

**PRIME TEXTILES LIMITED
ANNUAL REPORT
2007-2008**

BOARD OF DIRECTORS

MADANLAL PATODIA
Chairman

PURUSHOTTAM PATODIA
Vice Chairman & Managing Director

MINNU THOMAS (Nominee of IDBI)

N.K. BAFNA

BANWARILAL SINGHAL

VIJAY KUMAR BHANDARI
(from 30.06.2008)

MANOJJKUMAR PATODIA, Managing Director

ANUJJ K. PATODIA, Executive Director

B.K.SRINIVASA RAGAVAN, Director (Finance
And Admin)

SECRETARY

S.RENGASAMY

AUDITORS

M.S.JAGANNATHAN & VISVANATHAN
Chartered Accountants, Coimbatore

LEGAL ADVISORS

RAMANI & SHANKAR
Advocates, Coimbatore

BANKERS

CENTRAL BANK OF INDIA
BANK OF INDIA
CANARA BANK

REGISTERED OFFICE

110, Avinashi Road
Gandhinagar Post
Tirupur-641603 (India)

PRIME TEXTILES LIMITED.

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Prime Textiles Limited

(A Government Recognised Export House)
Regd. Office: 110 (Old 603) Avinashi Road, Gandhinagar P.O.
TIRUPUR-641 603

NOTICE

NOTICE is hereby given that the **SEVENTY FIRST** Annual General Meeting of the Members of **PRIME TEXTILES LIMITED** will be held at the Registered Office of the company at 110 Avinashi Road, TIRUPUR-641 603, Tamilnadu on Saturday, the 23rd August 2008 at 4.00 p.m. to transact the following business:

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2008 and the Profit and Loss Account for the year ending 31st March 2008, together with the Reports of the Directors and the Auditors' Report thereon
2. To declare Dividend on Equity Shares and Preference Shares.
3. To appoint a Director in place of Mr. Madan Lal Patodia who retires by rotation and being eligible, offers himself for reappointment
4. To appoint Auditors and fix their remuneration

AS SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modifications the following resolution as an Ordinary Resolution:

"RESOLVED that Mr. Vijay Kumar Bhandari, who was appointed as a Director in a casual vacancy in terms of Section 262 of the Companies Act, 1956 and holds such office until this Annual General Meeting, be and is hereby appointed as a Director of the company liable to retire by rotation".

6. To consider and if thought fit to pass with or without modification the following resolution as an **Ordinary Resolution:**

"RESOLVED that the consent of the company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgage and/or charging by the Board/Committee of Directors, of all the immovable properties and movable fixed assets of the company, excluding assets on which exclusive charge was given and hypothecation of all movable properties of the company subject to prior charges in favour of Bankers for Working Capital whatsoever situate, present and future and of conferring power to enter upon and to take possession of assets of the Company in certain events,

to or in favour of Central Bank of India (CBI) under consortium arrangements with Bank of India and Canara Bank.

To secure on pari passu second charge basis

- i) Revised Working capital facilities aggregating to Rs. 5,775.00 lacs for 2007-08 both fund based and non-fund based facilities sanctioned by Central Bank of India under the consortium arrangements with Bank of India and Canara Bank and the limits are shared among the consortium banks Rs.3,590.00 lacs Central Bank of India, Rs. 1,105.00 Lacs Bank of India and Rs.1,080.00 Lacs Canara Bank
- ii) Together with interest thereon at the respective agreed rates, compound interest, additional interest, liquidated damages, premia or prepayment or on redemption, charges, expenses and other moneys including any increase as a result of devaluation\ revaluation \ fluctuation in the rates of exchange of foreign currencies involved, payable by the company to the consortium banks.

RESOLVED further that the Board\Committee of Directors of the Company be and is hereby authorized to do all such acts and things as may be necessary for giving effect to the above resolution.

AND FURTHER RESOLVED that the mortgage\charge created\to be created\or agreements\documents\executed\to be executed and all acts done in terms of the above resolution by and with authority of the Board of Directors be and are hereby confirmed and ratified”.

7. To consider and if thought fit to pass with or without modification the following resolution as an **Ordinary Resolution**:

“RESOLVED that pursuant to the provisions of Section 293(1)(a) and other applicable provisions of the Companies Act, 1956 and Section 192A read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 and subject further to approvals, consents, permissions and sanctions as may be necessary from Statutory Authorities and /or from the subsisting charge holder Banks/ Institutions and subject to such terms and conditions as may be , stipulated by any of them, which the Board of Directors may think fit to accept, consent of the company be and is hereby accorded to the Board of Directors of the company (which shall include any Committee of the Board to which requisite power may be delegated by the Board) to sell, lease or otherwise dispose of the whole or substantially the whole of the undertakings of the Company in whole or in part or any of their assets and for the said purposes, to deal with, negotiate, enter into or execute any transaction or document, deed or writing for sale, lease or other disposal including restructuring of business, collaboration agreements, agreement for development of land, assignment of development rights, conveyance or undivided or divided ownership rights in land, hive off, joint venture, transfer to subsidiary or special purpose entity or otherwise as the Board deems appropriate and on terms as to consideration and otherwise and conditions beneficial to the Company”.

8. To consider and if thought fit to pass with or without modification the following resolution as a **Special Resolution**:

"Resolved that in accordance with the provisions of Sections 198,269 and 309 read with Schedule XIII and all applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof, for the time being in force) the consent of the company be and is hereby accorded to the appointment of Mr. B.K. Srinivasa Ragavan, as Director (Finance and Admin) of the company for a period of THREE years with effect from 27th July 2007, on the terms and conditions (including the remuneration to be paid in the event of loss of or inadequacy of profits in any financial year during the aforesaid period) including remuneration as are set out in the agreement to be entered into between the company and Mr. B.K. Srinivasa Ragavan, a draft whereof is placed before this meeting and is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act,1956 including any statutory modifications or re-enactments thereof, for the time being in force or any amendments and/or modifications that may hereafter be made thereto by the Central Government or as may be agreed between the Board of Directors and Mr. B.K. Srinivasa Ragavan".

"Resolved further that in the event of any statutory amendment or modification or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956 the Board of Directors be and is hereby authorized to vary or increase the remuneration, including salary, perquisites, allowances etc. within such prescribed limit or ceiling and the aforesaid draft agreement between the company and Mr. B.K. Srinivasa Ragavan be suitably amended to give effect to such modification, relaxation or variation without any further reference to the company in General Meeting".

"Resolved further that the Board\ Remuneration Committee of Directors of the company be and is hereby authorized to do all acts, deeds, matters and things as may be considered necessary, desirable or expedient for giving effect to this resolution".

Resolved further that the action of the Board of Directors in their meeting held on 27th July 2007 appointing him as Director (Finance and Administration) be and is hereby ratified".

By Order of the Board

Place: Mumbai
Date: 30.06.2008

S.Rengasamy
Company Secretary

NOTES FOR THE MEMBERS' ATTENTION

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such 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.
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business to be transacted at the meeting is annexed hereto and forms part of the Notice.
3. The Register of Members and Share Transfer Books of the company will remain closed from 16th August 2008 to 23rd August 2008 (both days inclusive)
4. Dividend on equity shares as recommended by the Board of Directors for the year ended 31st March 2008 when declared at the Annual General Meeting will be paid to members whose name appear
 - i. As beneficial owner as per the list to be furnished by the depositories for this purpose at the end of business hours on 15th August 2008 in respect of the shares held in Demat form and
 - ii. As members on the Register of Members of the company as on 23rd August 2008 after giving effect to all valid share transfers in physical form, which would be received by the company on or before 16th August 2008.
5. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed/unpaid dividends upto the Financial Year ended 30th June 2000 which were remaining unpaid or unclaimed for a period of seven years have been transferred by the Company to the Investors Education and Protection Fund of the Central Government (the "Fund"). The dividends remaining unpaid or unclaimed for the Financial Year ended 31st March 2001 and thereafter shall similarly on expiry of the prescribed period of seven years also be transferred to the fund.

Shareholders, who have so far not encashed the dividend warrant(s) for the Financial Year ended 31st March 2001 or for any financial years subsequent thereto, are requested to immediately forward the same to the company for revalidation.

Also note that no claim shall lie against the said Fund or the company in respect of any amounts which were unclaimed and unpaid for a period of 7 (seven) years from the date that they first became due for payment and no payment shall be made in respect of any such claim.

6. Members are requested to notify change of address, if any, with Pin Code quoting reference to their folio number immediately to the Registrar.
7. Shareholders are requested to note the Company's Registrars and Share Transfer Agents for physical shares. M\s SKDC Consultants Limited (SKDC), No.11 Seth Narayandoss Layout, Street NO.1 (West Power House Road), Coimbatore-641 012. SKDC is also having a depository interface of the company with both NSDL and CDSL.

8. Re-appointment of Directors

At the ensuing Annual General Meeting Mr. Madan Lal Patodia retires by rotation and being eligible, offer for re-appointment. The information or details pertaining to this Director to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchanges are furnished in the statement on Corporate Governance published in this Annual Report.

Place: Mumbai

Date: 30th June 2008

By Order of the Board
(S.Rengasamy)

Company Secretary

EXPLANATORY STATEMENT UNDER SECTION 173(2) AND 192A(2) OF THE COMPANIES ACT, 1956

RESOLUTION AT ITEM NO.5

Mr. Vijay Kumar Bhandari was appointed by the Board of Directors in their meeting held on 30.06.2008 in the casual vacancy caused by the resignation of Mr.Chandulal D.Thakker as a Director liable to retire by rotation. As per the provisions of Section 262 of the Companies Act, 1956 and Article 92 of the Articles of Association of the company, he holds office until the ensuing Annual General Meeting. Notice u/s 257 of the Companies Act, 1956 has been received from a member signifying this intention to propose his candidature for the office of Director at the forthcoming Annual General Meeting. Mr.Vijay Kumar Bhandari is a Chartered Accountant and a senior banker with over 32 years of commercial and banking experience in India. He was the General Manager in Central Bank of India upto 2003. It is in the interest of the company that the Board should continue to avail valued experience and contributions of Mr.Vijay Kumar Bhandari and therefore, recommends this resolution for approval.

Except Mr.Vijay Kumar Bhandari, none of the other Directors of the company is interested in the resolution.

RESOLUTION AT ITEM NO.6

Central Bank of India has sanctioned the revised financial assistance for the working capital requirements of the company for the Financial Year 2007-08 to be shared under consortium arrangements with Bank of India and Canara Bank. As per the terms of sanction, mortgage on all the immovable properties and movable fixed assets of the company has to be extended on pari passu second charge basis.

Section 293(1)(a) of the Companies Act, 1956 requires that the Board of Directors of a Public Limited Company shall not without the consent of the shareholders in the General Meeting, sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company.

Since the mortgage and/or charge created to be created as aforesaid in favour of Bankers for working capital advances, may be regarded as disposal

of the company's properties, it is necessary for the members to pass a resolution u/s 293(1)(a) of the Companies Act, 1956.

None of the Directors is in any way concerned or interested in the Resolution.

Your Directors recommend this resolution for approval as an Ordinary Resolution.

RESOLUTION AT ITEM NO.7

With the continued stoppage of the operation of the Spinning unit at Tirupur, the Board of Directors have approved and announced of a plan for discontinuance with effect from 31st March 2008. In the larger interests of the stakeholders of the company and for pursuing with changed focus of the company, adequate cash resources need to be mustered. The cash resources are required to pay-off the outstanding liabilities of the term lenders for vacating subsisting charges held by them, and for stemming the working capital advances in proportion to the activities. Taking into account all these factors your Board of Directors have decided to dispose of the machineries of the discontinued spinning unit. The situation of the land being a premier locality it offers enormous scope for property development.

The challenges and opportunities presented by current realty industry both support and expedite for increased integration and interoperability as the drivers for change.

Your approval of the resolutions, the Board of Directors opine, sets the future course of action for reshaping the future business arena for the company for ensuring return of value to the stakeholders.

Pursuant to the provisions of Sections 293(1)(a) and 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules 2001, the subject dealt in the resolution requires the approval of the members by an Ordinary Resolution by way of Postal Ballot. Accordingly, the approval of the Members is being sought through Postal Ballot for passing the Ordinary Resolution as set out in the above notice.

The Board of Directors considers that it would be in the best interest of the company and recommend this resolution for your approval.

The Directors of the company are deemed to be concerned or interested in the resolution as set out in the Notice pursuant to Section 192A of the Companies Act, 1956 only to the extent of shares held by them in the company.

RESOLUTION AT ITEM NO.8

The Board of Directors in their meeting held on 27th July 2007 has appointed Mr. B.K. Srinivasa Ragavan, Chartered Accountant with 34 years of post-qualification experience as a Whole-time Director to be in charge of finance and administration. The Board considers the services of Mr. B.K. Srinivasa Ragavan as Director (Finance and Admin) of the company will benefit the growth trajectory of the company. Acting under Articles 113 of the Articles of Association of the company read with section 317(1) of the Companies Act, 1956, the Directors desire to appoint Mr.B.K.Srinivasa Ragavan as Director (Finance and Admin) for a period of three years commencing from 27.07.2007. The Remuneration Committee of Directors at their meeting held

on 27.07.2007 approved for appointment and remuneration of Mr. B.K. Srinivasa Ragavan as Director (Finance and Administration) for a period of three years. The draft agreement to be entered into by the company with Mr. B.K. Srinivasa Ragavan in respect of his appointment, *inter alia*, contains the following terms and conditions.

Name and Designation : Mr. B.K. Srinivasa Ragavan
Director (Finance and Administration)

Period : From 27.07.2007 to 26.07.2010

Salary : Rs.160,000 per mensem.

Commission: Commission will be allowed in addition to salary and perquisites, the amount of which, based on the Net Profits of the company in a particular year, shall be subject to the overall ceilings laid down in Section 198 and 309 of the Companies Act, 1956. The Board of Directors from time to time in its absolute discretion thereof will decide the amount of commission for each financial year or part.

Perquisites: Perquisites shall be allowed in addition to salary and shall be restricted to an amount equal to the annual salary.

PART A

1.Housing

a.If the company does not provide accommodation to the incumbent, he shall be entitled to House Rent Allowance equivalent to 10% of the salary.

b.If accommodation in the company owned house is provided to incumbent, a deduction of 10% shall be made from his salary.

2.Medical Reimbursement: Reimbursement of expenses incurred for self and family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.

3. Leave Travel Concession: Leave Travel Concession for self and family once in a year incurred in accordance with the rules of the company

4.Club Fees: Fees of clubs subject to a maximum of two clubs. No admission and Life Membership fees will be paid

5. Insurance: Life, health and Personal Accident Insurance shall not exceed Rs. 10,000 per annum

PART B

i) Contribution to Provident Fund and Super Annuation Fund will not be included in the computation of the ceiling on perquisites to the extent these, either singly or put together, are not taxable under the Incometax Act, 1961.

ii)Earned leave: On full pay and allowances as per the rules of the company but not exceeding one month's leave for every eleven months of service. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

PART C

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the company.

Minimum Remuneration

Notwithstanding anything to the contrary herein contained wherein any financial year during the currency of the tenure of the appointee, the Company has no profits or its profits are inadequate, the Company will pay remuneration as specified above as Minimum Remuneration.

The terms and conditions of appointment as set out in the draft agreement and remuneration herein may be altered and varied from time to time by the Board of Directors of the Company as it may, at its discretion deem fit, so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), or any amendments made thereto.

Either party may terminate the agreement by giving to the other party six months' notice.

