

17th
ANNUAL REPORT
2009-2010



GOLDWON TEXTILES LIMITED

BOARD OF DIRECTORS

Sri. S.S.R. KISHEN	Chairman & Managing Director
Sri. S. RAHMATULLAH	Director
Sri. AMAR SINGH RATHOD	Director

REGISTERED OFFICE

4th Floor, H.No. 6-2-966/5/1,
Hill Colony, Khairatabad,
Hyderabad 500 004

FACTORY

Survey No. 248, Poppalguda (V),
Rajender Nagar (Mandal)
R.R. District, Andhra Pradesh.

AUDITORS

C. Ramachandram & Co.,
Chartered Accountants,
606, Lingapur La Bulde Complex
3-6-237, Himayat Nagar
Hyderabad - 500 029.

BANKERS

State Bank of Hyderabad,
Overseas Branch,
Somajiguda, Hyderabad.

Bank of Baroda,
Chanchelguda Branch,
Hyderabad.

NOTICE

NOTICE is hereby given that the Seventeenth Annual General meeting of the members of GOLDWON TEXTILES LIMITED will be held on Thursday, the 30th September 2010 at 11.30 a.m. at Reg. Office 4th Floor, 6-2-966/5/1, Hill Colony, Khairatabad, Hyderabad 500 004 A.P to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31.03.2010 and the Profit and Loss Account for the year ended on that date along with Directors and Auditors reports thereon.
2. To appoint a director in place of Sri. Amar Singh Rathod who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors and fix their remuneration M/s C. Ramachandram & Co., Chartered Accountants, Himayat Nagar Hyderabad, the Auditors of the Company retire at this meeting and are eligible for re-appointment.

By Order of the Board

SSR Kishen
Chairman & Managing Director

Place: Hyderabad

Date: 17.8.2010

Note:

- (a) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on his behalf, and the proxy need not be a member.
- (b) The proxy form should be deposited at the Registered Office of the Company at least 48 hours before the meeting.
- (c) The Register of Members and Share transfer books will remain closed from 28th September 2010 to 30th September 2010 (both days inclusive)

DIRECTORS REPORT

Dear Members,

The Directors are pleased to present the 17th Annual Report together with the audited Balance Sheet, Profit and Loss Account and Auditors' Report for the year ended 31st March 2010.

FINANCIAL RESULTS

	Rs. In Lakhs	
	2009-10	2008-09
Other Income	NIL	NIL
(Interest on Term Loan Written back)		
Total Expenditure	0.25	0.32
Gross Profit before interest		
And depreciation	(0.25)	(0.32)
Depreciation	NIL	NIL
Net Loss	(0.25)	(0.32)

Financial Review

As there was no new business done during the year, there was no income from the operations.

Operations Review

As you are aware that the unit has been established for the production of Knitted Socks with an annual installed capacity of 5.00 lakh Decca pairs per annum with a product mix including Comfort, Travel, Support, Running, Jogging, walking or simply trotting to meet the needs of people with lifestyle-related afflictions. The Knitted Socks Products are manufactured with Korean State-of-Art Technology to meet the worldwide requirement. The Machinery employed is imported from renowned Manufacturers of Korea. The net-worth was eroded and consequently it was declared a sick industrial company by the Hon'ble Board for Industrial and Financial Reconstruction (for short 'BIFR') u/s 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985 on 20.02.2001 in Reference Case No222/2000. In the said proceedings, SBH was originally appointed as the Operating Agency (OA) u/s 17(3) of SICA. However, the Hon'ble Board after having satisfied that the OA had acted with a biased attitude appointed BOB on 4.3.2003 as the OA u/s.17 (3) of the Act to review and formulate the revised DRS of the Company. The unit is not operational since May 2002 for want of Working Capital support.

