial fees for the year 2009-10 to National Securities Depository Limited and Central Depository Services (India) Limited on the basis of number of beneficial accounts maintained by them as on March 31, 2009.

Stock Code :

Bombay Stock Exchange Limited, Mumbai (BSE) : Scrip Code- 514474

Demat ISIN Numbers in NSDL & CDSL : INE719D01011

Market Price Data :

High, low during each month and trading volumes of the company's equity shares during the last financial year at the Bombay Stock Exchange Limited (BSE) are given below:

Month	High	Low	No. of shares traded during the month
April'2008	17.95	14.65	80742
May'2008	21.20	14.10	43274
June'2008	18.80	13.65	37299
July'2008	18.00	14.00	63090
August'2008	17.40	15.05	23247
September'2008	17.40	14.40	27381
October'2008	17.00	10.50	30584
November'2008	13.90	11.35	12950
December'2008	13.40	10.10	13237
January'2009	13.00	10.25	18946
February'2009	11.00	8.80	3664
March'2009	10.70	9.00	3584

Registrar and Share Transfer Agent :

MCS Limited
 Neelam Apartment,
 88, Sampatrao Colony, Alkapuri,
 Vadodara- 390 007
 Tel No.: 0265- 2339397/2314757
 Fax No.: 0265- 2341639
 Email: mcsbaroda@yahoo.com

Share Transfer System :

Share transfer in physical form can be lodged with RTA of the company at the above mentioned address or with the company at the registered office. Applications for transfer of shares held in physical form which are received at the registered office are forwarded to Registrar and Share Transfer Agent at the above mentioned address. All transfer/transmission and demat requests are normally processed within 15-20 days from the date of receipt, if the documents are in order.

Pursuant to Clause 47(c) of the listing agreement with stock exchanges, certificate on half yearly basis have been issued by a Company Secretary in Practice for due compliance of share transfer formalities by the company. Further, a certificate has also been received from a Company Secretary in Practice for timely dematerialisation of the shares of the company and for conducting a secretarial audit on a quarterly basis for reconciliation of the share capital of the company.

Distribution of shareholding as on March 31, 2009 :

Shareholding of Nominal value of Rs.	Shareholders		Shareholding	
	Number of Shareholders	%	Number of Shares	%
Up to 5000	3791	91.26	553124	15.11
5001 10000	133	3.20	108257	2.96
10001 20000	82	1.98	126251	3.45
20001 30000	35	0.84	89508	2.45
30001 40000	13	0.31	45095	1.23
40001 50000	17	0.41	77905	2.13
50001 100000	41	0.99	310452	8.48
100001 & above	42	1.01	2349448	64.19
Total	4154	100.00	3660040	100.00

Categories of Shareholders as on March 31, 2009 :

Category of Members	Number of shares	% of total shares
Indian Promoters	1708895	46.69
Shareholders holding nominal share capital upto Rs. 1 lakh	1072202	29.30
Shareholders holding nominal share capital in excess of Rs. 1 lakh	674585	18.43
Private Corporate Body	204358	5.58
Total	3660040	100.00

Dematerialisation of shares:

70.30% of company's paid-up equity share capital i.e. 2573163 shares have been dematerialised up to 31.03.2009. Trading in Equity shares of the company is permitted only in dematerialised form as per notification issued by the Securities and Exchange Board of India (SEBI).

Outstanding GDR/ADR/Warrants or any convertible instruments:

The company has not issued any GDR/ADR/Warrants or any convertible instruments till date.

Plant Locations :

Mota Borasara, Kim,
Ta.: Mangrol, Dist.: Surat.

Limodra Patia, Karanj,
Ta.: Mandvi, Dist.: Surat.

Address for investor correspondence :

For dematerialisation of shares, share transfers, share transmissions, change of address, non-receipt of dividend/ annual report or any other query relating to shares may be addressed to:

MCS Limited

Neelam Apartment,
88, Sampatrao Colony,
Alkapuri, Vadodara- 390 007.
Tel No.: (0265) 2339397/2314757
Fax No.: (0265) 2341639

Secretarial Department,

Fairdeal Filaments Limited
3rd Floor, Dawer Chambers,
Nr. Sub-Jail, Ring Road, Surat-395 002.
Phone No.: (0261) 3090200, 2635541-42
Fax No.: (0261) 2635550

Management Discussion and Analysis

Industry structure and developments :

The textile industry was the pioneer of industrialization in India. The Indian Textiles Industry has an overwhelming presence in the economic life of the country. Apart from providing one of the basic necessities of life, the textiles industry also plays a pivotal role through its contribution to industrial output, employment generation, and the export earnings of the country. It contributes about 14 percent to industrial production, 4 percent to the GDP and 20 percent to the country's export earnings. It provides direct employment to over 35 million people. The textiles sector is the second largest provider of employment after agriculture. Thus, the growth and all round development of this industry has a direct bearing on the improvement of the economy of the nation.

The Man-made Fibre Textile industry in India is vibrant and growing. It boasts of nearly self sufficient raw material production base and produces a wide range of textiles. India has emerged as one of the World's leading manufacturer of man-made textiles, capable of supplying a wide range of textiles to the domestic and global markets. The fibres and filament yarns produced in India are comparable to the best in the world. Large investments have also been made in the spinning sector, which has led to the production of superior quality spun yarn. The modernisation of fabric production is also petering down to the weaving and processing sectors and this in turn has resulted in international quality fabrics.

Opportunities and threats :

A conducive policy environment in the form of TUFs, cluster development provided by the Central Government as well as State Government have contributed in placing the industry on the path of rapid growth. The National Textile Policy calls for increasing India's share of 3% in the global textile and apparel trade to 10%.

Polyester consumption is growing faster than that of any other fibre. There are large pockets of population that have low consumption like the Indian sub-continent and Africa. While the global per capita demand for all fibres stands at 11 kgs., with China at 16 kgs. and USA at 38 kgs. India is still less than 5 kgs. and Africa is at less than 4 kgs. These regions contribute to nearly half of the world population and are witnessing increase in disposable income with overall economic prosperity. Historically it is seen that rising per capita income and industrialization increase textile consumption for both apparel and non-apparel application. Due to inherent constraints in the growth of cotton, polyester is likely to capture the maximum share of future growth.