The draft agreement to be entered into between the Company and Mr. B.K. Srinivasa Ragavan is available for inspection at the Registered Office of the Company on any working day during the working hours from the date of this Notice upto the date of the 71st Annual General Meeting.

The Directors recommend the resolution set out at item No.9 of the Notice for approval by the shareholders.

The above narration is treated as an abstract of the terms of contract\appointment between the Company and Mr. B.K. Srinivasa Ragavan in pursuance to Section 302 of the Companies Act, 1956, when executed.

None of the Directors is in any way concerned or interested in the Resolution.

Place: Mumbai

Date: 30.06. 2008

By Order of the Board
S.Rengasamy

Company Secretary

Details of Directors seeking appointment/re-appointment in the forthcoming Annual General Meeting:

Mr. Madan Lal Patodia

Date of Birth 20.09.1915

Date of appointment 14.05.1988

Expertise in specific functional areas: Wide experience and thoroughbred knowledge on all facts of textile management, operations and marketing. Acclaimed leader figure in the textile field of the country.

No. of shares held Nil

List of companies in which Directorship held with other companies

Public Companies	Private companies
GTN Textiles Limited GTN Industries Limited GTN Exports Limited Yarn Syndicate Limited YS Exports Limited	Madanlal Brijilal Private Limited M.B. Credit Private Limited M.D. Investments Private Limited
Partner in Firms	Other Positions
Patcot Company Perfect Cotton Company Standard Cotton Corporation	Madanlal Patodia Charitable Trust Calcutta Yarn Merchants Association

Mr. Vijay Kumar Bhandari

Date of Birth 20.09.1915

Date of appointment 14.10.1943

Expertise in specific functional areas: Vast experience over 32 years in the banking sector. He held various capacities in Central Bank of India and retired as General Manager on 31.10.2003.

No. of shares held Nil

List of companies in which Directorship held with other companies

Public Companies	Private companies
Hindustan Sanitaryware Inds.Ltd.,Kolkata Jayant Agro-Organics Ltd., Mumbai Khanna Paper Mills Ltd., Amritsar Capital Local Area Bank Ltd., Jalandhar GNA Enterprises Ltd., Goraya Shore to Shore Logistics India Ltd., Delhi	Nil
Partner in Firms	Other Positions
Nil	Nil

List of companies in which Chairman/member held with other companies

Name of the company	Particulars of committee	Chairman/ Member
Hindustan Sanitaryware & Industries Ltd.	Audit Committee Remuneration Committee Investors Grievance Committee	Chairman Member Member
Jayant Agro Organics Ltd.	Audit Committee	Member
Khanna Paper Mills Ltd.	Audit Committee	Chairman

Prime Textiles Limited

DIRECTORS' REPORT

To the Members

Your Directors are presenting their Seventy First Annual Report and the Audited Accounts for the year ended 31st March 2008.

FINANCIAL RESULTS AT A GLANCE

Year ended 31 st March	2008 Rs.lacs	2007 Rs.lacs
Turnover and other Income	<u>10,689</u>	<u>11,891</u>
EBIDTA	918	1,099
Interest	722	648
Depreciation	475	481
Amortization	114	110
Profit /(Loss) before taxes	(393)	(140)
Current Taxation	-	-
Deferred taxation	435	(57)
Fringe benefit tax	(16)	(25)
Minimum Alternate Tax Credit entitlement	8	-
Profit after tax	34	(222)
Surplus from previous year brought forward	18	86
Transfer from General Reserve	-	200
Amount available for appropriation	52	64
Appropriations:		
Proposed Dividends-		
On Equity Capital		27
On Preference Capital	8	12
Tax on Distributed Profits	1	7
Transfer to General Reserve	-	-
Surplus carried over to Balance Sheet	43	18
Total Appropriations	52	64

DIVIDEND

Your Directors are pleased to recommend a Dividend of 6% on 2,27,43,600 Equity Shares of Rs.2/- each absorbing Rs. 27.29 lacs and to recommend a Dividend @8% on 1,50,000 8% Preference Shares of Rs.100 each upto the date of redemption absorbing Rs7.89 lacs for the year ended 31 March 2008.

The above Dividends, if declared, will be paid to those Members whose names appear in the Register of Members on the date of the ensuing Annual General Meeting. You may please note the fact that the Dividend recommended above is free of tax in the hands of the shareholders. The tax on distributed profits, payable by the Company would amount to Rs. 5.98 lacs.

REVIEW OF OPERATIONS

Your company has two reportable segments – the Realty Division and the Textile Division.

The Realty Division

Favorable socio-economic changes are driving the demand for premium housing in the country, while organized retail and IT/ITeS are emerging as major growth drivers in the commercial and real estate sector. The sector is brought to international spotlight with the entry of FDI following regulatory changes made in recent years.

In a short span of three years your company has evolved into becoming a premier developer. By partnering with premier, best-in-class international real estate companies and FDIs, it now stands at the threshold of spanning all market segments – from residential and recreational developments to commercial, hospitality industry and office spaces. The company which has redefined quality norms in Tirupur, shortly launches villas and apartments built in condominium style, the township will be self-contained, providing its residents world-class facilities – both basic and recreational.

The flag ship activity in the Realty Division “Prime Enclave” is offering luxury at affordable costs in 432 residential apartments (built-up area at about 581,000 sft). Phase-1 with 216 apartments is completed. The Phase-2 with 72 apartments is expected ready for occupation by end-August 2008. Phase-3 comprising of balance 152 apartments is expected to commence construction by October 2008. Despite escalation in all input costs, strong revenue growth and shareholder returns will be ensured when the different phases of constructions are completed.

Your company is a partner with other technocrats for constructing the Commercial Mall (built-up area at about 238,000 sft) on a prime land at Tirupur sold to an investor group. The construction has commenced and is expected to complete by July 2010.

The Realty Division has emerged as core business of the company. The Division has set its goals for reaping opportunities for profitable growth and increased shareholders’ value.

The Textile Division

During the year under report, the textile industry reeled under extreme hardship. The cotton yarn industry remains faced with rising interest rates, dwindling margins on exports, unremunerative cotton prices, non-availability of consistent quality of raw cotton, sluggish local markets and heavy accumulation of unsold finished stocks.

The operation of the Spinning unit at Tirupur was suspended from November 2007 on account of adverse market conditions and uneconomical working. Efforts to revive the operations in the same location or elsewhere did not bring any results. The management conceded to the demands of the workmen of the unit for reaching a settlement of their services. Under a scheme for voluntary retirement agreed upon, the workmen have opted and have been discharged from services. Consequently the Spinning unit ceases to be in operation with effect from 31st March 2008.

The Garments Unit at Tirupur

During the year under report, the unit faced the brunt of general slow-down in the international trade accentuated with rupee appreciation eroding its profits. With its production predominantly for exports, the unit has recovered in the recent months to return to profitable operations.

The Post-spinning Unit at Sathyamangalam

The operations of the unit have been carried out unhindered. The unit outsources cotton yarns for rendering value-addition processes and caters to both domestic and international markets. It thereby helps in retaining the customer-base for enabling the backward integration into spinning at an opportune time.

CONSOLIDATED FINANCIAL STATEMENTS

Audited Consolidated Financial Statements for the year ended March 31, 2008 form part of the Annual Report.

SUBSIDIARY COMPANIES

The Reports and Audited Accounts of the subsidiary companies along with the statement pursuant to Section 212 of the Companies Act, 1956, form part of the Annual Report.

CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Your Company has adopted appropriate standards for good Corporate Governance. All the mandatory provisions of Corporate Governance as prescribed under the amended Listing Agreements of the Stock Exchanges, with which the Company is listed, are complied with. Report on Corporate Governance with Management Discussion and Analysis as required under the Listing Agreements with the Stock Exchanges forms part of the Annual Report.

In terms of sub-clause (v) of Clause 49 of Listing Agreement, certificate of the CEO/CFO, *inter alia*, confirming the correctness of the financial statements, adequacy of the internal control measures and reporting of matters to the Audit Committee in terms of the said Clause is also annexed as part of the said Report. A certificate from the auditors to this effect is annexed as part of the Corporate Governance Report.

ENVIRONMENT AND POLLUTION CONTROL

Your Company has been complying with the State Environment and Pollution Control statutes and has instituted adequate measures towards environmental protection.

FIXED DEPOSITS

There are no unpaid deposits except the ones matured but remaining unclaimed amounting to Rs.0.75 lacs (Rs.1.69 lacs) by one depositor.

LISTING AT STOCK EXCHANGES

The Equity Shares of the Company are listed on the Bombay Stock Exchange, Mumbai. The company has paid the listing fees to Bombay Stock Exchange upto 2008-09. The company's application for delisting its equity shares from Coimbatore Stock Exchange is pending approval.

REDEMPTION OF PREFERENCE SHARES

During the year your Company has redeemed the Preference Shares totaling to Rs.150 lacs by transfer to the capital redemption reserve.

DISCLOSURE OF PARTICULARS

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the relevant information and data is given in Annexure B. A Cash Flow Statement, as required by Clause 32 of the Listing Agreement with the stock exchanges is forming part of the Notes on accounts.

DEPOSITORY SYSTEM

As the members are aware, your company's shares are tradable compulsorily in electronic form and your company has established connectivity with both the depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). In view of the numerous advantages offered by the Depository system, members are requested to avail of the facility of dematerialization of the Company's shares on either of the Depositories as aforesaid.

DIRECTORS

In accordance with the Articles of Association of the Company, Mr. Madan Lal Patodia retires by rotation as Director at the ensuing Annual General Meeting and are eligible for re-appointment.

Under Article 113, Mr.B.K.Srinivasa Ragavan was appointed as Whole-time Director (Finance & Admin) with effect from July 27, 2007.

Under Section 262 of the Companies Act, 1956 and Article 92 of the Articles of Association of the company, Mr.Vijay Kumar Bhandari was appointed as Director liable to retire by rotation in the casual vacancy with effect from June 30, 2008.

DIRECTORS' RESPONSIBILITY STATEMENT

In compliance of Section 217(2AA) of the Companies Act, 1956, your Directors wish to confirm that –

- i. In the preparation of the annual accounts, the applicable Accounting Standards have been followed.
- ii The Accounting Policies adopted are consistently followed and the judgments and estimates made 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 the financial year and of the profit of the Company for the year.
- iii The Directors have taken proper and sufficient care as warranted for the maintenance of adequate accounting records in accordance with the provisions of this Act in safeguarding the assets of the Company and for preventing/detecting any incidence of frauds and other irregularities.
- iv The Annual Accounts have been prepared on a going concern basis.

COST AUDIT

The reports of M/s.Mahadevan & Co., Cost Accountants, in respect of audit of cost accounts of the Company for the year ended March 31, 2008 will be submitted to the Central Government within the stipulated time limit.

AUDITORS

The Statutory Auditors of the Company, Messrs M.S.Jagannathan & Visvanathan, Chartered Accountants, retire as Auditors of the Company at the conclusion of the

ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office of the Auditors, if reappointed.

PARTICULARS OF EMPLOYEES

A statement showing the particulars of employees referred to in sub section (2A) of section 217 of the Companies Act 1956 read with Companies (Particulars of employees) Rules 1975 is given in Annexure A forming part of the report.

ACKNOWLEDGEMENTS

Your Directors record with a deep sense of gratitude the excellent support and cooperation rendered by all stakeholders including bankers and business associates, and cooperation extended by the employees at all levels. The Directors thank the State and the Central government offices for various assistances rendered to the Company.

For and on behalf of the Board of Directors

Place: Kolkata
Date: 30.06.2008

Madan Lal Patodia
Chairman

ANNEXURE A

Particulars of employees as required under sub section (2A) of Section 217 of the Companies Act, 1956 and the rules made there under forming part of the Directors Report

A. Employees who worked throughout the accounting year and whose remuneration aggregating Rs.24,00,000 or more per year

Name	Age	Designation	Nature of duties
Mr. Purushottam Patodia	68	Vice Chairman & Managing Director	Overall managerial supervision
Qualification & Experience	Date of commencement	Last employment held	Amount of Remuneration
B.Com (45 years)	20.10.1989	GTN Textiles Ltd.	Rs.48.98 lacs
Mr. Manojkumar Patodia	44	Managing Director	Overall managerial supervision
Qualification & Experience	Date of commencement	Last employment held	Amount of Remuneration
B.Com (20 years)	01.01.1995	Yarn Syndicate Ltd	Rs.33.68 lacs
Mr. Anuj K. Patodia	35	Executive Director	Overall managerial supervision
Qualification & Experience	Date of commencement	Last employment held	Amount of Remuneration
B.Com (15 years)	21.06.2002	Prime Processors Limited	Rs.28.89 lacs

B. Employees who worked during part of the accounting year and whose remuneration aggregating Rs.2,00,000 or more per month : None

Notes:

1. Nature employment : Contractual
2. The remuneration includes Salary, Company's contribution to Provident Fund, Educational Allowance, Medical Expenses and other perquisites evaluated as per Income tax Rules wherever necessary
3. Mr. Purushottam Patodia is related to Mr. Madan Lal Patodia, Chairman, Mr. Manojkumar Patodia, Managing Director and Mr. Anuj K. Patodia, Executive Director and Mrs. Indira Devi Patodia, Sales Executive of the Company.

For and on behalf of the Board

Place: Kolkata
Date: 30.06.2008

Madan Lal Patodia
Chairman

Annexure-B

Management's Discussion and Analysis

Overview

Prime Textiles Limited is a Government Recognized 2-Star Export House, accredited to the ISO-9002 Quality Standards and the Oeko Tex Standard-100. It has two business segments – Realty Division and Textile Division. The Realty Division is developing land banks in Tirupur and other tier-II cities. The Textile Division includes the Knitted Garments unit at Tirupur and Post-spinning Unit at Sathyamangalam.

The Realty Division of the company has been developing residential apartments on a prime land owned by the company and is constructing the Commercial Mall in partnership with other technocrats. With the realty business emerging as the core activity of the company, the Division expects to achieve the spectacular growth to generate dependable returns. The Company plans to go the extra mile in creating and harvesting high quality properties to keep pace with a fast growing market. The Company has been imparting high level of professionalism in all its construction activities.

The operation of the Spinning unit at Tirupur was suspended from November 21, 2007 on account of adverse market conditions and its uneconomical working. As a sequel to the discharge of workmen opting for voluntary retirement the unit ceases to operate from 31st March 2008.

TOWARDS ENHANCEMENT OF STAKEHOLDER VALUE

Matching the Company's distinctive capabilities with the Realty Division is considered where profitable growth and increased shareholders' value are likely to occur. Your Company has also planned to widely position its Realty Division through strategic partnerships for joint development of other properties. This will cater to a strong demand foreseen for dwelling units and leisure needs.

Measures During The Year

Property Development

The Realty Division has spearheaded in the plans it had drawn. In its growth pattern it has partnered with major players in the field in order to reap benefit from their expertise and the FDIs in rendering necessary financial strengths. The Realty Division has started with building in partnership "Prime Enclave" the flag ship activity offering residential flats with luxury at affordable costs. The project with total 432 residential apartments (built-up area at about 581,000 sft) is under implementation.

The construction of the Commercial Mall has commenced and is expected to complete by July 2010.

Business Analysis

Review of Operations

In the Realty Division, the Residential construction spanning to 581,000 sft is under implementation. Towards delivering enhanced value to shareholders in the years to come, Prime has repositioned itself for reaping more opportunities in the realty sector.