Revival Efforts

During the year under review, succeeded in identifying a potential Investor for infusion of funds to revive the unit with buy back arrangement of the entire production. The Company is having two Secured creditors being Bank of Baroda and State Bank of Hyderabad. On the confirmation of Assignment of Debit by SBH in favour of ASREC (India) Ltd (ASREC), the Company had reached an OTS with Deutsche Bank being the Attorney holder of ASREC (India) Ltd on 02.03.2007 for full & final settlement of dues. The Company had also reached a compromised OTS with Bank of Baroda on 03.09.2007 towards full & final settlement of dues. Thereafter, the State Bank of Hyderabad had confirmed to the Hon'ble BIFR in the hearing held on 02.09.2008 that the security is still with them. While that being so, the Company to show its seriousness had arranged down payment of Rs.30 Lakhs on 09.06.2008 to BOB and was unable to pay the OTS amount to Deutsche Bank as the issue of charged documents between SBH and Deutsche Bank /ARSEC (India) Ltd could not be sorted which was one of the pre-conditions for the strategic investor to invest into the company. The Company had submitted a Comprehensive Revival Scheme on 12.06.2008 to the Hon'ble BIFR and BOB for approval considering OTS reached with both the Secured

Creditors and keeping in view of the cost for recondition, imported spares and need based working capital with the infusion of funds since tied-up with a Strategic Investor to revive the unit. In the mean time Bank of Baroda had made a Portfolio Sale to IARC. The investors as they are keen to revive the unit and have called on both IARC and ASREC along with the MD of the Company on 22.04.2010 and requested to sort out the issues related to the Charged Documents. They were appraised on the present political agitated situation on Telengana and no new investment is taking place in this sector as no body is willing to lock-up funds and wait for protracted legal battle as permission by the BIFR was made available to the secured creditors to pursue its recovery suits. This being considered favorably and with Hon'ble AAIFR and stayed the impugned order of BIFR your Directors are fully confident to resolve the pending issues and shortly revive the operations. Pending finalization of issue of charged documents no interest was provided on principal outstanding loans for the year under review.

Future Prospects

In our revival efforts new three distinct market niches - (1) Outdoor wear; (2) Dress & Casual wear (3) Health wear have been identified where the Company will be able to serve the ever growing diabetes and other patients. In fact, the Hosiery Knitwear Sector is zooming with the new EXIM Policy and increase in demand from US markets. The Vision Statement has projected an increase in the size of the industry from USD 36 billion in 2002 to USD 85 billion by 2010 and that exports will reach a level of at least USD 40 billion by 2010. The increases in exports and the size of the industry are projected to boost employment opportunities in the industry and provide 12 million additional jobs. In view of this the Company is confident of serving new markets with higher profitability on its revival

Public Deposits:

Your Company has not accepted deposits from the public during the year under review and there are no outstanding deposits as on 31st March 2010.

Personnel:

There are no employees drawing remuneration as provided in section 217 (2A) of the Companies Act, 1956 whose particulars forming part of this report is to be annexed.

Directors:

Sri. Amar Singh Rathod who retires by rotation at the ensuing Annual general Meeting and being eligible, offer himself for re-appointment

Auditors

M/s C. Ramachandram & Co., Chartered Accountants retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

Audit Committee

The Audit committee consists of two independent Directors viz., Sri. S. RAHMATULLA and Sri. AMAR SINGH RATHOD and Sri. S.S.R. Kishen. The Audit committee met four times during the year and recommended the accounts for approval by the Board.

Directors' Responsibility Statement:

Pursuant to the requirement under section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility statement, it is hereby confirmed:

- 1) That in the preparation of the accounts for the financial year ended 31st March, 2010 the applicable accounting standards have been followed along with proper explanation relating to material departure;
- 2) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the company for the year under review.
- 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 Directors have prepared the accounts for the financial year ended 31st March 2010 on a going concern basis.

Listing

The shares of the company are listed on Hyderabad, Madras and Bombay Stock Exchanges. The Listing fee to Bombay Stock Exchange from 2001-02, the Hyderabad Exchange from 2000-01 and Madras Stock Exchange from 1997-98 is outstanding.

Conservation of Energy, Technology Absorption, Foreign Exchange:

Particulars required to be disclosed under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 are annexed hereto.

Corporate Governance:

The report on Corporate Governance is enclosed as an Annexure to this report.