We are self dependent on account of PTA/ MEG, Paraxylene requirement for polyester production while as China has to remain dependent for import of this material around 40% of total consumption.

Competition from other developing countries, especially China having large economies of scale of production. Continuous Quality Improvement with shift in the modern technology is need of the hour as there are different demand patterns all over the world. Threat for Traditional Market for Powerloom and Handloom Products and forcing them for product diversification.

Outlook :

Historically, cotton was the dominant fibre for mass consumption for centuries but in the late 1980s, man made fibres including polyester started becoming the preferred fibre in the textile industry. As against 3% growth of all fibres, PFY (Polyester Filament Yarn) is growing at double the rate of all fibres. Such high growth rates are expected to help PFY to become largest segment by 2015. Better commodity prices to farmers is also steering the demand presently.

The time has come to further strengthen this industry, enabling it to fully exploit available opportunities in the domestic & export markets, and realize its full potential.

Risk and concerns :

Fairdeal is engaged in manufacture of texturised, twisted and sized yarn and weaving on water-jet looms. The basic raw material for manufacturing company's product is POY, FDY, PFY etc. The company procures basic raw material from big Spinners who controls the downstream textile industry. Currency appreciation may affect textile exports from the country.

Recently, big spinners in the country are ramping up their manufacturing capacities to tap the huge export opportunities offered by quota free world. The increase in capacity of spinners will provide better opportunity for procuring basic raw materials at competitive prices. Reliance Industries Ltd. is the lowest cost producer of polyester textiles in the world.

Internal Control System and their adequacy :

Your company is conscious about the need to line up modern management practices. The company has successfully implemented RAMCO ERP software. The company has an internal control system commensurate with its size and nature of its business which covers areas such as optimum utilization of resources, accurate and prompt recording of transactions, safeguarding of assets, adherence to applicable accounting standards and policies, review of IT and other systems, compliance with prevalent statutes, management policies and procedures.

Financial Performance :

Your company has achieved turnover of Rs. 7183.10 lacs during the year under review as compared to Rs. 7032.67 lacs for the previous year. During the year under review, manufacturing turnover has increased and trading turnover has decreased as compared to the last year.

The company has achieved operating profit of Rs. 649.98 lacs as compared to Rs. 539.49 lacs for the previous year. Cash generation for the year under review is Rs. 355.91 lacs as compared to Rs. 313.46 lacs for the previous year. Profit before tax increased to Rs. 116.54 lacs as compared to Rs. 97.41 lacs for the previous year. Profitability has improved during the year under review on account of increase in manufacturing activities.

Human Resource Development/Industrial Relations :

Fairdeal considers its employees as the most valuable assets for the company. Fairdeal focuses on attracting talent, retaining talent and developing talent for enhancing business performance. Industrial relations have continued to be cordial at all level of the organization during the year under review.

Forward Looking Statement - Cautionary Statement :

Certain statement made in the Management Discussion and Analysis Report relating to the Company's objectives, projections, outlook, expectations etc. are "forward looking statements" within the meaning of applicable laws and regulations. These statements are based on certain assumptions and expectation of future events. Actual results may differ from those expressed or implied, depending upon economic conditions affecting demand/supply and price levels in the market, Government policies and other incidental or related factors.

Auditors' Certificate on Corporate Governance

To,
The Members of
Fairdeal Filaments Limited,
Surat.

We have examined the compliances of condition of Corporate Governance by FAIRDEAL FILAMENTS LIMITED for the year ended 31st March, 2009 as stipulated in Clause 49 of Listing Agreement with Stock Exchanges.

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 the 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 no investor grievance is pending for a period exceeding one month against the company as per the records maintained by the company which are presented to the Investor's Grievance Committee.

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

For, NATVARLAL VEPARI & CO.
CHARTERED ACCOUNTANTS

Place : Surat
Date : 29.06.2009

Ravindra Vepari
Partner
Membership No. : 6728

AUDITORS' REPORT

To,
The Members of
FAIRDEAL FILAMENTS LIMITED,
Surat.

We have audited the attached Balance Sheet of **FAIRDEAL FILAMENTS LIMITED**, as at 31st March 2009, the Profit and Loss Account and Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditor's Report) Order, 2003 (as amended), issued by the Department of Company Law Affairs in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we annex hereto **Annexure 'A'** on the matters specified in paragraph 4 and 5 of the said order.

Further to our comments in Annexure referred to in Para (1) above, we report that:

- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - (c) The Balance Sheet, Profit and Loss Account and cash flow statement dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - (e) On the basis of written representation received from the directors, as on 31st March 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
2. Subject to the matters referred to above, 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:
 - i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
 - ii. in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date and
 - iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For, NATVARLAL VEPARI & CO.
CHARTERED ACCOUNTANTS

Ravindra Vepari
Partner

Membership No. : 6728

Place : Surat
Date : 29.06.2009

ANNEXURE 'A' TO THE AUDITOR'S REPORT : YEAR ENDED 31-3-2009.

- 1)
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed Assets.
 - b) We are informed that all fixed assets have been physically verified by the management at reasonable intervals. On the basis of information and explanations given to us, no material discrepancies were noticed on such verification.
 - c) The Company has not disposed off any substantial part of its fixed assets so as to affect its going concern status.
- 2)
 - a) As informed to us, the inventory has been physically verified during the year by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable.
 - b) The procedures of physical verification of the inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of the business
 - c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stock and the books records were not material and have been properly dealt with in the books of accounts.
- 3) The Company has not taken or granted any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956
- 4) In our opinion and according to information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of the business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of audit, we have not observed any continuing failure to correct major weaknesses in internal control.
- 5)
 - a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs. five lakhs in respect of any party during the year have been made at prices which are reasonable and having regard to prevailing market prices at the relevant time.
- 6) The Company has not accepted deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956, and the rules made there under.
- 7) We are of the opinion that, the coverage of internal audit functions carried out by a Chartered Accountant appointed by the management is commensurate with the size of the company and the nature of its business.
- 8) We have broadly reviewed the books of accounts maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 in respect of the company's products to which the said rules are made applicable, and are of the opinion that, the prescribed accounts and records have been made and maintained.
- 9)
 - a) According to the records of the company wherever applicable, it has been regular in depositing undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees' State Insurance, Income Tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues applicable to it with the appropriate authorities.