In the Garments unit, sustained efforts were put in improving the scale of operations. Various value-added new products and product-mix were introduced. The factory is recognized for bulk production to select US customers, a marked shift from the EU markets. With the location of various buying houses in Tirupur, better supply chain management is ensured.

The Post-spinning unit at Sathyamangalam has been operating with low margins. The unit outsources yarns for rendering value-added processes. The scale of business is being enlarged to cater to demands from the customer base built up by the company over past decades.

Financial Review And Analysis

Highlights

Year ended 31 st March	2008 Rs.lacs	2007 Rs.lacs
Net Turnover	10,644	11,704
Other Income	45	187
PBIDT	804	989
Interest	722	648
Depreciation	475	481
Profit/(Loss) before Taxes	(393)	(140)
Current tax	-	-
Fringe Benefit Tax	16	25
Profit/(Loss) after Current Tax	(409)	(165)
Deferred Tax	435	(57)
Minimum Alternate Tax Credit entitlement	8	-
Profit/(Loss) after tax	34	(222)

Income Tax

Deferred tax asset relating to the current year stands credited to the current revenues of the Company. There is no incidence for Minimum Alternate Tax liability.

Return on Capital Employed

Particulars for year ended 31 st March	2008 Rs.lacs	2007 Rs.lacs
Net Fixed Assets (sans Revaluation)	5,647	6,072
Net Current Assets	2,137	4,742
Capital Employed	7,784	10,814
PBIT	34	(222)
ROCE	0.43	NA

Internal Control

The Company has a proper and adequate internal control system to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and those transactions are authorized, recorded and reported correctly. The Internal Control is supplemented by an extensive program of internal audits, review by management and documented policies, guidelines and procedures. The Internal Control is designed to ensure that the financial and other records are reliable for preparing financial statements and other data, and for maintaining accountability of assets. The Board of Directors provides governance, guidance, and oversight. Through the Audit Committee, it discusses the internal control structure with management based on input from the internal and independent auditors and provides oversight as necessary.

The internal audit function adequately provides –

- a) objective assurance to the Board as to the effectiveness of the company's risk management and internal control framework;
- b) assistance to the Board and the management to issues connected with the design, implementation, and operation of systems of internal control; and,
- c) assistance to the Board through periodic reporting to support their review of effectiveness of internal control.

ANNEXURE – C

INFORMATION PURSUANT TO COMPANIES (DISCLOSURE OF PARTICULARS IN REPORT OF BOARD OF DIRECTORS) RULES, 1988, FORMING PART OF THE REPORT OF THE DIRECTORS

1. CONSERVATION OF ENERGY

(A) MEASURES TAKEN

- Nil -

(B) IMPACT OF THE ABOVE MEASURES

- Does not arise -

(C) ENERGY CONSUMPTION

Energy consumption details as per prescribed Form-A together with comparative figures for the previous year, is given at the end of this Annexure.

2. TECHNOLOGY ABSORPTION

(A) PROCESSES FOR VALUE-ADDITION

Post-spinning unit at Sathyamangalam has been equipped with modern testing equipments for offering quality assurance to the customers.

(B) BENEFITS

Enlarging customer base

(C) IMPORTED TECHNOLOGY/IMPORTS IN LAST FIVE YEARS: None

3. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Activity relating to Exports

Exports of value-added cotton yarns and cotton knitted garments continue to be the thrust areas for the Company.

2. Initiatives taken to increase exports

a. Absorption of latest technological advancements in the field of textiles, enabling to offer its products to match qualitative requirements of the end-users.

b. Efforts are taken for penetration into new markets.

3. Export plans

Garments Manufacturing Unit is recognized for bulk production for select US buyers.

4. Total Foreign Exchange earning and outgo

Year ended on March 31	2008 Rs.lacs	2007 Rs.lacs
Total Foreign Exchange earnings	5,683	7,497
Total Foreign Exchange outgo	444	1,494

FORM A

CONSERVATION OF ENERGY (Continued)

		For the years ended on 31 st March		2008	2007
A		Power and Fuel Consumption			
1		Electricity			
	A	Purchased	KWHR	1,19,85,623	2,78,91,476
		Total amount	Rs.lacs	558.24	1,275.24
		Rate per Unit	Rs.P.	4.66	4.57
	B	Generation for captive usage	KWHR	6,15,683	17,29,075
		Total amount	Rs.lacs	95.65	99.80
		Rate per Unit	Rs.P.	15.54	5.77
		Units generated per litre	KWHR	4.10	4.00
B		Consumption per unit of Production			
	A	Electricity	KWHR	1,26,01,306	2,96,20,551
	B	Consumption for production per kgKWHR		20.20	10.54

For and on behalf of the Board of Directors

Place: Kolkata
Date: 30th June 2008Madan Lal Patodia
Chairman



Prime Textiles Limited

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED ON 31ST MARCH 2008

(As required under Clause 49 of the Listing Agreement entered into with the Stock Exchanges)

Your Company reports total compliance of the mandatory provisions of the Corporate Governance Code as per Clause 49 of the Listing Agreement with the Stock Exchanges. Furnished below is a Report on the implementation thereof.

A.Mandatory Requirements

Company's Philosophy On Code Of Governance

PRIME TEXTILES LIMITED has recognised corporate governance policies as key factors in achieving its long-term goals. The Company believes that adherence to sound corporate governance policies and practices is important in ensuring that PRIME TEXTILES LIMITED is governed and managed with the highest standards of responsibility, ethics and integrity and in the best interests of its stakeholders. The Board has adopted Principles of Corporate Governance, which provide an effective corporate governance framework for the Company, intending to reflect a set of core values that provide the foundation for its governance and management systems and its interactions with others.

The above philosophy along with the Prime Code of Conduct and Prime Code of Conduct for Prevention of Insider Trading ensures the sustenance of high ethical and moral standards which govern the conduct of the Company and its employees.

Your Company has complied with the requirements of the Corporate Governance Code, the disclosure requirements of which are given below:

Board Of Directors

a. Composition of the Board

The Board comprises four non-executive Directors and four executive Directors and is responsible to shareholders for the proper management of the Company. It meets regularly, reviewing trading performance, setting and monitoring strategy and examining major capital expenditure and acquisition opportunities. The size and composition of the Board meets the requirements of the Corporate Governance Code under the Listing Agreement with the Stock Exchanges. It is a broad-based one with a non-executive chairman.

b.Directors attendance record at the Board Meetings and the last AGM

Name of Director	Category	No. of Board Meetings attended	Attended at the last AGM
Mr.Madan Lal Patodia Chairman	Promoter Non Independent Non-Executive	Nil	No
Mr.Purushottam Patodia Vice Chairman and Managing Director	Promoter Non Independent Executive	5	Yes
Mr.Manojkumar Patodia	Promoter	5	Yes

Managing Director	Non Independent Executive		
Mr.Anujj K.Patodia Executive Director	Promoter Non Independent Executive	5	Yes
Mrs. Minnu Thomas Nominee of IDBI	Independent Non Executive	3	Yes
Mr. Chandulal D.Thakker	Non Independent Non Executive	4	No
Mr. N.K. Bafna	Independent Non Executive	6	Yes
Mr. Banwarilal Singhal	Independent Non Executive	5	Yes
Mr.B.K.Srinivasa Ragavan Director (Finance & Admin) Since from 27.07.2008	Non Independent Executive	4	Yes

c. Number of other Companies or Committees the Director of the Company is a Director/Member/Chairman

Name of Director	No. of Directorship in Other companies		No. of Committee positions held in other companies	
	Chairman	Member	Chairman	Member
Mr.Madan Lal Patodia	2	3	Nil	Nil
Mr.Purushottam Patodia	1	2	Nil	Nil
Mr.Manojjkumar Patodia	Nil	6	Nil	Nil
Mr.Anujj K.Patodia	Nil	8	Nil	Nil
Mrs. Minnu Thomas	Nil	Nil	Nil	Nil
Mr. Chandulal D.Thakker	Nil	1	Nil	1
Mr. N.K. Bafna	Nil	2	1	2
Mr. Banwarilal Singhal	Nil	5	6	8
Mr.B.K.Srinivasa Ragavan	Nil	4	Nil	Nil

The Company did not have any pecuniary relationship with any of the Non-Executive Directors during the year 2007-08.

d. Number of Board meetings held during the year

Six Board Meetings were held during the year 2007-08 and the gap between two consecutive meetings did not exceed four months. The dates on which the Board Meetings held were as follows:

28th May 2007, 27th July 2007, 28th October 2007, 21st November 2007, 29th January 2008 and 31st March 2008

e. Information supplied to the Board

Among others, this includes

- review of annual operating plans of business, capital budgets
- quarterly results of the company and its operating divisions or business segments.
- minutes of meeting of audit committee and other committees
- minutes of meeting of the subsidiary companies
- materially important show cause, demand, prosecution and penalty notices
- fatal or serious accidents or dangerous occurrences
- any materially significant problems

- h. sale of material nature of investments, subsidiaries, assets which is not in the normal course of business
- i. non compliance of any regulatory or statutory provision or listing requirements as well as share holder services
- j. details of any joint venture or collaboration agreement
- k. transactions that involve substantial payment towards goodwill, brand equity or intellectual property

The Board of Prime Textiles is routinely presented with all information under the above heads whenever applicable and materially significant. These are submitted either as part of the agenda papers well in advance of the Board Meetings or are tabled in the course of the Board Meetings or are tabled before the appropriate Committees of the Board.

f. Materially significant related party transactions

There have been no materially significant related party transactions, pecuniary transaction or relationship between the company and its Directors for the year ended 31st March 2008 that may have a potential conflict with the interest of the company at large.

g. Code of Conduct for Directors and Senior Management Personnel

The Company has adopted the "Code of Conduct for Directors and Senior Management Personnel for compliance on annual basis, meeting the requirements of the Securities and Exchange Board of India (SEBI). The Company Secretary has been appointed as the Compliance Officer for the purpose. The code is applicable to all the Directors and Senior Management Personnel who are members of its core management team excluding Board of Directors and will comprise all members of management one level below the Executive Directors including all functional heads.

All Board members and senior management personnel have affirmed compliance with the applicable Code of Conduct. The code of conduct is available on the website.

Appointment / Re-appointment of Directors

Mr. Madan Lal Patodia retires by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment. Mr. Vijay Kumar Bhandari was appointed by the Board of Directors in their meeting held on 30th June 2008 in the casual vacancy caused by the resignation of Mr.Chandulal D. Thakker as a Director liable to retire by rotation. He holds office until the ensuing Annual General Meeting. A brief profile of Mr. Madan Lal Patodia and Mr. Vijay Kumar Bhandari as required in terms of Clause 49 VI A of the Listing Agreement is as under:-

Mr. Madan Lal Patodia was appointed as a Director in the Board since 14.05.1988 and was elected as a Chairman of the Board of Directors. Aged 93 years, Mr. Madan Lal Patodia has vast and versatile experience stretching to over 6 decades in textile marketing and corporate management. He holds the Directorships in the following companies.

Name of Company	Designation	Committee	Member/ Chairman
Messrs			
GTN Textiles Limited	Chairman	None	None
GTN Industries Limited	Chairman	None	None
GTN Exports Limited	Director	None	None
Yarn Syndicate Limited	Managing Director	None	None
YS Exports Limited	Director	None	None

Mr. Vijay Kumar Bhandari has been a Director in the Board since 30.06.2008. Aged 64 years, Mr.Vijay Kumar Bhandari is a Chartered Accountant and has a rich experience in the field of banking sector. He holds the Directorships in the following companies and is the Chairman/Member of committees in the respective companies as under”

Name of Company	Designation	Committee	Member/ Chairman
Messrs			
Hindustan Sanitary ware & Industries Ltd.	Director	Audit Committee Remuneration Committee Shareholders/ Investors Grievance Committee	Chairman Member Member
Jayant Agro Organics Ltd.	Director	Audit Committee	Member
Khanna Paper Mills Ltd.	Director	Audit Committee	Chairman

COMMITTEES OF THE BOARD

The Board has two mandatory Committees viz., the Audit Committee and the Investors’ Grievance Committee and three Non-Mandatory Committees viz., the Finance Committee, Remuneration Committee and the Special Committee. The Board decides the terms of reference of these Committees and the assignment of its members thereof.

Audit Committee

The Audit Committee comprises of Mr. Banwarilal Singhal as its Chairman and three non-executive Directors, Mr. Madan Lal Patodia, Mr. N.K.Bafna and Mrs. Minnu Thomas. The Committee provides a forum for reporting by the Company’s auditors. By invitation, the meetings are also attended by other Directors. Other key personnel of the Company, as called for, attend the meetings. The Company Secretary acts as the Secretary of the Committee. Mr. Banwarilal Singhal and Mr. N.K. Bafna are partners in reputed firms of Chartered Accountants.

The Chairman of the Audit Committee, Mr. Banwarilal Singhal was present at the Annual General Meeting held on 27th July 2007.

The Audit Committee is responsible for reviewing a wide range of financial matters including the quarterly and annual accounts before their submission to the Board and monitoring the controls that are in force to ensure the integrity of the financial information reported to the shareholders. The Audit Committee advises the Board on the appointment of external and internal auditors and on their remuneration, both for audit and non-audit work, and discusses the nature and scope of their audit. The committee is also responsible for implementing the recommendations of the Board arising from its review of the internal control and risk assessment report. The scope of the activities of the Audit Committee include the areas prescribed by Clause 49 II(D). The Audit Committee has been granted powers as prescribed under Clause 49 II(C).

Audit Committee met 4 times during the year 2007-08 on 28th May 2007, 27th July 2007, 28th October 2007, and 29th January 2008.

The Company has complied with the requirements of Clause 49II A as regards the composition of the Audit Committee and the details of meetings attended by the Directors are given below:

Names of Members	Category	Number of meetings attended
Mr.Banwarilal Singhal Committee Chairman (Chartered Accountant)	Independent, Non-Executive	4
Mr.Madan Lal Patodia Member	Promoter, Non-Independent, Non-Executive	Nil
Mr. N.K.Bafna, Member (Chartered Accountant)	Independent, Non-Executive	4
Mrs. Minnu Thomas (Nominee – IDBI)	Independent, Non-Executive	3

Remuneration Committee:

Brief description of terms of reference:

The Remuneration Committee comprises three non-executive Directors, Mr.Chandulal D.Thakker, Mr.Banwarilal Singhal and Mr.N.K.Bafna and is chaired by Mr.Chandulal D.Thakker. The Committee is responsible for recommending the contract terms, remuneration and other benefits for Company's Managing/ Whole-time Directors. The Committee met twice on 28th May 2007 and 27th July 2007. The composition of the Remuneration Committee and the details of meetings attended by the Directors are given below:

Names of Members	Category	Number of meetings attended
Mr.Chandulal D.Thakker Committee Chairman	Independent, Non-Executive	Nil
Mr.Banwarilal Singhal	Independent, Non-Executive	2
Mr.N.K.Bafna	Independent, Non-Executive	2

Remuneration Policy

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and commission (variable component) to its Managing Director and Whole-time Directors. Salary is paid within the range approved by the shareholders. Effective 1st April each year, annual increments as recommended by the Remuneration Committee, are approved by the Board of Directors. Commission is calculated with reference to net profits of the Company in a particular financial year and is determined by the Board of Directors on the recommendations by the Remuneration Committee, within the overall ceilings stipulated in Section 198 and 309 of the Companies Act, 1956. Sitting fees is

paid to only Non-whole time and Non-executive Directors. No severance fees is payable to Whole-time Directors.