Acknowledgements:

Your Directors wish to place on record their appreciation for the valuable support and cooperation extended by State Bank of Hyderabad, Bank of Baroda and other Central and State Government Agencies. Your directors also wish to place on record their sincere appreciation to the shareholders for their continued confidence, patronage and support to the management of the Company.

For and on behalf of the board

HYDERABAD
Date: 17th Aug 10

S.S.R.KISHEN
Chairman and Managing Director

ANNEXURE TO THE DIRECTOR'S REPORT

Particulars required under the companies (Disclosure of particulars in the report of Board of Directors) Rules 1988.

Since there was no activity in the unit during the year under review there are no particulars under this item.

REPORT ON CORPORATE GOVERNANCE (Pursuant to clause 49 of Listing Agreement)

1. Company Philosophy

Company's Philosophy on Corporate Governance is to attain fairness, transparency, accountability, commitment and quality in all its relationships with shareholders customers, Government, lenders and Public at large. The Company will strive to improve these qualities as a continuous process.

2. Composition of Board of Directors.

There are 3 directors on the Board of your Company of which 1 is an Executive Director and 2 are non-executive Directors. One Executive Director, who is also the Chairman of the board, is a promoter Director while the two non-executive directors are independent directors as detailed hereunder:

- | | | |
|----------------------------|---|------------------------|
| 1. Executive Director | | |
| Promoters | : | Sri. S.S.R. Kishen |
| | | |
| 2. Non Executive Directors | | |
| Independent | : | Sri. S. Rahmatullah |
| Independent | : | Sri. Amar Singh Rathod |

Attendance of each Director in Board Meetings and Last AGM

	Board Meetings Held	Meetings Attended	Attendance in last AGM
Sri. S.S.R. Kishen	5	5	Yes
Sri. S. Rahmatullah	5	5	Yes
Sri. Amar Singh Rathod		5	Yes

During the year under review, five Board meetings were held on 30.04.2009, 17.08.2009, 27.10.2009, 28.01.2010, 30.4.2010,

Number of other Directorships and Board Committees in which he is a member or Chairman

Name of Director	No. of other Memberships of Boards		No. of other Memberships of Committees	
	As Chairman	As Member	As Chairman	As Member
Sri. S.S.R. Kishen	1	1	0	2
Sri. S. Rahmatullah	0	0	1	2
Sri. Amar Singh Rathod	0	0	1	2

3. Audit Committee

The Audit Committee was constituted with Sri. S.S.R. Kishen, Sri. Amar Singh Rathod and Sri. S. Rahmatullah as members. It met for 3 times and un-audited results declared were NIL as the company is under BIFR and there were no activities and has approved the annual accounts of the year ended 31st March, 2010.

4. SHARE HOLDERS / INVESTORS GRIEVANCE COMMITTEE

The Committee originally constituted with Sri. S.S.R. Kishen as Chairman and Sri. S. Rahmatullah as a member is reconstituted with Sri. S.S.R. Kishen as Chairman and Sri. Amar Singh Rathod as member. The committee has received complaints from the shareholders during financial year under review and the same were replied to their satisfaction. There are no complaints pending as on 31.03.2010.

5. REMUNERATION OF DIRECTORS

No remuneration was paid to Executive or Non-executive Directors.

6. ANNUAL GENERAL MEETINGS

Details of the past three AGMs held are given below:

Financial year (ended)	Date	Time	Venue
31-Mar-09	29-Sep-09	11.30 A.M.	4 th Floor, H No.6-2-966/5/1, Hill Colony, Khairatabad, Hyderabad. – 500 004. Hyderabad-16.
31-Mar-08	29-Sep-08	11.30 A.M.	4 th Floor, H No.6-2-966/5/1, Hill Colony, Khairatabad, Hyderabad. – 500 004. Hyderabad-16.
31-Mar-07	29-Sep-07	11.30 A.M.	Regd. Off. At H.No.7-1-28/1/A1, Plot No.1, II floor, Park Avenue Ameerpet, Hyderabad-16.