- b) According to the information and explanation given to us, no disputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty, excise duty and cess were in arrears, as at 31st March 2009 for a period for more than six months from the date they became payable.
- 10) The Company has neither accumulated losses at the end of the financial year nor has it incurred cash losses, both, in the financial year under report and the immediately preceding financial year.
- 11) According to the information and explanation given to us, the company has not defaulted in repayments of dues to financial institutions or bank or debenture holders.
- 12) According to the information and explanation given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) According to the information and explanation given by the management, in our opinion the terms and conditions of the guarantee given by the Company for loan taken by others from Bank are not prejudicial to the interest of the company.
- 14) In our opinion, the term loans have been applied for the purpose for which they were raised.
- 15) According to information and explanation given to us and on an overall examination of the balance sheet of the company, we report that the company has used funds relating to long term basis to short term basis and as explained they have been deployed to fund core working capital.
- 16) 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.
- 17) The company has not issued any debentures during the year.
- 18) During the year covered by our audit report, the company has not issued any shares to public.
- 19) According to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the course of our audit.
- 20) Considering the nature of activities being carried out, by the company and also the nature of the matters referred to in the various clauses of the Companies (Auditors' Report) Order, 2003, Clause (xiii) and (xiv) of paragraph 4 of the aforesaid order is not applicable to the Company.

For, NATVARLAL VEPARI & CO.
CHARTERED ACCOUNTANTS

Place : Surat
Date : 29.06.2009

Ravindra Vepari
Partner
Membership No. : 6728

BALANCE SHEET AS AT 31ST MARCH, 2009

	SCH.	Current Year Rs.	Previous Year Rs.
SOURCES OF FUNDS :			
Shareholders' Funds :			
a) Share Capital	1	36,600,400	36,600,400
b) Reserves & Surplus	2	86,449,185	54,104,186
		123,049,585	90,704,586
Loan Funds :			
a) Secured loans	3	191,786,177	179,959,987
b) Unsecured Loans	4	63,144,241	42,209,241
		254,930,418	222,169,228
Deferred tax		7,247,350	6,682,141
	TOTAL	385,227,353	319,555,955
APPLICATION OF FUNDS :			
Fixed Assets :			
	5		
Gross Block		302,047,710	257,942,515
Less : Depreciation		126,653,373	101,796,797
Net Block :		175,394,337	156,145,718
Capital work in progress including advances		16,737,778	9,374,785
		192,132,115	165,520,503
Investments :	6	10,439,000	2,670,000
Current Assets, Loans and Advances :			
	7		
a) Inventories		43,128,771	45,669,219
b) Sundry Debtors		100,977,782	92,819,847
c) Cash and bank balances		5,002,498	2,555,511
d) loans and advances		65,204,465	54,701,114
		214,313,516	195,745,691
Less : Current Liabilities & Provisions :			
	8		
a) Current Liabilities		8,909,203	23,354,923
b) Provisions		22,748,075	21,025,316
		31,657,278	44,380,239
Net working capital		182,656,238	151,365,452
	TOTAL	385,227,353	319,555,955

Notes forming part of the accounts
17

As per our report of even date.

For, NATVARLAL VEPARI & CO.
CHARTERED ACCOUNTANTS

For and on behalf of the Board,

Ravindra Vepari
Partner

Hitesh K. Garmora
Company Secretary

D. R. Shah
Managing Director

A. R. Shah
Whole-time Director

SURAT, Date : 29.06.2009

SURAT, Date : 29.06.2009

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

	SCH.	Current Year Rs.	Previous Year Rs.
INCOME :			
Sales & Other Operating Income	9	718,309,649	703,267,533
	TOTAL	<u>718,309,649</u>	<u>703,267,533</u>
EXPENDITURE :			
(Increase)/Decrease in finished goods stock	10	(4,027,271)	5,682,609
Consumption of Raw Materials	11	426,879,163	331,234,665
Purchase of Traded Materials		127,446,065	235,278,639
Manufacturing expenses	12	62,373,645	42,459,006
Payment and benefit to employees	13	22,851,332	20,554,644
Administrative Expenses	14	10,207,459	9,349,019
Selling and distribution expenses	15	3,727,708	5,237,837
Financial charges	16	31,752,242	20,922,127
Depreciation		25,255,152	22,191,976
Depreciation withdrawn from Revaluation Reserve		(12,164)	-
		<u>25,242,988</u>	<u>22,191,976</u>
Loss/(Profit) on sale of assets		202,043	615,693
	TOTAL	<u>706,655,374</u>	<u>693,526,215</u>
Profit before tax Adjustment		11,654,275	9,741,318
Less: Current Tax		1,307,000	1,003,000
Less : Deferred Tax		565,209	(1,521,825)
Less: Fringe Benefit Tax		200,000	201,000
Profit after tax Adjustment		<u>9,582,066</u>	<u>10,059,143</u>
		9,582,066	10,059,143
Excess / Short provision of Depreciation		(85,632)	62,133
Net Profit		<u>9,496,434</u>	<u>10,121,276</u>
Balance brought forward		36,280,814	31,512,118
	TOTAL	<u>45,777,248</u>	<u>41,633,393</u>
APPROPRIATION			
Proposed Dividend		4,575,050	4,575,050
Tax on Dividend		777,530	777,530
Transfer to General Reserve		1,300,000	-
Balance Carried to Balance Sheet		<u>39,124,668</u>	<u>36,280,814</u>
	TOTAL	<u>45,777,248</u>	<u>41,633,393</u>
EPS - Basic and Diluted. (Rs. per Share)		2.59	2.77

Notes forming part of the accounts
17

As per our report of even date.