Remuneration of Directors, Sitting fees, salary, perquisites

Remuneration payable to the managerial personnel is approved by the members at the General Meeting of the Company. Remuneration consists of a fixed salary, perquisites, contribution to Provident Fund. Commission is calculated on the net profits of the company.

The Board of Directors decide the remuneration of Non-Executive Directors which consists of a sitting fee.

Table set below explain the details:

Rs. In lakhs

Name of Director	Sitting fees	Salary	Contn.to P.F.,Gratuity	Perks	Total
Mr. Madan Lal Patodia	Nil				
Mr. Purushottam Patodia	Nil	36.00	9.00	3.98	48.98
Mr. Manojkumar Patodia	Nil	25.37	7.40	0.90	33.67
Mr. Anujj K. Patodia	Nil	22.27	6.57	0.06	28.90
Mr. Minnu Thomas	0.45				0.45
Mr. Chandulal D.Thakker	0.30				0.30
Mr. N.K.Bafna	1.20				1.20
Mr. Banwarilal Singhal	1.13				1.13
Mr.B.K.Srinivasa Ragavan	Nil	13.17	0.00	1.09	14.26

Investors’ Grievance Committee

The Investors’ Grievance Committee is constituted to address and redress investors’ complaints such as transfer of shares, non-receipt of annual accounts, non-receipt of dividend warrants and to ensure expeditious share transfer process. The Committee comprises of Mr.N.K.Bafna as the Chairman and Mr.Banwarilal Singhal, Mr.Purushottam Patodia and Mr.Manojkumar Patodia as its Members. The Company Secretary acts as the Secretary of the Committee.

The Committee met 4 times during the year 2007-08 on 28th May 2007, 27th July 2007, 28th October 2007 and 29th January 2008

The composition of the Investors’ Grievance Committee and details of the meetings attended by the Directors are as under:-

Names of Members	Category	Number of meetings attended
Mr.N.K.Bafna Committee Chairman	Independent, Non-Executive	4
Mr.Banwarilal Singhal	Independent, Non-Executive	4
Mr.Purushottam Patodia	Non-Independent, Executive	3
Mr.Manojkumar Patodia	Non-Independent, Executive	3

Finance Committee

The Board has constituted a Finance Committee with the terms of reference of to approve capital expenditure schemes, exercise Budgetary Controls, connote acceptance and contract for term debts from financial institutions/banks in

respect of such capital expenditure schemes, approve and contract on proposals for swapping/syndication of term debts with a view to curtail cost of finance, grant donations within the stipulated limits, oversee banking operations, transact routine matters such as opening and closing of banking accounts, to grant limited power of attorney to the officers of the Company, and to recommend to the Board, revenue budgets, capital budgets, projects and other major capital schemes, to consider expansion/new businesses, divestments, changes in organisational structure and also periodically review the business plans and strategies of the Company. The Finance Committee also affects share transfers subject to approval/ratification by the Board.

The Finance Committee comprises Mr.Purushottam Patodia, Vice Chairman and Managing Director (Committee Chairman), Mr.Manojkumar Patodia, Managing Director and Mr. Anuj K. Patodia, Executive Director as its Members.

Special Committee

The Board has constituted a Special Committee with the terms of reference of to approve the quarterly financial results other than the Audit Committee and the Board need not approve the same before publishing the quarterly financial results. But the Board would have to approve the quarterly financial results in its next meeting.

The Special Committee comprises Mr.B.L.Singhal (Committee Chairman), Mr.N.K.Bafna, Director, Mr.Purushottam Patodia, Vice Chairman and Managing Director and Mr.B.K. Srinivasa Ragavan, Director (Finance and Admin) as its Members.

Name, designation & address of Compliance Officer:

Mr.S.Rengasamy, Company Secretary,
Prime Textiles Limited,
110, Avinashi Road, Gandhinagar P.O., Tirupur 641 603 (T.N.)
Phone:0421-2470198/2470065 Fax:0421-2471463

Number of complaints received from investors from 1.04.2007 to 31.03.2008, comprising revalidation of dividend warrants, Non-receipt of dividend warrants, , Requisition for copies of annual accounts, queries on Demat/Remat of shares, etc. : 2
Out of above, not solved to the satisfaction of investors: Nil
Number of pending share transfers as on 31.03.2008 : Nil

Management

a.Management Discussion and Analysis

The Directors' Report includes details of Management Discussion and Analysis of business of the company.

b.Disclosures by management to the Board

All details relating to financial and commercial transactions where Directors may have pecuniary interest are provided to the Board and the interested Directors neither participate in the discussion nor do they vote on such matters.

General Body Meetings

Location of General Body Meetings : *Registered Office, 110, Avinashi Road,
Tirupur 641 603 (T.N.)*

General Body Meetings during last three years

Date of holding and on Time	17.09.2005 4.00 P.M.	29.09.2006 4.00 P.M.	02.03.2007 2.30 P.M.	27.07.2007 10.00 A.M.
Nature of Meeting	AGM	AGM	EGM	AGM
Special Resolutions	Tabled	Tabled	Tabled	Tabled
Put through Postal Ballot	Yes	Not applicable	Not applicable	Not applicable
Voting Pattern	32,05,626 polled 3,650 rejection 20,561 against 31,81,415 favouring	Not applicable	Not applicable	Not applicable
Person who conducted postal ballot	Resolution Mr.G.Chandrasekar Chartered Accountant Bangalore	Does not arise	Does not arise	Does not arise

Ensuing Annual General Meeting - Postal Ballots

At the ensuing Annual General Meeting, a resolution at item No.7 of the notice is proposed to be conducted through Postal Ballot

Disclosures

a) Disclosures on materially significant related party transactions i.e., transactions of the Company of material nature, with the promoters, the directors or the management, their subsidiaries or relatives, etc that may have potential conflict with the interests of the company at large :

None of the transactions with any related parties were having any potential conflict with the interests of the company. The Register of Contracts containing transactions in which the Directors are interested, maintained pursuant to Section 301 of the Companies Act, 1956, is placed before the Board Meetings regularly.

b)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 three years:

None

Details of shareholdings of Non-Executive Directors

Name of Director	No. of shares held
Mr. Banwarilal Singhal	31500

Disclosure of relationships between Directors

Name of Director	Relationship
Mr. Madan Lal Patodia	Father of Mr.Purushottam Patodia
Mr.Purushottam Patodia	Father of Mr.Manojkkumar Patodia and Mr.Anujj K. Patodia

Mr.Manojkkumar Patodia	Son of Mr.Purushottam Patodia
Mr.Anujj K. Patodia	Son of Mr.Purushottam Patodia

INSIDER TRADING

Code of Conduct for Prevention of Insider Trading

The Company has adopted a "Code of Conduct for Prevention of Insider Trading", meeting the requirements of the Securities and Exchange Board of India (SEBI). The Company Secretary has been appointed as the Compliance Officer for the purpose. The Code is applicable to all those employees of the Company who are expected to have access to unpublished price sensitive information relating to the Company as well as all the Directors. The Company has also adopted Disclosure Practices meeting the SEBI Regulations.

Means of communication

The quarterly and half-yearly unaudited financial results during the year were published through widely circulated news media. Apart from this, all vital information relating to the Company and its performance, official press releases, and presentation to analysts are posted on the website. The website also contains various downloadable forms for usage by the shareholders are available on the website. The Company's website address is : www.ptlonline.com .

General Shareholder Information

- 1.1. Annual General Meeting
 - Date and Time : SATURDAY, 23rd August 2008 4.00 P.M.
 - Venue : Registered Office at 110, Avinashi Road, Gandhinagar P.O., Tirupur 641 603 (T.N.)
- 1.2. Financial Calendar for 2008-09 Results (tentative)
 - First Quarter : Last week of July 2008
 - Second Quarter/ Half-yearly : Last week of October 2008
 - Third Quarter : Last week of January 2009
 - Audited Annual Results : Last week of May 2009
 - Annual General Meeting : July 2009
- 1.3. Date of Book Closure: The Book Closure for payment of dividend, if any, is from 16th August 2008 to 23rd August 2008 (both days' inclusive).
- 1.4. Dividend payment date: On or after 23rd September 2008.
- 1.5. Listing: The Company's equity shares is continuously listed and traded on the stock exchange at Bombay Stock Exchange, Mumbai. The Company has delisted its equity shares from the Madras Stock Exchange, Ahmedabad Stock Exchange and Calcutta Stock Exchange with effect from June 7, 2004, July 8, 2004 and July 31, 2006 respectively. Its application for delisting from the Stock Exchange at Coimbatore is awaiting approval from the Coimbatore Stock Exchange. The company has paid the listing fees to The Bombay Stock Exchange for the year 2008-09.

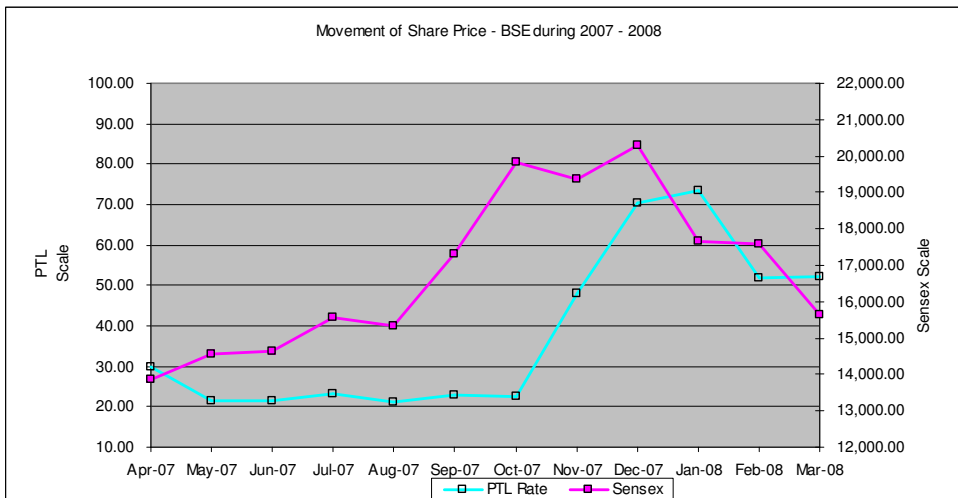
1.6. Stock-codes:

Name of Stock Exchange	Stock Code
The Stock Exchange, Mumbai	521149
Coimbatore Stock Exchange	21006
ISIN Number (Demat Number)	INE419E01024

1.7. Market Price Data Figures Rs.P.

Month	Month's High	Month's Low
April 2007	35.00	28.75
May 2007	31.00	21.00
June 2007	24.75	19.60
July 2007	26.85	20.25
August 2007	24.90	18.05
September 2007	31.70	20.15
October 2007	29.55	19.45
November 2007	47.95	20.00
December 2007	70.65	50.30
January 2008	103.50	71.85
February 2008	79.50	51.10
March 2008	52.30	40.35

1.8 Relative Performance of Company's Share Price vs BSE Sensex



1.9 Distribution of Shareholding as on 31st March 2008

Shares	Shareholders	Percentage	Shares held	Percentage
Upto 5000	4,756	97.40%	2,826,008	12.43%
5001-10000	37	0.76%	260,961	1.15%
10001-20000	34	0.70%	456,996	2.01%
20001-30000	11	0.23%	267,586	1.18%
30001-40000	6	0.12%	211,035	0.93%
40001-50000	8	0.16%	371,109	1.63%
50001-100000	13	0.27%	862,128	3.79%
100001 above	18	0.37%	17,487,777	76.89%
Grant Total	4,883	100.00%	22,743,600	100.00%

1.10 Shareholding Pattern as on 31st March 2008

<i>Description of Investors</i>	<i>Number of Shares held</i>	<i>Percentage of holding</i>
1. Promoters	1,41,65,225	62.28
2. Directors and Relatives	1,74,434	0.77
3. Financial Institutions/Banks	25,000	0.11
4. Corporate Bodies		
5. NRI and OCBs	18,96,983	8.34
6. Indian Public-Individuals	22,000	0.09
	64,59,958	28.41
Total	2,27,43,600	100.00

1.11 Share price performance in comparison to broad-based indices (BSE Sensex) (Based on share price as at 31st March 2008)

Period	Percentage of changes in		
	PTL Share price	Sensex	PTL relative to Sensex
2007-08	(+)63.69	(+)19.68	(+)44.02
Past 3 years	(+)284.56	(+)140.95	(+)143.61
Past 5 years	(+)3168.75	(+)413.15	(+)2755.60

1.12 Registrar and Transfer Agents

Shareholders may please note the address of the Registrar and Transfer Agents. All share transfers and communication regarding share certificates, dividends and change of address may be addressed to:

M/s. S.K.D.C. Consultants Limited
PB No.2979, No.11, Seth Narayandoss Layout
Street No.1, West Power House Road,
Coimbatore 641 012, Tamilnadu
Phones:(0422)6549995, Fax:(0422) 2499574
Email address:info@skdc-consultants.com

1.13 Share Transfer System

The Finance-cum-Share Transfer Committee approves the transfer and transmission of shares, issue of duplicate share certificates and allied matters. The Investors' Grievance Committee monitors redressing of investors' grievances. The Company's Registrar and Transfer Agents have adequate infrastructure to process speedy share transfers. The share transfers received are processed within 15 days from the date of receipt, provided the instrument of transfer is valid and complete in all respects. In compliance of with the Listing Guidelines, a practicing Company Secretary conducts quarterly audits of the system of transfer and issues a certificate to that effect.

1.14 Secretarial Audit Report

As stipulated by the Securities and Exchange Board of India, a qualified Practicing Company Secretary carries out the Secretarial Audit Report 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 of the company. This audit is carried out every quarter and the report thereon is

submitted to the Stock Exchanges and is also placed before the Board of Directors. The audit, interalia, confirms that the total listed and paid up capital of the company is in agreement with the aggregate of the total number of shares in dematerialized form (held with NSDL and CDSL) and total number of shares held in physical form.

1.15 Dematerialisation of Shares and Liquidity
45.39% (1,03,22,525 equity shares) of the Company's paid-up Equity capital has been dematerialised up to 31st March 2008. Trading in Equity Shares is permitted only in dematerialised form as notified by SEBI. The volumes traded in stock exchanges not high.

1.16 Consolidation of Folios
Members are requested to consolidate their shareholdings held under multiple folios. This will not only reduce the cost of servicing the shareholders but also save them from the burden of receiving multiple communications and corporate benefits.

1.17 Unclaimed Dividends
Under the Companies Act 1956, dividends that are unclaimed for a period of seven years statutorily get transferred to the Investor Education and Protection Fund administered by the Central Government and thereafter cannot be claimed by the Investors. To ensure maximum disbursement of unclaimed dividend, the Company has sent a reminder to the relevant investors to encash the pending dividend amount from the company before transfer of dividend to Investor Education and Protection Fund. Shareholders who have so far not encashed the dividend warrants, are requested to immediately forward the same to the company for revalidation.

1.18 Plant Locations :-

Spinning Unit

110, Avinashi Road, Gandhinagar, Tirupur-641 603 (T.N.)

Garments Division

SRC Buildings, B.S.Sundaram Road, Tirupur-641 602 (T.N.)

TFOT Unit

Chikkarasan Palayam, Sathyamangalam, Erode District (T.N.)

1.19 Address for correspondence

- ❖ For Shares held in physical/Demat form
M/s. S.K.D.C. Consultants Limited
PB No.2979, No.11, Seth Narayandoss Layout
Street No.1, West Power House Road,
Coimbatore 641 012, Tamilnadu

❖ For any other query/matter
The Company Secretary
Prime Textiles Limited
Registered Office
110, Gandhinagar P.O., Avinashi Road,
Tirupur 641 603 (T.N.)

B. Non-Mandatory Requirements

1. Chairman of the Board
The Company has Non-Executive Chairman.
2. The Company has adopted guidelines for composition of the Board of Directors
3. The Company has set up the Remuneration Committee as per the provisions of Clause 49
4. The financial statements of the Company are unqualified by the Statutory Auditors
5. The financial results are published in leading news papers as well as displayed on Company's website.

The above report was adopted by the Board of Directors at their meeting held on 27th June 2008.

**CHIEF EXECUTIVE OFFICER (CEO) AND
CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION**

To

The Members of Prime Textiles Limited

Declaration by the CEO and CFO under Clause 49 of the Listing Agreement

We, the undersigned, in our respective capacities as Chief Executive Officer and Chief Financial Officer of Prime Textiles Limited ("the Company") to the best of our knowledge and belief certify that:

- a) We have received the financial statements and the cash flow statement for the year ended 31st March 2008 and based on our knowledge and belief, we state that:
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain any statement that might be misleading
 - ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards applicable laws and regulations.
- b) We, further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the company's code of conduct.

We hereby declare that all the members of the Board of Directors and Management Committee have confirmed compliance with the Code of Conduct as adopted by the company.

- c) We are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operational of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated, based on our most recent evaluation, wherever applicable to the Auditors and Audit Committee:
 - i) significant changes, if any, in the internal control over financial reporting during the year
 - ii) significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements and
 - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the company's internal control system over financial reporting.

Purushottam Patodia
Vice Chairman & Managing Director & CEO

B.K. Srinivasa Ragavan
Director (Finance & Admin) & CFO

**Certificate of Compliance with the Corporate Governance requirements under
Clause 49 of the Listing Agreement**

AUDITORS' CERTIFICATE

The Members of
M/s. Prime Textiles Limited
Tirupur

We have read the Report of the Board of Directors on Corporate Governance and have examined the relevant records relating to compliance of conditions of Corporate Governance by M/s. Prime Textiles Limited ('the Company') for the year ended March 31, 2008, as stipulated in Clause 49 of the Listing Agreement with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was conducted in the manner described in the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India and was limited to the procedures and implementation thereof, adopted by the Company in ensuring the compliance of conditions of Corporate Governance as stipulated in the abovementioned Clause. 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, subject to:

1. Our reliance upon the certificate received by the Company from its Registrar and Transfer Agent for the number of complaints received from the shareholders and the number of complaints resolved during the financial year and that there are no share transfers pending as at 31st March 2008;
2. Our having relied on the representation of the management that there were no transactions of material nature with the management or their relatives that may have a potential conflict with the interest of the Company at large as stated in the disclosure of the Company's report on Corporate Governance.

We certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

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 M.S.Jagannathan & Visvanathan
Chartered Accountants

M.J.Vijayaraaghavan

Partner

Membership Number : 7534

Place: Mumbai
Date: 30.06.2008

AUDITORS' REPORT

AUDITOR'S REPORT TO THE MEMBERS OF M/s. PRIME TEXTILES LIMITED

1. We have audited the attached balance sheet of M/s.**PRIME TEXTILES LIMITED** as at **31st March 2008** and also the Profit and Loss Account and the cash flow statement for the year ended on that date. 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.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order , 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that;
 - i) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - ii) 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 (and proper returns adequate for the purposes of our audit have been received from the Branches not visited by us . The Branch Auditor's Report(s) have been forwarded to us and have been appropriately dealt with);
 - iii) The Balance Sheet, Profit and Loss account and cash flow statement dealt with by this report are in agreement with the books of account (and with the audited returns from the Branches);
 - iv) 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.
 - v) On the basis of written representations received from the directors, as on **31st March,2008** and taken on record by the Board of Directors, we report that none of the directors is disqualified as on **31st March 2008** from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

5. In our opinion, and to the best of our information and according to the explanations given to us, the said accounts read together Significant Accounting Policies and Notes to Accounts in Schedule "19" and those appearing elsewhere in the accounts give the information required by the Companies Act 1956, in the manner so required and give a true and fair view in conformity with the accounting principles accepted in India:

- a) In the case of Balance Sheet, of the state of affairs of the company as at **31st March 2008**
- b) In the case of Profit and Loss account **PROFIT** of the company for the year ended on that date; and
- c) In case of the cash flow statement, of the cash flows for the year ended on that date;

For M.S.JAGANNATHAN & VISVANATHAN
Chartered Accountants

Place: Mumbai
Date:30.06. 2008

M.J.VIJAYARAAGHAVAN
Partner
[Membership No.7534]

Annexure referred in our report of even date of the accounts for the year ended 31st March 2008 of M/s. PRIME TEXTILES LIMITED.

On the basis of such checks as we considered appropriate during the course of audit, we state that:

- i) a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) As explained to us, the fixed assets are physically verified in a phased manner, which, in our opinion, is reasonable, having regard to the size of the Company and the nature of its assets and no material discrepancies were noted on such verification.
- c) During the year, there was no sale of substantial part of fixed assets and hence the going concern of the Company is not affected.
- ii) a) The Inventory has been physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) The company has maintained proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii) a) The Company has not granted any loans secured or unsecured to firms, companies or other parties covered in the register maintained under section 301 and hence sub clauses b, c, & d are not applicable.
- b) The Company has received and outstanding amounting to Rs.83.20 lacs during the year and advance received from a subsidiary company ATL textile processors Limited during previous year and outstanding at the year end was Rs. 524.79 lacs. Maximum outstanding during the year was Rs. 525.12 lacs.
- c) In our opinion and according to the information and explanations given to us, other terms and conditions on which such loans have been taken from the subsidiary company covered in the Register maintained under section 301 of the Act are prima facie not prejudicial to the interest of the company;
- iv) In our opinion and according to the explanation and information given to us, there is an adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our Audit no major weakness has been noticed in the internal controls.
- v) a) According to the information 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 explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been

made at prices which are reasonable having regard to prevailing market prices at the relevant time.

- vi) In our opinion and according to the information and explanations given to us the company has complied with the provisions of section 58A and 58AA of the Companies Act, 1956 and the companies (Acceptance of Deposits) Rules 1975 with regard to the deposits accepted from the public. No order has been passed by the National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal.
- vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii) We have broadly reviewed the Books of Account relating to materials, labour and other items of cost 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 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- ix) a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other material statutory dues with the appropriate authorities.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, at the year end for a period of more than six months from the date they became payable.
- c) According to the information and explanations given to us, there are following dues of which have not been deposited on account of dispute and the same is being contested by the Company.

Sl. No.	Name of the Statute	Nature of the Dues	Amount [Rs.]	Period to which the amount relates	Forum where dispute is pending
1.	Income tax Act, 1961	Income tax	41.43 lacs	A.Y. 2002-03	Hon'ble High Court, Chennai
2.	TNGST & CST Act	Sales Tax	7.73 lacs	1991-92 1993-94 1997-98 2004-05 2005-06	Sales Tax Tribunal
3.	TNGST & CST Act	Sales Tax	2.34 lacs	1993-94	Hon'ble High Court, Chennai

- x) The Company does not have accumulated losses as at 31st March 2008. The Company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xi) Based on our audit procedures and according to the information, the company has not defaulted in repayment of dues to Financial Institutions, Banks.

- xii) In our opinion and according to the information and explanations 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.
- 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) During the year, the Company has not given guarantees for loans taken by others from banks.
- xvi) In our opinion and according to the information and explanations given to us, on an overall basis the term loans have been applied for the purpose for which they were raised. .
- 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 time basis have been used for long term investments.
- xviii) The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- xix) The company has not issued any debentures during the year.
- xx) The company has not made any Public Issues during the year.
- xxi) According to the information and explanations given to us, based upon the audit procedures performed and representations made by the management, we report that no fraud on/or by the Company has been noticed or reported during the course of our Audit.

For M.S.JAGANNATHAN & VISVANATHAN
Chartered Accountants

Place:Mumbai
Date 30.06. 2008

M.J.VIJAYARAGHAVAN
[Membership No.7534]
Partner.

**19: NOTES FORMING SCHEDULE PART OF ACCOUNTS:
PART A: SIGNIFICANT ACCOUNTING POLICIES**

1. General:

Accounts are prepared on historical cost (except for certain fixed assets which have been revalued) and on the accounting principles of a going concern. The mercantile system of accounting is followed and income and expenditure are recognized on accrual basis except those with significant uncertainties.

2. Fixed Asset:

a. Fixed Assets are stated at cost of acquisition or construction (net of CENVAT Credits) less depreciation. All costs relating to the acquisition and installation of fixed assets are capitalized and include borrowing costs directly attributable to construction or acquisition of fixed assets, upto the date the asset is put to use and adjustments arising out of exchange rate variation relating to borrowings attributable to those fixed assets.

b. Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication that any asset/group of assets may be impaired. If any such indication exists, the carrying value of such assets is reduced to recoverable amount and the impairment loss is charged to Profit and Loss Account. If at Balance Sheet date, there is any deduction that a previously assessed impairment loss no long exists, then such loss is reversed and the asset is restated to that effect.

3. Investments:

Long-term investments are stated at cost less provisions, if any, for permanent diminution in value for other than temporary.

4. Valuation of Inventories:

- ◆ Inventories are valued at lower of cost and net realizable value.
- ◆ Cost of raw materials is determined on specific identification method
- ◆ Stock of stores, spares and packing materials is determined on weighted average method.
- ◆ Finished goods and work in progress include conversion and other costs incurred in bringing the inventories to their present location and condition.

5. Revenue Recognition:

- i) Product sales are exclusive of the excise duty, VAT, insurance and trade discounts. Sales for exports are accounted on the date of issue of the Mate's Receipt.
- ii) Sale of undivided co-ownership lands under the Realty Division is net of cost.
- iii) Revenue recognition under the Realty Division will be based on corresponding recognition by the Partnership Firms in which the Company is a partner.

6. Borrowing costs:

Borrowing costs related to acquisition and construction of qualifying assets is capitalized as part of the cost of such asset up to the date when such asset is ready for its intended use. Other borrowing costs are charged to Profit and Loss Account.

7. Depreciation:

- ◆ Depreciation on fixed assets acquired prior to 1.4.90 has been provided on written down value method and on additions thereafter have been provided on straight line method at the rates prescribed in Schedule XIV to the Companies Act, 1956.

SCHEDULE 19: NOTES FORMING PART OF ACCOUNTS (contd..)

- ◆ Spinning as a process of manufacture has been considered on technical assessment as a continuous process plant as defined in Schedule XIV to the Companies Act, 1956 and depreciation has been provided accordingly.
- ◆ Depreciation on assets revalued is calculated on their respective book values on straight-line method. The additional charge of depreciation on account of revaluation is deducted from the Revaluation Reserve and credited to the Profit and Loss Account.
- ◆ No depreciation is provided on assets sold during the year.

8. Employee benefits:

Short term employee benefits including accrued liability for Leave Encashment (other than termination benefits) which are payable within 12 months after the end of the period in which the employees render service are paid/provided during the year as per the Rules of the Company.

Defined Contribution Plans:

Company's contributions paid/payable during the year to Provident and Family Pension Funds, Superannuation Fund (wherever opted) and Employees State Insurance are recognized in the Profit and Loss account.

Defined Benefit Plans:

The Employees' Gratuity Fund Scheme covered by the Group Gratuity cum-Life Assurance Policy of LIC of India is a Defined Benefit Plan. The present value of obligation is determined based on actuarial valuation using Projected Unit Credit Method which recognizes each period of service as giving rise to additional amount of employees benefit entitlement and measures each unit separately to build up the final obligation.

Termination Benefits:

Compensation to employees opting for retirement under the Voluntary Retirement Schemes of the Company are amortized as follows:

- Sixty (60) months for payments paid before 31.03.2006 from the month of incurrence.
- Twenty five (25) months for payments paid during the year ended 31.03.2008 from the month of incurrence.

9. Foreign Currency Transactions:

- a. Export sales in foreign currency are accounted for at the exchange rate prevailing on the date of negotiation, where such sales are not covered by forward contracts. Outstanding export documents pending negotiation when not covered by foreign exchange forward contracts are accounted for at the prevailing conversion rates at the close of the year and the difference in actual realization of such documents is accounted for in foreign exchange fluctuation account to be credited/charged to the profit & loss account in the year of realization.
- b. Foreign currency loans availed prior to 1st April, 2004 for acquiring fixed assets are translated at the exchange rates prevailing at the end of the year. Gains or losses on translation are adjusted to the carrying cost of such fixed assets.
- c. Foreign currency assets and liabilities are stated at the rate of exchange prevailing at the year-end and resultant gains/losses are recognized in the Profit and Loss account. Exchange difference in respect of foreign exchange forward contracts (other than for acquisition of fixed assets) is recognized as income or expense over the life of the contract.

SCHEDULE 19: NOTES FORMING PART OF ACCOUNTS (contd..)

10. Taxation:

- a. Provision for Current tax and Fringe Benefit Tax is made on the basis of estimated taxable income for the year or computed in accordance with the Income-Tax Act, 1961.
- b. Deferred tax on account of timing differences, between taxable income and accounting income is recognized using the tax rates and laws that have been substantively enacted as of the balance sheet date. Deferred tax assets are recognized to the extent there is reasonable certainty that these would be realized in future.

11. Lease Rentals:

Lease payments under an operating lease are recognized as an expense in the statement of profit and loss account on the basis of time pattern of the Company's benefit.

12. Contingent Liabilities:

Contingent Liabilities are disclosed in the Notes to Accounts and are determined based on the perception of the Management on the eventuality of the liability materiality, contingent thereto.

13. Research and Development Expenditure:

Capital expenditure on Research and Development is treated in the same manner of treatment in respect of fixed assets. Revenue expenses are charged to the profit and loss account in the year in which they are incurred.

14. Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities as at the date of the financial statement and reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates. Any revision to the estimates is recognized prospectively.

PART B: NOTES ON ACCOUNTS:

1) A) Contingent liabilities not provided for in respect of

<i>Particulars</i>	<i>31.03.08 Rs.lacs</i>	<i>31.03.07 Rs.lacs</i>
a) Disputed tax demands	10	10
i. Sales tax, cess etc.	76	61
ii. Income tax	86	71
Total		
(b) Export documentary bills discounted with Bank (since realized Rs. 434.91 lacs; previous year Rs. 777.51 lacs)	707	1308
(c) Corporate Guarantee for loan borrowed from State Bank of Patiala by M/s. Prime Developers (in which Company is a partner) (Loan outstanding at the year end including Interest is Rs. 922.39 lacs previous year out- Standing Rs. 2003.43 lacs)	3100	3100

SCHEDULE 19: NOTES FORMING PART OF ACCOUNTS (contd..)