For, NATVARLAL VEPARI & CO.
CHARTERED ACCOUNTANTS

For and on behalf of the Board,

Ravindra Vepari
Partner

Hitesh K. Garmora
Company Secretary

D. R. Shah
Managing Director

A. R. Shah
Whole-time Director

SURAT, Date : 29.06.2009

SURAT, Date : 29.06.2009

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS.

	SCH.	Current Year Rs.	Previous Year Rs.
SHARE CAPITAL			
Authorised -	1		
55,00,000 Equity shares of Rs.10 each		55,000,000	55,000,000
Issued, subscribed and paid up :			
36,60,040 Equity shares of Rs.10/- each fully paid up		36,600,400	36,600,400
	TOTAL	36,600,400	36,600,400
RESERVES AND SURPLUS :			
	2		
Security Premium		10,826,724	10,826,724
Capital Reserve		6,996,648	6,996,648
Profit and Loss account		39,124,668	36,280,814
Revaluation Reseve Account		28,201,145	-
General Reseve		1,300,000	-
	TOTAL	86,449,185	54,104,186
SECURED LOANS :			
	3		
(A) TERM LOAN:			
Bank of Baroda		85,734,130	81,793,477
(Secured by hypothecation of raw materials, stock-in-process, finished goods, book-debts, plant and machinery and equitable mortgage of factory, land and building situated at Village Karanj, Taluka; Mandvi, Dist.: Surat and Village Mota Borasara, Taluka : Mangrol, Dist.:Surat. Facility is further secured by equitable mortgage of office premises third Floor, Dawer Chambers, Ring Road, Surat and Hypothecation of Windmill situated at Village : Suthari, Taluka : Abdasa, Dist.: Kutch.)			
Vehicle Lons :			
From Banks		253,938	893,305
(Refer note (6) of Schedul 17)			
(B) WORKING CAPITAL :			
FCNR (B) LOANS		60,000,000	60,000,000
Rupees Loan		25,572,527	6,955,892
(Secured by hypothecation of raw materials, stock-in-process, finished goods, book-debts, plant and machinery and equitable mortgage of factory, land and building situated at Village; Karanj. Taluka; Mandvi, Dist.: Surat and Village Mota Borasara, Taluka : Mangrol, Dist. Surat. Facility is further secured by equitable mortgage of office premises third floor, Dawer Chambers, Ring road, Surat and Hypothecation of Windmill situated at village : Suthari, Taluka : Abdasa, Dist.: Kutch.)			

	SCH.	Current Year Rs.	Previous Year Rs.
(C) CORPORATE LOAN :			
From AXIS Bank (Secured by Second charge on current assets of the company)		20,225,581	30,317,312
	TOTAL	191,786,177	179,959,987
UNSECURED LOANS :			
	4		
Short Term Advances			
From Banks		15,059,241	9,548,645
From NBFC		-	19,990,596
From Corporates		48,085,000	12,670,000
	TOTAL	63,144,241	42,209,241

Schedule-5 : Fixed Assets

Sr. No.	Particulars	Gross Block			Depreciation				Net Block		
		AS ON 01.4.2008	ADDITION	ADJUSTMENT	AS ON 31.3.2009	UPTO 31.3.2008	DURING THE YEAR	ADJUST- MENT	TOTAL	AS ON 31.3.2009	AS ON 31.3.2008
1	LAND	1,488,149	12,254,193	-	13,742,342	-	-	-	-	13,742,342	1,488,149
2	FACTORY BUILDING	29,391,976	19,224	-	29,411,200	7,865,146	977,119	(39)	8,842,305	20,568,896	21,526,831
3	PLANT AND MACHINERY	75,395,425	17,295,380	-	92,690,805	48,490,843	6,048,755	(86,346)	54,625,944	38,064,861	26,904,582
4	OFFICE EQUIPMENT	2,906,010	165,810	-	3,071,820	1,205,644	147,420	-	1,353,064	1,718,756	1,700,366
5	COMPUTER	8,079,870	914,425	-	8,994,295	3,132,478	1,079,911	444	4,211,945	4,782,350	4,947,392
6	VEHICLES	8,045,100	143,556	768,176	7,420,480	2,617,061	797,894	452,326	2,962,629	4,457,851	5,428,039
7	FURNITURES & FIXTURE	3,052,424	74,302	-	3,126,726	1,894,800	174,777	-	2,069,577	1,057,149	1,157,624
8	LABORATORY EQUIP.	9,880	-	-	9,880	8,536	522	-	9,058	822	1,344
9	BEAM PIPE	1,992,542	-	31,883	1,960,659	1,906,199	11,752	31,883	1,886,068	74,591	86,343
10	OFFICE BUILDING	1,470,441	-	-	1,470,441	307,370	23,522	-	330,892	1,139,549	1,163,071
11	ELECTRICAL INSTALLATION	201,010	-	-	201,010	70,107	9,548	-	79,655	121,355	130,903
12	PLANT & MACHINERY UNDER TUF	88,642,038	14,038,363	-	102,680,401	28,442,724	11,168,509	309	39,610,924	63,069,477	60,199,314
13	WINDMILL	37,267,650	-	-	37,267,650	5,855,889	4,815,423	-	10,671,312	26,596,338	31,411,761
	TOTAL	257,942,515	44,905,253	800,059	302,047,710	101,796,797	25,255,152	398,577	126,653,373	175,394,337	156,145,717
	Previous Year	203,093,662	56,859,247	2,010,394	257,942,515	81,055,124	22,191,976	1,450,303	101,796,797	156,145,717	122,038,538

Note : 1. Addition includes upward revaluation of Land for Rs.1,22,54,193 & Plant & Machinery for Rs.1,59,59,116, correspondingly Revaluation Reserve has been created.

2. Depreciation on revalued portion of fixed assets is calculated on written down value method over balance useful life of assets are transferred from revaluation Reserve to the Profit & Loss account.

TRADE INVESTMENTS :
(Valued at cost, unquoted)

294000 (P.Y. 266000) shares of Shahlon Industrial Infrastructure Pvt.Ltd.	6	3,129,000	2,660,000
Fairdeal Textile Park Pvt.Ltd. (Share Application Money)		10,000	10,000
730000 shares of Fairdeal Textile Park Pvt. Ltd.		7,300,000	-
	TOTAL	10,439,000	2,670,000

	SCH.	Current Year Rs.	Previous Year Rs.
CURRENT ASSETS, LOANS & ADVANCES :	7		
A) Current Assets :			
a) Inventories :			
(As taken, valued and certified by the management)			
Raw materials		24,563,949	31,893,102
Finished Goods/Traded Goods		15,118,353	11,091,082
Consumable stores etc.		3,446,468	2,685,035
	TOTAL	<u>43,128,771</u>	<u>45,669,219</u>
b) Sundry debtors :			
Outstanding for more than six months		11,691,004	4,180,923
Other debts		89,286,778	88,638,924
	TOTAL	<u>100,977,782</u>	<u>92,819,847</u>
c) Cash and Bank Balances :			
Cash on hand		303,245	259,216
In current Account with Scheduled Bank		454,698	16,267
In Fixed deposits Account with Scheduled Bank		3,022,077	1,261,178
Unclaimed Dividend a/c with Scheduled Bank		1,222,478	1,018,850
	TOTAL	<u>5,002,498</u>	<u>2,555,511</u>
B) Loans and Advances :			
(Unsecured, considered good)			
Advances (Receivable in cash or kind or for value to be received)		11,397,541	12,177,857
Utility Deposits		1,175,193	831,810
Prepaid expenses		1,040,831	1,108,780
Advance Income-tax		18,004,888	12,301,144
Advance against Goods		21,673,098	17,373,328
Interest Subsidy under TUF receivable		4,203,104	3,130,952
Duty Rebate Receivable for Export		57,518	57,518
Vat Receivable		139,351	202,403
Central Excise P L A		584	595
CENVAT on Yarn		7,512,358	7,516,727
		<u>65,204,465</u>	<u>54,701,114</u>
	TOTAL	<u>214,313,516</u>	<u>195,745,691</u>

	SCH.	Current Year Rs.	Previous Year Rs.
CURRENT LIABILITIES & PROVISIONS :	8		
(A) Current Liabilities :			
1) Sundry Creditors			
a) For Goods and Other Purchases		2,727,832	7,477,904
b) For Expenses		2,250,887	2,811,729
c) For Statutory Liabilities		2,088,978	2,530,881
d) For Capital Goods		-	9,323,415
2) Advance against order		619,029	192,145
3) Unclaimed Dividend		1,222,478	1,018,850
	TOTAL	<u>8,909,203</u>	<u>23,354,923</u>
(B) Provisions :			
Provision for Taxation		10,797,687	9,290,696
Provision for Expenses		6,132,733	5,813,362
Proposed Dividend		4,575,050	4,575,050
Tax on Dividend		777,530	777,530
Provision for earned leave		185,896	250,529
Provision for earned Bonus		279,179	318,149
		<u>22,748,075</u>	<u>21,025,316</u>
	TOTAL	<u>31,657,278</u>	<u>44,380,239</u>
SALES & OTHER OPERATING INCOME :	9		
Sales		729,723,058	712,836,237
Job charges		2,688,641	62,490
Less: Excise Duty		724,359	784,468
Less : Value Added Tax / (Sales Tax)		30,037,589	23,500,555
		<u>701,649,751</u>	<u>688,613,704</u>
Commission Income (Net)		14,549,729	13,425,029
Interest		596,894	457,514
Sundry Balance written back		803,757	163,848
Godown Rent		-	20,800
Other operating Income		709,518	586,637
		<u>16,659,898</u>	<u>14,653,828</u>
	TOTAL	<u>718,309,649</u>	<u>703,267,533</u>
(INCREASE) / DECREASE IN FINISHED STOCK :	10		
Opening stock		11,091,082	16,773,691
Closing stock		15,118,353	11,091,082
	TOTAL	<u>(4,027,271)</u>	<u>5,682,609</u>

	SCH.	Current Year Rs.	Previous Year Rs.
CONSUMPTION OF RAW MATERIALS	11		
Opening stock		31,893,102	18,211,276
Purchases		419,550,010	344,916,491
		<u>451,443,112</u>	<u>363,127,767</u>
Closing stock		24,563,949	31,893,102
	TOTAL	<u>426,879,163</u>	<u>331,234,665</u>
MANUFACTURING EXPENSES	12		
Job charges		139,683	80,847
Lising charges		1,248,530	994,766
Power and fuel (Net)		26,594,340	17,870,547
Consumption of Stores (including Chemical and Packing)		28,105,897	19,041,293
Repairs to machinery		2,215,791	1,275,632
Water charges		1,768,917	1,554,229
Building repairs		376,036	691,473
Factory expenses		890,223	734,928
Wind Mill Expenses		1,034,229	215,291
	TOTAL	<u>62,373,645</u>	<u>42,459,006</u>
PAYMENT AND BENEFITS TO EMPLOYEES :			
Salary, Wages, Bonus & Other Benefits	13	21,091,903	18,910,706
Contribution to Provident fund & expenses		826,312	764,790
Group Gratuity Premium expenses		225,030	304,005
Staff welfare expenses (Food & Beverages)		708,087	575,143
	TOTAL	<u>22,851,332</u>	<u>20,554,644</u>
ADMINISTRATIVE & OTHER EXPENSES	14		
Insurance		337,601	442,655
Printing and stationery		383,764	257,881
Postage and telephone		898,074	788,460
Electrical expenses		329,834	246,980
Travelling and conveyance		1,447,003	1,436,136
Directors' remuneration		3,918,720	3,018,720
Directors' sitting fees		7,000	7,000
Legal and professional charges		1,399,224	2,100,217
Audit fees		250,000	200,240
Sundry expenses		447,501	372,585
Computer expenses		508,265	285,578
Donation		191,310	71,361
Repairs & Maintenance to Furniture & Office Equipment		89,162	121,206
	TOTAL	<u>10,207,459</u>	<u>9,349,019</u>