(d) Disclosure in respect of provisions pursuant to Accounting Standard-29

Particulars	Opening Balance As on 1.4.07	Provided during The year	Utilised during The year	Closing Balance as On 31.3.08
Diminution in the value of investments	13.06 (13.06)	Nil (Nil)	Nil (Nil)	13.06 (13.06)
Doubtful Debts	24.19 (24.19)	Nil (Nil)	Nil (Nil)	24.19 (24.19)
Taxation	57.67 (43.67)	15.82 (14.00)	Nil (Nil)	73.49 (57.67)
Dividend	39.29 (46.12)	35.18 (39.29)	39.29 (46.12)	35.18 (39.29)
Corporate dividend tax	6.68 (6.47)	5.98 (6.68)	6.68 (6.47)	5.98 (6.68)
Pension, Gratuity & Superannuation	3.57 (2.99)	43.54 (3.57)	3.57 (2.99)	43.54 (3.57)
Total	144.46 (136.50)	100.52 (63.54)	49.54 (55.58)	195.44 (144.46)

B) Capital Commitments

Particulars	31.03.2008 Rs.lacs	31.03.2007 Rs.lacs
Capital Commitments outstanding (net of advances)	Nil	42

C) Licensed and installed Capacity:

<i>Licensed Capacity as at</i>		31.03.2008	31.03.2007
Cotton yarn	Ring spindles	NA	NA
Knitted Fabrics	Metric Tonnes	402	402
Knitted Garments	Numbers	6,90,000	6,90,000
Realty Division : Construction of			
a) Residential Blocks	BUA sq.mtrs	48,288	48,288
b) Commercial Blocks	BUA sq.mtrs	21,746	21,746
<i>Installed Capacity as at</i>		31.03.2008	31.03.2007
Cotton yarn	Ring spindles	48,504	48,504
Knitted Fabrics	Metric Tonnes	Nil	Nil
Knitted Garments	Numbers	6,50,000	6,50,000
Realty Division (Residential Blocks)	BUA sq.mtrs	24,991	NA

D) Production:

<i>Particulars for the year ended</i>			
Cotton yarn – Manufactured	Kgs.	17,96,860	28,10,787
Cotton yarn – Outsourced	Kgs	14,58,740	15,51,415
Knitted Garments–Manufactured	(numbers)	6,60,541	11,21,312
Knitted Garments–Job Processed	(numbers)	921	21,154

Closing stock of yarn is nett of process loss of 0.75 lakh kg. (Previous year 0.76 lakhs kg)

E) Turnover:

<i>Particulars for the year ended</i>	<i>31.03.2008</i>		<i>31.03.2007</i>	
	Quantity	Value Rs.lacs	Quantity	Value Rs.lacs
Yarn Division kgs	33,57,703	6,234	40,17,457	9,504
Fabrics Mtrs	600	1	1,02,299	119
Knitted Garments Numbers	7,74,844	1,231	11,27,304	1,447

F) Stock of Finished Goods.

<i>Particulars for the year ended</i>		<i>31.03.2008</i>	<i>31.03.2007</i>
Opening Stock -Yarn	kgs.	6,02,795	3,40,260
-Garments	numbers	4,03,841	3,99,325
Closing Stock -Yarn	kgs	4,25,056	6,02,795
-Garments	numbers	2,78,710	4,03,841

G) Raw material consumed:

<i>Particulars for the year ended</i>	<i>31.03.2008</i>		<i>31.03.2007</i>	
	Quantity Kgs.	Value Rs.lacs	Quantity Kgs.	Value Rs.lacs
Cotton	26,74,108	2,199	42,55,758	3,228
Cotton Yarn (outsourced)	14,41,313	2,716	15,41,367	2,692
Garments-Fabrics & Yarn		369		551
Total		5,284		6,471

H) Value of Imports on CIF Basis:

<i>Particulars for the year ended</i>	<i>31.03.2008</i> Rs.lacs	<i>31.03.2007</i> Rs.lacs
a) Raw Materials-Cotton	255	1,240
b) Components & spare parts	11	45
c) Capital goods	Nil	25

I) Value of Raw materials, spares, consumables and components consumed

a) Raw Materials:

<i>Particulars for the year ended</i>	<i>31.03.2008</i>		<i>31.03.2007</i>	
	Rs.lacs	% Of consum ption	Rs.lacs	% Of consum Ption
a) Imported	557	10.54	1,388	21.45
b) Indigenous	4,727	89.46	5,083	78.55
Total	5,284	100.00	6,471	100.00

b) Stores, spares & packing materials consumed:

<i>Particulars for the year ended</i>	<i>31.03.2008</i>		<i>31.03.2007</i>	
	Rs.lacs	% Of consum ption	Rs.lacs	% Of consum Ption
a) Imported	15	4.59	42	7.44
b) Indigenous	312	95.41	523	92.56
Total	327	100.00	565	100.00

J). Expenditure in foreign currency:

Rs.in lacs.

<i>Particulars for the year ended</i>	<i>31.03.2008</i>	<i>31.03.2007</i>
Sales commission, traveling, interest etc.	178	184

K). Earnings in foreign currency:

<i>Particulars for the year ended</i>	Rs.in lacs.	
	<i>31.03.2008</i>	<i>31.03.2007</i>
Exports in FOB value	5,683	7,497

2) Secured loans dealt in Schedule 3 of the Balance Sheet are secured as under: -

- a. Term loans (other than a short term loan from a bank) secured by a first *pari-passu* charge by way of equitable mortgage on all immovable properties, both present and future, excluding land admeasuring 10.91 acres and buildings appurtenant thereto, and the said loans are further secured by hypothecation of movable assets of the Company (except book debts) subject to prior charges in favor of banks against working capital advances. By way of collateral security, a wholly owned subsidiary of the Company has extended a corporate guarantee to the term lending institutions.
- b. Hire purchase loans and terms loans for purchase of vehicles are secured by hypothecation of respective assets.
- c. Working capital advances from banks are secured by hypothecation of current assets and further secured by way of second charge over the assets mentioned in para (a) above and are guaranteed by three of the Directors of the Company.

3) a. The land, buildings and machineries were revalued as on 31.03.1992 on the basis of reports of approved valuers on market value/replacement cost basis using standard indices after assessing the obsolescence and the age of the respective assets and, a sum of Rs.2323.26 lacs being the increase in the value of said assets was credited to the Revaluation Reserve Account.

b. The revalued amounts (net of withdrawals) remaining substituted for the historical cost in the Gross Block of Fixed Assets at the close of the year was:

<i>Assets Revalued</i>	31.03.2008 <i>Rs.lacs</i>	<i>31.03.2007</i> <i>Rs.lacs</i>
Land	339.85	401.68
Roads and Buildings	449.10	449.10
Plant and Machinery	486.97	489.21
Total	1275.92	1339.99

4) a) Firm in which the Company is a Partner: M/s.Prime Developers

Name of Partners	Capital invested Rs.lacs	Share in Profits	Share in Losses
Prime Textiles Limited	1.00	50.00%	66.66%
Pudumjee Industries Limited	1.00	12.50%	16.67%
Suma Commercial I Pvt. Limited	--	12.50%	16.67%
Aristo Realty Developers Limited	--	25.00%	0.00

b) Firm in which the Company is a Partner: M/s.Prime Mall Developers

Name of Partners	Capital invested Rs.lacs	Share in Profits	Share in Losses
Prime Textiles Limited	1.00	50%	66.66%
Pudumjee Plant & Laboratories Limited	1.00	25%	33.34%
Aristo Realty Developers Limited	--	25%	0.00

5) Managerial Remuneration u/s 198 of the Companies Act, 1956:

<i>Remuneration /Perquisites during year ended</i>	31.03.2008 <i>Rs.lacs</i>	<i>31.03.2007</i> <i>Rs.lacs</i>
Salary	83.64	59.79
House Rent Allowance/Rent free accommodation	0.78	0.78
Contribution to Provident Fund	10.04	9.21
Contribution to Superannuation	10.87	9.97
Perquisites	4.16	3.75
Gratuity	2.05	1.73
Total	111.54	85.01
Allocation as under:		
For Prime Textiles Limited	111.54	85.01
For a Subsidiary under new project	Nil	16.20

Notes:

Since no commission is being paid to the Managerial personnel, computation of net profit under section 349 of the Companies Act, 1956 has not been given.

6) Auditors' Remuneration and expenses:

<i>Particulars for the year ended</i>	31.03.2008 <i>Rs.lacs</i>	<i>31.03.2007</i> <i>Rs.lacs</i>
94) Audit Fees:		
Statutory Auditors	0.90	0.80
Branch Auditors	0.19	0.17
b) Tax Audit Fees:		
Statutory Auditors	0.12	0.13
Branch Auditors	0.06	0.01
c) Other Fees to Auditors:		
1. Taxation representation	0.24	0.17
2. Out of pocket expenses	0.01	0.26
3. Certification fees	0.26	0.63
4. Service Tax	0.15	0.14
Total	1.93	2.41

7) Foreign Exchange transactions:

- a) Amount of Foreign Exchange difference (net) credited in the Profit and Loss Account Rs. 17.71 lacs [previous year Rs.(2.32) lacs]
- b) Foreign exchange difference (net) on capital account reduced in the cost of respective fixed assets Rs. Nil lacs [previous year Rs. Nil lacs]

8) Disclosure in respect of related parties pursuant to Accounting Standard-18 (AS 18)

List of Related Parties and nature of relationships:

i) Where control exists: (Wholly owned subsidiary companies):

ATL Textile Processors Limited
 Manoj Yarn Processors Limited
 Pee Dee Yarn Processors Limited
 Prime Hometex Industries (India) Limited

ii) Other Parties with whom the Company has entered into transactions during the year:

a) Associates: -

Prime Processors Limited
 ATL Selina Innerwear Private Limited
 Prime Developers
 Prime Mall Developers

b) Key Managerial Personnel

- Mr. Purshottam Patodia, Vice Chairman & Managing Director
 Mr. Manojkumar Patodia, Managing Director
 Mr. Anujj K.Patodia, Executive Director
- c) Enterprises having Common key Management Personnel
 Pat Credit Limited
 Anjana Syntex Co. Limited
- d) Relatives of Key Managerial Personnel:
 Mr. Madanlal Patodia, father of Mr. Purushottam Patodia
 Mrs.Indiradevi Patodia, wife of Mr. Purushottam Patodia
 Mrs.Nandita Patodia, wife of Mr. Manojkumar Patodia
 Mrs.Meenal Patodia, wife of Mr.Anujj Patodia

iii) Transactions with related parties in the ordinary course of business:

Sl. No.	Nature of Transaction	Subsidiary Companies	Associates	Key Managerial Personnel	Rs.in lacs	
					Enterpris es/Relati ves of Key Manageri al Personnel	Total
1.	Purchase of goods	Nil	Nil	Nil	Nil	Nil
2.	Sale of goods	Nil	(5.74)	(Nil)	(Nil)	(5.74)
3.	Sale of Fixed Assets	Nil	(Nil)	(Nil)	(Nil)	(Nil)
4.	Job charges paid	Nil	67.88	Nil	Nil	67.88
5.	Rent received	Nil	(172.43)	(Nil)	(Nil)	((172.43)
6.	Rent /Dividend paid	Nil	(0.52)	(Nil)	(Nil)	(0.52)
7.	Job charges received	(Nil)	(6.40)	(Nil)	(Nil)	(6.40)
8.	Share of Profit on firm	(Nil)	236.99	Nil	Nil	236.99
9.	Expenses reimbursed	13.77 (0.27)	25.70 (2.58)	Nil (Nil)	Nil (Nil)	39.47 (2.85)
10.	Interest received	Nil (Nil)	0.18 (2.75)	Nil (Nil)	Nil (0.84)	0.18 (3.59)
11.	Deposit received	Nil (Nil)	Nil (Nil)	24.00 (Nil)	59.50 (Nil)	83.50 (Nil)
12.	Directors' Remuneration paid/sitting fees	Nil (Nil)	Nil (Nil)	111.55 (93.76)	1.64 (1.28)	113.19 (94.54)
Balances as on 31.03.2008						
ATL Textile Processors Ltd.		524.79 cr (525.12)cr				524.79 cr (525.12)cr

Pee Dee Yarn Processors Ltd.	1.86 Dr (1.80)Dr		1.86Dr (1.80)Dr
Manoj Yarn Processors Ltd.	50.02 Dr (49.97)Dr		50.02 Dr (49.97)Dr
Prime Hometex Industries (India) Ltd.	30.57 Dr (17.94)Dr		30.57Dr (17.94)Dr
ATL Selina Innerwear P Ltd.		232.88Dr (230.61)Dr	232.88Dr (230.61)Dr
Prime Developers		56.49 Cr (1000.00)Cr	56.49Cr (1000.00)
Prime Mall Developers		1308.16Cr (Nil)	1308.16Cr Nil
Prime Processors Ltd.		30.57Dr (5.03)	30.57Dr (5.03)

Figures in brackets represent previous year's figures.

Note: No amount in respect of above related parties has been written off, provided for or written back.

The balance in Prime Developers is net-off profit of Rs. 236.99 lacs.

9) Advances in the nature of loans to associates/employees (Disclosure pursuant to clause 32 of the Listing Agreement):

Name	Rate of Interest	Amount outstanding (Rs. in lakhs)	
		As on 31.03.2008	Maximum outstanding during the year.
Subsidiary Cos.			
1) Manoj Yarn Processors Ltd.	Nil (Nil)	50.02 (49.97)	50.02 (49.97)
2) Pee Dee Yarn Processors Ltd	Nil (Nil)	1.86 (1.80)	1.86 (1.80)
3) Prime Hometex Industries (India) Ltd.	(Nil)	30.57 (17.94)	30.57 (467.94)

Note: Figures in brackets represents previous year figure.

10) Basic and diluted Earnings per share (EPS) of face value of Rs.2 each is calculated as under:-

For the year ended on	31 st March 2008	31 st March 2007
a) Numerator: Net (Loss)/Profit as disclosed in Profit & Loss account after tax & Preference dividends	Rs. 25.84 lacs	(Rs.234.09 lacs)
b) Denominator: Number of Equity shares outstanding	2,27,43,600	2,27,43,600
c) Basic Earnings Per Share	0.11	(1.03)

11). Accounting for taxes on income-Accounting Standard 22 (AS 22)

Net deferred tax liability comprises of:

Deferred Tax Assets	31.03.2008	31.03.2007
1. Expenses covered by 43B	0.80	0.24
2. Carry forward Unabsorbed Depn. *	450.47	279.57
3. Others	0.25	0.27
Total	451.52	280.08

* Refer to Note NO.15(b)

Deferred Tax Liabilities	31.03.2008	31.03.2007
1. Depreciation	926.58	1,168.96
2. Deferred Revenue expenses	25.26	46.17
Total	951.84	1,215.13
Net Deferred Tax Liability	500.31	935.05

12).Names of Micro, Small and Medium Enterprises to whom amounts outstanding under following categories:

		31.03.2008	31.03.2007
(a)	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	Rs. Nil	Rs. Nil
(b)	The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 alongwith the amount of the payment made to the supplier beyond the appointed day during each accounting year.	Rs. Nil	Rs. Nil
(c)	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	Rs. Nil	Rs. Nil
(d)	The amount of interest accrued and remaining unpaid at the end accounting year	Rs. Nil	Rs. Nil
(e)	The amount of further interest, remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	Rs. Nil	Rs. Nil

13) As per Accounting Standard 21 on " Consolidated Financial Statements" and Accounting Standard 23 on "Accounting for Investments in Associates in Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India, the company has presented consolidated financial statements separately, in this annual report.

- 14) (a) In the opinion of the Board of Directors, the "Current Assets, Loans and Advances" have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.
(b) Balance of certain Debtors, Creditors and Advances are yet to reconciled and confirmed.