	SCH.	Current Year Rs.	Previous Year Rs.
SELLING & DISTRIBUTION EXPENSES :	15		
Brokerage		3,270,953	3,483,660
Advertisement and sales promotion		322,376	235,584
Freight and octroi (Net)		-	1,308,108
Vehicle repairs expenses		134,379	111,534
Bad Debts		-	98,951
	TOTAL	<u>3,727,708</u>	<u>5,237,837</u>
FINANCIAL CHARGES :	16		
Term Loan Interest		7,960,873	7,732,775
Interest to others		408,267	1,013,224
Interest on Working Capital		15,080,765	9,157,314
Bank charges		957,478	1,331,194
Bill Discounting Charges		3,681,306	2,781,485
Loss/(Gain) on Foreign Exchange		3,663,552	(1,093,865)
	TOTAL	<u>31,752,242</u>	<u>20,922,127</u>

NOTES FORMING PART OF ACCOUNTS SCHEDULE “17”**(1) Significant Accounting Policies:****(a) Basis of preparation of financial statements :**

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting, and in accordance with the provisions of the Companies Act, 1956 and comply with the Accounting Standards referred to in section 211(3C) of the Companies Act, 1956.

(b) Fixed Assets :

Fixed Assets (except land) are carried at cost of acquisition (net of Cenvat) less accumulated depreciation. All cost including financing cost till commencement of commercial production is capitalized. Subsequent expenditure incurred on assets put to use is capitalized only where it increases future benefits/functioning capabilities from/of such assets.

No amount of impairment loss is provided in the accounts since recoverable amount is expected to be higher than the asset's net selling price or its value in use.

(c) Depreciation :

- i) Depreciation on the machineries is provided on Straight Line Method basis as stipulated in Schedule XIV to the Companies Act, 1956 while on the machineries of Karanj unit acquired on or after 01-04-2001 is provided on Written down value as stipulated under Schedule XIV to the Companies Act, 1956.
- ii) Depreciation on other assets is provided on straight line method as stipulated in Schedule XIV of the Companies Act, 1956.
- iii) Assets individually costing less than Rs.5,000/- are fully depreciated in the year of acquisition.
- iv) Since revaluation is carried out for Karanj unit, depreciation on revalued portion of fixed assets is calculated on written down value method over balance useful life of assets are transferred from Revaluation Reserve to the Profit and Loss Account.

(d) Investments :

Investments are stated at Cost of acquisition.

(e) Inventories :

Raw Material and Finished Goods are valued at lower of cost and net realisable value except stores, chemicals, fuel and packing material, which are valued at cost.

(f) Revenue recognition :

Revenue is recognised on its accrual, sales is accounted when goods are supplied and recorded net of trade discount and rebates but including excise duty and Value Added Tax. Late payment charges / discounts are recognized on the ground of prudence as and when recovered.

(g) Retirement Benefits :

1. **Short term Employee Benefits :** All employee benefits falling due within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, bonus, Leave Salary, ex-gratia are recognized in the period in which employee renders the related services.

2. **Post Employment Plans :**

- a) The Company's contribution to the recognized Provident fund, paid/payable during the year, is debited to the Profit & Loss Account
- b) The Company makes annual contributions for gratuities to funds administered by trustees and managed by insurance company for amounts notified by the said insurance company. The present value of obligation under such defined benefit plan is determined based on actuarial valuation carried out by an independent actuary.

(h) Borrowing Cost :

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

(i) Segment Accounting :

The company has identified only one segment Viz **TEXTILES**, and commission income credited is also identify to be relating to textile segment exclusively.

(j) Foreign Currency Transactions :

The reporting currency of the company is Indian rupees.

Transactions in foreign currencies are recognized at the prevailing exchange rates on the transaction dates. Realized gain and losses on settlement of foreign currency transactions are recognized in the Profit and Loss Account under revenue heads of accounts. Foreign currency assets and liabilities at the year end are translated at the year end exchange rates, and the resultant exchange difference is recognized in the Profit and Loss Account, except those relating to acquisition of fixed assets, which are adjusted in the cost of the fixed assets as per the classification.

(k) Deferred Taxation :

In accordance with the Accounting Standard 22, Accounting for Taxes on Income, issued by the Institute of Chartered Accountants of India ('ICAI'), the Company has provided for deferred tax at 31 March, 2009. Deferred tax resulting from timing differences between book and tax profits is accounted for, at the current rate of tax, to the extent that the timing differences are expected to crystallise.

Deferred tax arising on account of unabsorbed depreciation and other provisions are recognized only when there is a virtual certainty supported by convincing evidence that such assets will be realised.

(2) Contingent Liabilities :	Current Year	(Rs. in Lacs)	
		Pre.Year	
a. Counter guaranties given to banks	3.75	3.75	
b. Guarantee given to Bank of Baroda on behalf of Shahlon Industrial Infrastructure Pvt. Ltd. (given on 10.05.2006)	138.30	173.60	
c. Bank Guarantee provided to DGFT to secure texturising machine under EPCG Scheme	5.73	5.73	
d. Factoring Debtors Global Trade Finance Ltd.	Nil	107.66	
(3) Payment to Auditors			
a. As Auditors: (Including Tax audit fees)	2.50	2.00	
b. As Advisor or in any other Capacity in respect of :			
i. Company law matter	0.31	----	
ii. Taxation matter	----	0.25	
iii. Management services	----	----	
iv. In any other manner	0.00	0.18	

(4) Additional Informations :

Pursuant to provisions of paragraphs 3, 4C, 4D in Part II of Schedule VI to the Companies Act, 1956, the information pertaining to capacity, goods manufactured turnover, stock and raw materials consumed.