- 15) A sum of Rs.1,250 lacs has been received as consideration against sale of a portion of the company's land. **The Land would be conveyed in due course on completion of certain formalities. However, the registration will be carried out as and when the buyer demands for the same**

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- 16) The company has undertaken a reorganization of its business structure and formed two Divisions by way of integrating its Yarn manufacturing and Garments manufacturing businesses into (i) Textile Division; and both ongoing and proposed realty developments of company-owned lands into (ii) Realty Division. Due to its unviable operations, the Spinning Unit of the company located at Tirupur identified as a cash-generating unit ceased to operate from 27th November 2007. The Board of Directors has approved a detailed formal plan under which it has determined major assets of the CGU to be disposed of and the method of disposal. Subject to clearance of subsisting charges thereon and of the approval of the general body meeting of members, the company has entered into a binding sale agreement for partial transfer of development rights as a sequel to entering into a joint development of the lands.

The company tested impairment of fixed assets pursuant to the Accounting Standard AS-28, to essentially identify impairment loss, if any. Based on the assessment as a cash-generating unit, the net realizable amount calculated as per contracts entered into or current bid prices, the net selling price is expected higher than the carrying values of the unit. Accordingly no impairment was required to be provided during the year.

- 17) **The Company had invested to the extend of Rs.4.55 Cr. in wholly owned subsidiary Company M\s. Prime Hometex Industries (India) Ltd incorporated in 2007 for pursuing the project for manufacture of Home Textile Products. However in the light of depressed condition in the home textile market and acquisition of suitable land due to the local problems further progress in the project could not be made. The management is however hopeful of pursuing wit the project after the condition improves.**

- 18) a) For reasons of overall efficiency improvements and taking into account the nature of activities of the company stand reclassified by way of identification of business segments from the current year. Comparatives for the previous period are stated in conformity with present classification.

b) Segment wise results

Particulars	31.03.2008	31.03.2007
Segment Revenue		
a. Segment-textiles	7983.75	11,572.86
b. Segment-Realty	2,660.45	130.68
Total	10,644.20	11,703.54
Segment Results		
Profit/(Loss) before tax & interest from each segment		
a. Segment-textiles	(2124.13)	471.87
b. Segment-Realty	2,564.99	130.68
Total	440.86	602.55
b. Interest		
Less: Interest Segment-textiles	719.72	647.70
Interest Segment-Realty	2.10	0.00
Profit before tax :Segment - textiles	(2,843.85)	(175.83)

Profit before tax :Segment – Realty	2,562.89	130.68
c. Total	(280.95)	(45.15)
Less: Other unallocable expenditure net of unallocable income	112.13	95.23
Less: Elimination of Profit due Intersegment Revenue	0.00	0.00
Total Profit before tax (c –d)	(393.08)	(140.38)
Capital Employed		
a. Segment textiles	5,712.84	10,688.82
b. Segment-Realty	-	
Total	5,712.84	10,688.82

19. Employee Benefit

The gratuity liability is funded by Life Insurance Corporation of India under Group Gratuity Cash Accumulation Scheme

01.	Assumptions	31.03.2008
	Discount Rate	8%
	Salary Escalation	7%
02.	Changes in the present value of obligation	(In Rupees)
	Present value of obligation as at beginning of year	1,21,58,002
	Interest Cost	9,11,850
	Current Service Cost	16,17,361
	Benefits paid	14,47,458
	Actuarial Loss/(Gain) on obligations	-87,95,074
	Present value of obligations as at the end of year	44,44,681
03.	Changes in the fair value of plan assets	
	Fair value of plan assets at beginning of year	10,86,002
	Expected return on plan assets	96,763
	Contributions	21,45,945
	Benefits paid	14,47,458
	Actuarial Gain/(Loss) on Plan assets	Nil
	Fair value of plan assets at the end of year	18,81,252
04.	Fair value of plan assets	
	Fair value of plan assets at beginning of the year	10,86,002
	Actual return on plan assets	96,763
	Contributions	21,45,945
	Benefits paid	14,47,458
	Fair value of plan assets at the end of year	18,81,252
	Funded status	-25,63,429
05.	Actuarial Gain/Loss recognized	
	Actuarial gain /(Loss) for the year – obligation	87,95,074
	Actuarial gain/(Loss) for the year – plan assets	Nil
	Total Loss/ (gain) for the year	-87,95,074
	Actuarial Loss/(Gain) recognized in the year	-87,95,074
06.	Amounts recognized in the balance sheet and Profit and Loss	
	Present value of obligations as at the end of the year	44,44,681
	Fair value of plan assets as at the end of the year	18,61,262
	Funded status	-25,63,429
	Net Asset/(Liability) recognized in balance sheet	25,63,429
07.	Expenses charged in statement of Profit and Loss account	
	Current Service cost	16,17,361
	Interest Cost	9,11,850
	Expected return on plan assets	96,763
	Net Actuarial loss/(gain) recognized in the year	-87,95,074
	Expenses recognized in statement of Profit and Loss account	-63,62,626

20. Previous year's figures are regrouped / rearranged, wherever necessary to conform to this year/s presentation.

This is the Balance Sheet referred
to in our report of even date
For M.S. Jagannathan & Visvanathan
Chartered Accountants

For & on behalf of the Board

M.J. Vijayaraaghavan partner M.No.7534	Manojkkumar Patodia Managing Director	Purushottam Patodia Vice Chairman & Managing Director
	Banwarilal Singhal Director	Anujj K. Patodia Executive Director
Place: Mumbai Date:30.06.2008	B.K.Srinivasa Ragavan Director (Finance & Admin)	S.Rengasamy Company Secretary

SCHEDULE 19: NOTES FORMING PART OF ACCOUNTS (contd.)

As per notification dated 15.5.1995 issued by the Department of Company Affairs, the additional information under para IV as under :-

Balance Sheet Abstract and Company's General Business Profile

I Registration Details:

Registration No.	181-00001
Balance Sheet Date	31-03-2008

II. Capital rose during the year (Figures rupees in thousands):

Public Issue	Nil	Rights Issue	Nil
Bonus Public issue	Nil	Private Placement	Nil

III.Position of Mobilisation and Deployment of Funds (Figures rupees in thousands):

Total Liabilities	1247926	Total Assets	1247926
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Sources of Funds:

Paid up Capital	45487	Reserves & Surplus	234255
Secured Loans	535085	Unsecured Loans	93265
Deferred Tax Liability	50031	Current Liabilities	289803

Application of Funds:

Net Fixed Assets	606799	Investments	99176
Current Assets	500292	Misc.Expenditure.	41659

IV. Performance of the Company (Figures rupees in thousands):

Turnover (including stock Adjustment & other Income	995270	Total Expenditure	1034578
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Profit (+)/Loss (-) Before tax	(39308)	Profit (+)/Loss (-) after tax	3373
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Earning per share in Rs.	0.11	Dividend Rate:Equity	0
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V.Generic Names of Three Principal Products/Services of Company (as per monetary terms):

Item Code No (ITC code)	520420.09
Product Description	Cotton Yarn

This is the Balance Sheet referred
to in our report of even date
For M.S. Jagannathan & Visvanathan

For & on behalf of the Board

Chartered Accountants

M.J. Vijayaraaghavan
Partner
M.No.7534

Manojkumar Patodia
Managing Director

Banwarilal Singhal
Director

Purushottam Patodia
Vice Chairman & Managing
Director

Anujj K. Patodia
Executive Director

Place: Mumbai
Date:30.06.2008

B.K. Srinivasa Ragavan
Director (Finance & Admin)

S.Rengasamy
Company Secretary

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT,1956,
Related to Subsidiary Companies

Sl. No.	Name of the Subsidiary company	Name of Subsidiary Companies			
		ATL Textiles Processors Limited	Manoj Yarn Processors Limited	Pee Dee Yarn Processors Ltd	Prime Hometex Industries (India) Ltd.
1.	Financial Year ended 31st March.	2008	2008	2008	2008
2.	No. Of shares held by holding Co.	10,37,450	50,900	50,900	45,50,000
3.	Face value of shares in. Rs.	10	100	10	10
4.	Extent of Holding (%) Held by Manoj Yarn Processors Ltd.	100	100	21.41 78.59	100
5	Net aggregate amount of profits [losses] of the subsidiary for the above financial year so far as it concerns members of the Holding Company which are not dealt within the company's account	Rs 1.24 lacs	Not applicable Operations not yet commenced	Not applicable Operations not yet commenced	Not applicable Operations not yet commenced
6	-do-For the Financial Year	Rs.(0.42) lacs	-do-	-do-	-do-
7	Net aggregate amount of profits [losses] of the subsidiary for the above financial year so far as it concerns members of the Holding Company which are dealt within the company's account	Rs.14.06lacs	Not applicable	Not applicable	Not applicable
8	Holding company's interest as at 31st March 2008 incorporating changes since the close of the financial year of the subsidiary company	No change	No change	No change	No change

For & on behalf of the Board

Manojkumar Patodia
Managing Director

Anujj K.Patodia
Executive Director

Place: Mumbai
Date: 30.06.2008

Purushottam Patodia
Vice Chairman & Managing Director

Banwarilal.Singhal
Director

B.K. Srinivasa Ragavan
Director (Finance & Admin)

S.Rengasamy
Company Secretary

AUDITORS' REPORT

Report of the auditors to the Board of Directors of PRIME TEXTILES LIMITED

We have audited the attached consolidated Balance Sheet of M/s. PRIME TEXTILES LIMITED, and its subsidiaries as at 31st March 2008, and also the related Profit and Loss account and the Cash Flow Statement for the year ended. 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 audits. We did not audit the financial statements of ATL TEXTILE PROCESSORS LIMITED, MANOJ YARN PROCESSORS LIMITED, PEE DEE YARN PROCESSORS LIMITED AND PRIME HOMETEX INDUSTRIES (INDIA) LIMITED subsidiaries, for the year ended 31st March 2008. These statements were audited by other auditors whose reports have been furnished to us, and our opinion, so far as it relates to these companies is based solely on the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard-21 'Consolidated Financial Statement' issued by the Institute of Chartered Accountants of India, on the basis of the individual financial statements of M\s. PRIME TEXTILES LIMITED and its subsidiary companies included in the aforesaid consolidation.

On the basis of the information and explanations given to us and on consideration of the separate Audit Reports on individual audited financial statement of M\s. PRIME TEXTILES LIMITED and its subsidiary, in our opinion the consolidated financial statements give a true and fair view in conformity with the Accounting Principles generally accepted in India:

- a) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of M\s. PRIME TEXTILES LIMITED and its subsidiary as at 31st March 2008
- b) in the case of the consolidated Profit and Loss account, of the consolidated results of operations of M\s. PRIME TEXTILES LIMITED and its subsidiaries for the year ended on that date, and
- c) in the case of the consolidated cash flow statement of the consolidated cash flows of M\s. PRIME TEXTILES LIMITED and its subsidiaries for the year ended on that date.

In our opinion, based on our audits and the reports of other audits, the consolidated financial statements referred to above give a true and fair view of the financial position of M\s. PRIME TEXTILES LIMITED, and subsidiaries as at 31st March 2008 and of the results of consolidated cash flows for the year ended conformity with generally accepted accounting principles in India.

Place: Mumbai
Date: 30.06.2008

For M.S.Jagannathan & Visvanathan
Chartered Accountants
M.J. Vijayaraaghavan
Partner
(M No.7534)

Schedules forming part of the Consolidated Balance Sheet as at 31st March, 2008 and Profit and Loss Account for the year ended on that date:

19. NOTES TO ACCOUNTS

Part A. SIGNIFICANT ACCOUNTING POLICIES

1) General:

Accounts are prepared on historical cost (except for certain fixed assets which have been revalued) and on the accounting principles of a going concern

2) The mercantile system of accounting is followed and income and expenditure are recognized on accrual basis except those with significant uncertainties.

3) Principles of Consolidation: The consolidated financial statements relate to Prime Textiles Limited ("the company") and its wholly-owned subsidiary companies, all incorporated in India, viz., ATL Textile Processors Limited (formerly known as ATL Patodia Finance Limited), Manoj Yarn Processors Private Limited, Pee Dee Yarn Processors Private Limited and Prime Hometex Industries (India) Limited. The consolidated financial statements have been prepared on the following basis:

a) The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together the book value of like items of assets and liabilities after fully eliminating intra-group balances and intra-group transaction resulting in unrealized profits or losses.

b) Financial statements of both parent company and subsidiary companies have been drawn up to 31st March 2008, the reporting date.

4) **Contingent Liabilities:**

Contingent Liabilities are disclosed to the Notes to Accounts and are determined based on the perception of the Management on the eventuality of the liability materiality, contingent thereto.

5) **Other Significant Accounting Policies**

These are set out in the Notes to Accounts under Significant Accounting Policies for financial statements of the Company and its subsidiary companies.

PART B: NOTES ON ACCOUNTS:

1) A) Contingent liabilities not provided for in respect of

Particulars	31.03.08 <i>Rs.lacs</i>	31.03.07 <i>Rs.lacs</i>
(a) Disputed tax demands		
i. Other tax, cess etc.	10	10
ii. Incometax	76	61
Total	86	71
(b) Export documentary bills discounted with Bank (since realized Rs.434.91 lacs; previous year Rs. 777.51 lacs)	706.62	1308
(c) Corporate Guarantee for loan borrowed from State Bank of Patiala by M/s. Prime Developers (in which Company is a partner) (Loan outstanding at the year end including Interest is Rs.922.39 lacs previous year outstanding Rs.2003.43 lacs)	3100	3100
d) ATL Textile Processors Limited subsidiary of the company has given corporate guarantee to the lending institutions of the company	1815	1815

d) Disclosure in respect of provisions pursuant to Accounting Standard-29

Particulars	Opening	Provided during	Utilised during	Closing
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	Balance As on 1.4.07	The year	The year	Balance as On 31.3.08
Diminution in the value of investments	13.06 (13.06)	Nil (Nil)	Nil (Nil)	13.06 (13.06)
Doubtful Debts	24.19 (24.19)	Nil (Nil)	Nil (Nil)	24.19 (24.19)
Taxation	57.67 (43.67)	15.82 (14.00)	Nil (Nil)	73.49 (57.67)
Dividend	39.29 (46.12)	35.18 (39.29)	39.29 (46.12)	35.18 (39.29)
Corporate dividend tax	6.68 (6.47)	5.98 (6.68)	6.68 (6.47)	5.98 (6.68)
Pension, Gratuity & Superannuation	3.57 (2.99)	43.54 (3.57)	3.57 (2.99)	43.54 (3.57)
Total	144.46 (136.50)	100.52 (63.54)	49.54 (55.58)	195.44 (144.46)

B) Capital Commitments

Particulars	31.03.2008	31.03.2007
	Rs.lacs	Rs.lacs
Capital Commitments outstanding (net of advances)	Nil	42

2. (a) The land, buildings and machineries were revalued as on 31.03.1992 on the basis of reports of approved valuers on market value/ replacement value / replacement cost basis using standard indices after assessing the obsolescence and the age of the respective assets. Accordingly, a sum of Rs.2,323.26 lacs being the increase in the value of said assets was credited to the Revaluation Reserve Account.

(b) The revalued amounts (net of withdrawals) remaining substituted for the historical cost in the Gross Block of Fixed Assets at the close of the year was:

Rs.in lacs.