	(Rs. in Lacs)	
	2008-2009	2007-2008
Licensed Capacity	Not applicable	Not applicable
Installed Capacity *		
(1) Yarn	6280 MTPA	6280 MTPA
(2) Fabrics (In Lacs)	63.35 Meters	63.35 Meters

* As certified by one of the directors, being a technical matter.

* Quantity Yarn - Kgs in MTPA Fabrics - Meters in Lacs	2008-2009		2007-2008	
	*Quantity	Rupees (in Lacs)	*Quantity	Rupees (in Lacs)
i) Opening Stock				
Yarn	67.71	59.99	61.95	59.92
Fabrics	3.54	50.92	6.25	107.82
ii) Closing Stock				
Yarn	77.82	65.00	67.71	59.99
Fabrics	1.46	86.19	3.54	50.92
iii) Production				
Yarn	4370.88	-	3336.26	-
Fabrics	52.58		44.55	
iv) Trading Purchase				
Yarn	1390.89	1272.01	2772.86	2301.17
Fabrics	0.18	2.45	2.27	51.62
v) Turnover				
Yarn	5753.50	5699.32	6103.34	5813.32
Fabrics	54.75	989.89	49.52	1011.02
Raw Material Yarn	807.21	608.02	344.66	304.01
vi) Raw Material Consumed*	5530.47	4268.79	4182.78	3312.35
*Includes Raw Material sales				
vii) a) Value of raw material consumed*				
Imported	0.18%	7.54	0.00%	Nil
Indigenous	99.82%	4261.25	100.00%	3312.25
Total	100.00%	4268.79	100.00%	3312.25
b) Consumable stores				
Imported	1.51%	0.40	5.50%	2.11
Indigenous	98.49%	25.99	94.50%	36.28
Total	100.00%	26.93	100.00%	38.39
* Includes Raw Material sales				
viii) Value of imports on CIF basis				
Raw Material		7.54		Nil
Capital Goods	-	7.39	-	53.09
Consumable Spares		0.40		Nil

ix) Earning in foreign exchange F.O.B. values of exports Rs. Nil (Pre.Year Rs. 9.55 Lacs)

x) Expenditure in foreign currency (on payment basis)

	(Rs. in Lacs)	
	2008-2009	2007-2008
i Raw Material	7.54	Nil
ii Capital Goods	7.39	38.79
iii Consumable Spares	0.40	14.30
iv Foreign Traveling	1.67	3.16

(5) Remittances by the company in foreign currencies for dividends : (including amount credited to Non Resident External Accounts) :

	31-03-2008	31-03-2007
Dividend for the year ended		
No. of Non-resident shareholders	6	6
No. of Equity Shares of face value of Rs.10 each held	124700	124700
Amount of Dividend Rs. (In Lacs)	1.56	1.56

- (6) Secured loans include loans of Rs. 269.31 Lacs (Pre. Year Rs. 303.12 Lacs) repayable / redeemable within one year.
- (7) Disclosure required as per AS-18 issued by ICAI in respect of related party is as under :-
 (A) Related parties where common control exist and transactions entered into:

Name of the Related Party	Nature of Relationship	Nature of Transaction	Amount	Balance as on 31/3/09
Shahlon Industries Pvt. Ltd	Associate Company	Sales	17,28,397	NIL
		Interest (Income)	2,08,624	
		Job Income	14,38,884	
		Commission Paid	3,72,500	
		Yarn Purchases	4,50,951	
		Water charges paid	17,68,917	
		Chemical Purchase	3,03,456	
		Job Charges	10,59,468	
Shahlon Silk Mills Pvt. Ltd.	Associate Company	Sales (Yarn)	13,25,059	NIL
		Interest	73,431	
		Job Income	9,25,285	
		Commission Paid	7,47,343	
		Purchase	6,23,615	
		Job Charges	1,21,773	
Fairdeal Textile Park Pvt.Ltd.	Associate Company		Nil	19,08,031
Shahlon Ind. Infrastructure Pvt. Ltd.	Associate Company	Power (Expenses)	1,71,03,557	NIL
Shri D.R Shah (Key Management Personnel)	Key Managerial Personal	Remuneration	19,59,360	NIL
Shri A.R.Shah (Key Management Personnel)	Key Managerial Personal	Remuneration	19,59,360	NIL

- (8) Debtors of Rs. 1009.78 Lacs (Pre.year Rs. 928.20 Lacs) does not include due from other concern in which Directors are interested, either in this year or previous year.
- (9) There are no sundry creditors due to Small Scale Industrial Undertaking to whom the company owes a sum, and is outstanding for more than 30 days.
- (10) Part-IV of Schedule VI to the Companies Act, 1956 as per Annexure 'A'.
- (11) There is no diluted equity share of the company hence Earning Per Share (EPS) is as per Part IV.
- (12) Confirmations to the extent received from debtors have been reconciled.
- (13) Previous year's figures have been regrouped / recast wherever considered necessary.

Signature to Schedules "1" to "17"

As per our report of even date.

For, NATVARLAL VEPARI & CO.
 CHARTERED ACCOUNTANTS

Ravindra Vepari
 Partner

Hitesh K. Garmora
 Company Secretary

For and on behalf of the Board,

D. R. Shah
 Managing Director

A. R. Shah
 Whole-time Director

SURAT, Date : 29.06.2009

SURAT, Date : 29.06.2009

BALANCE SHEET ABSTRACT AND GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS :

 Registration No. State Code:

 Balance sheet date:-
II. CAPITAL RAISED DURING THE YEAR (Rs. in 00000's)

Public Issue	Right Issue
<input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>	<input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>

Bonus Issue	Private Placement
<input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>	<input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS: (Rs. in 00000's)

Total Liabilities	Total Assets
<input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="."/> <input type="text" value="2"/> <input type="text" value="7"/>	<input type="text" value="3"/> <input type="text" value="8"/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="."/> <input type="text" value="2"/> <input type="text" value="7"/>

Sources of Funds:

Paid-up Capital	Reserve & Surplus
<input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="."/> <input type="text" value="0"/> <input type="text" value="0"/>	<input type="text" value=""/> <input type="text" value="8"/> <input type="text" value="6"/> <input type="text" value="4"/> <input type="text" value="."/> <input type="text" value="4"/> <input type="text" value="9"/>

Secured Loans	Unsecured Loans
<input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="7"/> <input type="text" value="."/> <input type="text" value="8"/> <input type="text" value="6"/>	<input type="text" value=""/> <input type="text" value="6"/> <input type="text" value="3"/> <input type="text" value="1"/> <input type="text" value="."/> <input type="text" value="4"/> <input type="text" value="4"/>

 Deferred Tax liability(Net)

Application of Funds:

Net Fixed Assets	Investment
<input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="."/> <input type="text" value="3"/> <input type="text" value="2"/>	<input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="4"/> <input type="text" value="."/> <input type="text" value="3"/> <input type="text" value="9"/>

Net Current Assets	Misc. Expenditure
<input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="."/> <input type="text" value="5"/> <input type="text" value="6"/>	<input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>

 Accumulated Losses

IV. PERFORMANCE OF COMPANY :
(Rs. in 00000's)

Turnover	Total Expenditure
<input type="text" value="7"/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="3"/> <input type="text" value="."/> <input type="text" value="1"/> <input type="text" value="0"/>	<input type="text" value="7"/> <input type="text" value="0"/> <input type="text" value="6"/> <input type="text" value="6"/> <input type="text" value="."/> <input type="text" value="5"/> <input type="text" value="5"/>

Profit/Loss before Tax	Profit/Loss after Tax
+ <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="."/> <input type="text" value="5"/> <input type="text" value="4"/>	+ <input type="text" value=""/> <input type="text" value="9"/> <input type="text" value="5"/> <input type="text" value="."/> <input type="text" value="8"/> <input type="text" value="2"/>

(Please tick Appropriate box + for Profit - for Loss)

Earning per Share in Rs.	Dividend rate %
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="."/> <input type="text" value="5"/> <input type="text" value="9"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="."/> <input type="text" value="5"/> <input type="text" value="0"/>

GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY:

(as per monetary terms)

Item Code No.:(ITC Code)	<input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="0"/>
Product Description:	Z E R O T W I S T S I Z E D Y A R N

Item Code No.:(ITC Code)	<input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="3"/> <input type="text" value="3"/> <input type="text" value="0"/> <input type="text" value="0"/>
Product Description:	D R A W T E X T U R I S E D Y A R N

Item Code No.:(ITC Code)	<input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="0"/> <input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="0"/>
Product Description:	T W O F O R O N E T W I S T E D Y A R N

Item Code No.:(ITC Code)	<input type="text" value="2"/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="2"/>
Product Description:	G R E Y F A B R I C S

For, NATVARLAL VEPARI & CO.
 CHARTERED ACCOUNTANTS

For and on behalf of the Board,

Ravindra Vepari
 Partner

Hitesh K. Garmora
 Company Secretary

D. R. Shah
 Managing Director

A. R. Shah
 Whole-time Director

SURAT, Date : 29.06.2009

SURAT, Date : 29.06.2009

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31st MARCH, 2009

	2008-2009 Rs.	2007-2008 Rs.
(A) Cash Flow from Operating Activities:		
Net profit before tax and Extraordinary items:	11,654,275	9,741,318
<u>Adjusted for:</u>		
Depreciation	25,242,988	22,191,976
Interest paid	31,752,242	22,015,992
Extra ordinary item ((profit)/loss on sale of assets)	202,043	615,693
Operating profit before Working Capital Changes	68,851,548	54,564,979
<u>Adjusted for:</u>		
Trade and other receivables	(18,661,287)	(17,815,094)
Inventories	2,540,448	(7,852,137)
Trade payables and provisions	(12,722,961)	4,386,174
Cash Generated From Operations	40,007,748	33,283,922
Interest paid on operations	(23,791,368)	(14,283,217)
Cash flow before Extraordinary items	16,216,380	19,000,705
Extra Ordinary & Prior period items	-	
Tax	(1,507,000)	1,204,000
Net Cash from Operating Activities	14,709,380	17,796,705
(B) Cash Flow from Investing Activities:		
Purchase of Fixed Assets (including Capital WIP and related advances)	(24,054,937)	51,648,131
Sales of Fixed Assets	113,807	189,916
Purchase/(Sale) of investments	(7,769,000)	130,000
Net Cash used in Investing Activities	(31,710,130)	51,328,215
(C) Cash Flow from Financing Activities:		
Repayment of Finance/Lease/Loan (Net)	11,826,190	46,903,599
Short term Loan	20,935,000	998,510
Interest paid on Term Loan	(7,960,873)	7,732,775
Dividend paid	(5,352,580)	5,352,580
Net Cash used in Financial Activities	19,447,737	32,819,734
NET INCREASE IN CASH & CASH EQUIVALENTS(A)+(B)+(C)	2,446,987	(711,776)
Opening Cash and Cash Equivalents	2,555,511	3,267,287
Closing Cash and Cash Equivalents	5,002,498	2,555,511

AUDITORS' REPORT :

WE have audited the above Cash Flow Statement of FAIRDEAL FILAMENTS LTD. derived from audited financial statements and the books and records maintained by the Company for the year ended 31st MARCH, 2009 and found the same in agreement therewith.

For, NATVARLAL VEPARI & CO.
CHARTERED ACCOUNTANTS

For and on behalf of the Board,

Ravindra Vepari
Partner

Hitesh K. Garmora
Company Secretary

D. R. Shah
Managing Director

A. R. Shah
Whole-time Director

SURAT, Date : 29.06.2009

SURAT, Date : 29.06.2009