	31.03.2008	31.03.2007
Land	339.85	401.68
Roads and Buildings	449.10	449.10
Plant and Machinery	486.97	489.21
Total	1275.92	1,339.99

3) a) Firm in which the Company is a Partner: M/s.Prime Developers

Name of Partners	Capital invested Rs.lacs	Share in Profits	Share in Losses
PrimeTextiles Limited	1.00	50%	66.66%
Pudumjee Industries Ltd.	1.00	12.50%	16.67%
Suma Commercial I Pvt. Ltd.	--	12.50%	16.67
Aristo Realities Developers Ltd	--	25%	0.00

b) Firm in which the Company is a Partner: M/s.Prime Mall Developers

Name of	Capital	Share in	Share
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Partners	invested Rs.lacs	Profits	in Losses
PrimeTextiles Limited	1.00	50%	66.66%
Pudumjee Plant & Laboratories Limited	1.00	25%	33.34%
Aristo Realities Developers Ltd.	--	25%	0.00

4) Managerial Remuneration u/s 198 of the Companies Act, 1956:

<i>Remuneration /Perquisites during year ended</i>	31.03.2008 <i>Rs.lacs</i>	<i>31.03.2007</i> <i>Rs.lacs</i>
Salary	83.64	59.57
House Rent Allowance/Rent free accommodation	0.78	0.78
Contribution to Provident Fund	10.04	9.21
Contribution to Superannuation	10.87	9.97
Perquisites	4.16	3.75
Gratuity	2.05	1.73
Total	111.54	85.01
Allocation as under:		
For Prime Textiles Limited	111.54	85.01
For a Subsidiary under new project	Nil	16.20

5) Auditors' Remuneration and expenses:

<i>Particulars for the year ended</i>	31.03.2008 <i>Rs.lacs</i>	<i>31.03.2007</i> <i>Rs.lacs</i>
a) Audit Fees:		
Statutory Auditors	0.98	0.80
Branch Auditors	0.19	0.17
b) Tax Audit Fees:		
Statutory Auditors	0.12	0.13
Branch Auditors	0.06	0.01
c) Other Fees to Auditors:		
5. Taxation representation	0.24	0.17
6. Out of pocket expenses	0.02	0.26
7. Certification fees	0.27	0.63
8. Service Tax	0.15	0.14
Total	2.03	2.41

Audit fees Rs.31,000 paid by three subsidiary companies is grouped in preliminary expenses as they have not yet commenced their operation.

6) Foreign Exchange transactions:

- a) Amount of Foreign Exchange difference (net) credited in the Profit and Loss Account Rs.17.71 lacs [previous year Rs.(2.32) lacs]
- b) Foreign exchange difference (net) on capital account reduced in the cost of respective fixed assets Rs. Nil lacs [previous year Rs. Nil lacs]

7. Disclosure in respect of related parties pursuant to Accounting Standard -18 (AS 18):-

List of Related Parties and nature of relationships:

- i) Where control exists: (Wholly owned subsidiary companies):
 - a) ATL Textile Processors Ltd
 - b) Manoj Yarn Processors Limited
 - c) Pee Dee Yarn Processors Limited

- d) Prime Hometex Industries (India) Limited
- ii) Other Parties with whom the Company has entered into transactions during the year:
- (a) Associates: -
- i) Prime Processors Limited
 - ii) ATL Selina Innerwear Private Limited
 - iii) Prime Developers
 - iv) Prime Mall Developers
- b) Key Management Personnel and their relatives
- i) Mr. Madan Lal Patodia, father of Mr.Purushottam Patodia
 - ii) Mr. Purshottam Patodia, Vice Chairman & Managing Director
 - iii) Mr. Maojjkumar Patodia, Managing Director
 - iv) Mr. Anujj K.Patodia, Executive Director
- c) Enterprises having Common key Management Personnel
- i) Pat Credit Limited
 - ii) Anjana Syntex Co. Limited
- d) Relatives of Key Management Personnel:
- i) Mrs.Indiradevi Patodia, wife of Mr. Purushottam Patodia
 - ii) Mrs.Nandita Patodia, wife of Mr. Manojjkumar Patodia
 - iii) Mrs.Menal Patodia, wife of Mr..Anujj K. Patodia

iii) Transactions with related parties in the ordinary course of business:

					Rs.in lacs
Sl. No.	Nature of Transaction	Associates	Key Managerial Personnel	Enterprises/Relatives of Key Managerial Personnel	Total
1.	Purchase of goods	Nil (5.74)	Nil (Nil)	Nil (Nil)	Nil (5.74)
2.	Sale of goods	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
3.	Sale of Fixed Assets	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
4.	Job charges paid	67.88 (172.43)	Nil (Nil)	Nil (Nil)	67.88 (172.43)
5.	Rent received	Nil (0.52)	Nil (Nil)	Nil (Nil)	Nil (0.52)
6.	Rent /Dividend paid	Nil (6.40)	Nil (Nil)	Nil (Nil)	Nil (6.40)
7.	Job charges received	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
8.	Share of Profit on firm	236.99 (Nil)	Nil (Nil)	Nil (Nil)	236.99 (Nil)
9.	Expenses reimbursed	25.70 (2.58)	Nil (Nil)	Nil (Nil)	39.47 (2.85)
10.	Interest received	0.18 (2.75)	Nil (Nil)	Nil (0.84)	0.18 (3.59)
11.	Deposit received	Nil (Nil)	24.00 (Nil)	59.50 (Nil)	83.50 (Nil)

12. Directors' Remuneration paid/sitting fees	Nil (Nil)	111.55 (93.76)	1.64 (1.28)	113.19 (94.54)
Balances as on 31.03.2008				
ATL Selina Innerwear P Ltd.	232.88Dr (230.61)Dr			232.88Dr (230.61)Dr
Prime Developers	56.49Cr (1000.00)			56.49Cr (1000.00)
Prime Mall Developers	Cr 1308.16Cr (Nil)			Cr 1308.16Cr (Nil)
Prime Processors Ltd.	30.57Dr (5.03)Dr			30.57Dr (5.03)Dr

Figures in brackets represent previous year's figures.

Note: No amount in respect of above related parties has been written off, provided for/written back.

The balance of Prime Developers is net off profit of Rs.236.99 for the year.

8) Basic and diluted Earnings per share (EPS) of face value of Rs.2 each is calculated as under:-

For the year ended on	31 st March 2008	31 st March 2007
a) Numerator: Net (Loss)/Profit as disclosed in Profit & Loss account after tax & Preference dividends	Rs. 27.06 lacs	(Rs.234.09 lacs)
b) Denominator: Number of Equity shares outstanding	2,27,43,600	2,27,43,600
c) Basic Earnings Per Share	0.12	(1.03)

9). Accounting for taxes on income-Accounting Standard 22 (AS 22)

Net deferred tax liability comprises of:

Deferred Tax Assets	31.03.2008	31.03.2007
1. Expenses covered by 43B	0.80	0.24
2. Carry forward Unabsorbed Deprn. *	450.47	279.57
3. Others	0.25	0.27
Total	451.52	280.08

* Refer to Note NO.15(b)

Deferred Tax Liabilities	31.03.2008	31.03.2007
1. Depreciation	926.58	1,168.96
2. Deferred Revenue expenses	25.26	46.17
Total	951.84	1,215.13

Net Deferred Tax Liability	500.31	935.05
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10) a) For reasons of overall efficiency improvements and taking into account the nature of activities of the company stand reclassified by way of identification of business segments from the current year. Comparatives for the previous period are stated in conformity with present classification.

b) Segment wise results

Particulars	31.03.2008	31.03.2007
Segment Revenue		
a. Segment-Textiles	7,983.75	11,572.86
b. Segment-Realty	2,660.45	130.68
Total	10,644.20	11,703.54
Segment Results		
a.Profit/(Loss) before tax & interest from each segment		
a. Segment-Textiles	(2,122.90)	472.26
b. Segment-Realty	2,564.99	130.68
Total	442.09	602.94
b. Interest		
Less: Interest Segment-Textiles	719.72	647.70
Interest Segment-Realty	2.10	0.00
Profit before tax : Segment -Textiles	(2,842.62)	(175.44)
Profit before tax : Segment - Realty	2,562.90	130.68
c. Total	(279.72)	(44.76)
d)Less: Other unallocable expenditure net of unallocabe income	112.13	95.25
Less: Elimination of Profit due Intersegment Revenue	0.00	0.00
Total Profit before tax (c -d)	(391.85)	(140.01)
Capital Employed		
a. Segment -Textiles	4793.55	9,771.19
b. Segment-Realty	0.00	0.00
Total	4793.55	9,771.19

11. Previous year's figures are regrouped / rearranged, wherever necessary to conform to this year/s presentation.

This is the Balance Sheet referred to in our report of even date For M.S. Jagannathan & Visvanathan Chartered Accountants

For & on behalf of the Board

M.J. Vijayaraaghavan
Partner
M.No.7534

Manojkumar Patodia Purushottam Patodia
Managing Director Vice Chairman & Managing Director
Banwarilal Singhal Anuj K. Patodia
Director Executive Director

B.K.Srinivasa Ragavan S.Rengasamy
Director (Finance & Admin) Company Secretary

Place: Mumbai
Date: 30.06.2008

ATL TEXTILES PROCESSORS LIMITED
Registered Office, 110, Avinashi Road, Tirupur 641 603 (T.N.)

DIRECTORS' REPORT

To the Members

Your Directors have pleasure in presenting the Twelfth Annual Report together with the Audited Statement of Accounts for the year ending 31st March 2008.

Status

The Company is continuing as a wholly owned subsidiary company of M/s. Prime Textiles Limited.

Operations

Your Directors are contemplating ways and means to attain its main objectives. With an intention to further the business of the company it has proposed to invest in certain strategic properties during the ensuing year.

Public Deposits

The Company has not accepted any deposits from the public or others during the year under Report.

Directors' Responsibility Statement

In compliance of the provisions of Section 217(2AA) of the Companies Act 1956, your Directors wish to place on record that:

- a. in preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b. the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and considered prudent so as to give a true and fair view of the state of affairs of the company as at 31st March 2008 and of the Profit and Loss Account for the year ended on that date;
- c. the Directors have taken proper and sufficient care as warranted for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing/ detecting any incidence of frauds and other irregularities; and,
- d. the Annual Accounts have been prepared on a going concern basis.
- e. Since the Company does not have any employees, particulars u/s217(2A) has not been given.
- f. Since the Company has not started any manufacturing or service activities particulars u/s.217(1)(e) have not been given.

Auditors

Shareholders are requested to appoint the Auditors of the Company. Messrs Chandra Gupta & Co., Chartered Accountants, Bangalore, retire as the Auditors of the Company at the ensuing Annual General Meeting and are eligible for re-appointment.

Directors

Mr. Banwarilal Singhal, Director, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Compliance Certificate

Secretarial Compliance Certificate issued by a Practicing Company Secretary under section 383(A) of the Companies Act, 1956 is enclosed by way of Annexure to this Directors' Report.

Acknowledgements

Your Directors record their gratitude for the continued support received from the holding company.

For and on behalf of the Board

Manojkumar Patodia
Anuj K.Patodia
B.K.Srinivasa Ragavan
Directors

Place: Mumbai
Date: 30.06.2008

COMPLIANCE CERTIFICATE FOR THE YEAR ENDED 31ST MARCH 2008

CIN : U65910TZ1996PLC007068
Nominal Capital: Rs.1,25,00,000/-

To
The Members
ATL TEXTILE PROCESSORS LIMITED
110, Avanashi Road,
TIRUPUR – 641 603.

Sirs,

I have examined the registers, records, books and papers of **ATL TEXTILE PROCESSORS LIMITED** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended 31st March 2008 (financial year). 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 of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies within the time prescribed under the Act and the rules made thereunder except as stated in Annexure-B.
3. The Company, being a public limited company has a paid up capital of Rs.1,03,74,500/-
4. The Board of Directors duly met four times respectively on 28.5.2007, 27.7.2007, 28.10.2007 and 29.1.2008 and 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 has not closed its Register of Members during the financial year.
6. The Annual General Meeting for the financial year ended on 31st March, 2007 was held on 27.7.2007 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in the 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. However the Company has advanced to its Holding company Prime Textiles Limited a sum of Rs.524.79 lacs.
9. The Company has not entered into any contracts falling within the purview of section 297 of the Act.

10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the company has not obtained any approvals from the Board of Directors, Members or Central Government.
12. The Company has not issued any duplicate share certificates during the financial year.
13. i) There was no allotment/transfers/transmission of securities during the financial year
ii) The Company has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
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 has no amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to be transferred to Investor Education and Protection Fund.
v) 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 Director have been duly made. However there was no appointment of Additional Directors, alternative Director and Directors to fill casual vacancies during the financial year.
15. The Company's paid up capital being less than the prescribed 5 crores, it is not required to appoint a Managing Director/Whole Time Director/Manager and accordingly 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 financial year.
17. The Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provisions of the Act during the financial year.
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 thereunder.
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.
21. The Company has not issued any preference shares/debentures and hence the question of redemption of preference shares/debentures does not arise during the financial year under review.

22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of section 58A/58AA during the financial year.
24. The Company has not made any borrowings during the financial year ended 31.3.2008.
25. The Company has made investments in other bodies corporate and consequently entries have been made in the register kept for the purpose. The Company has made advances, provided securities and issued Corporate Guarantee to the holding Company, collaterally securing term loans availed by latter and has made necessary entries 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 its Articles of Association during the financial year.
31. There was/were 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 during the financial year, for offences under the Act.
32. The Company did not have any employee during the said referred financial year and hence the provisions of section 417(1) of the Act were not applicable.
33. The Company did not have any employee during the said referred financial year and hence the provisions of section 418 of the Act were not applicable.

Place: Mumbai

Date: 30/06/2008

Signature:

Name of the Company Secretary: *M.R.L.NARASIMHA*
C.P.No.799

ANNEXURE 'A'

SECRETARIAL COMPLIANCE CERTIFICATE FOR THE YEAR ENDED 31ST MARCH 2008

ATL TEXTILE PROCESSORS LIMITED

CIN : U65910TZ1996PLC007068

Nominal Capital: Rs.1,25,00,000/-.

Registers as maintained by the Company:

- 1) Board Meeting minutes u/s 193
- 2) Annual General Meeting Minutes u/s 193
- 3) Register of Members u/s 150
- 4) Register of Share Transfer
- 5) Register of Directors u/s 303
- 6) Register of Directors Share Holding u/s 307
- 7) Register of Contracts in which Directors are Interested u/s 301 and 301(3)
- 8) Directors' Attendance Register
- 9) Register of investments, loans and guarantees.

Place: Mumbai

Date: 30/06/2008

Signature:

Name of the Company Secretary: *M.R.L.NARASIMHA*
C.P.No.799

ANNEXURE 'B'

**SECRETARIAL COMPLIANCE CERTIFICATE FOR THE YEAR ENDED
31ST MARCH 2008**

ATL TEXTILE PROCESSORS LIMITED

CIN : U65910TZ1996PLC007068

Nominal Capital: Rs.1,25,00,000/-.

Forms and Returns filed by the Company with the Registrar of Companies during the Financial Year ending 31st March, 2008:

S.No.	Form No. Return	Filed u/s	For	Date of Filing Ch.No.	Whether filed within prescribed time	If delay in filing whether requisite additional fees paid
1	Form 23AC & 23ACA	220	Balance Sheet, P&L A/c as at 31.3.2007	P09484650 27.8.2007	Yes	Not applicable
2	Form 20B	159	Annual Return made upto 27.7.2007	P09723347 12.9.2007	Yes	Not Applicable
3	Form 66	383A(1)	Secretarial Compliance Certificate for the year ended 31.3.2007	P09714973 12.9.2007	No	Yes

Regional Director: Nil

Central Government & Other Authorities: Nil

Place: Mumbai

Date: 30/06/2008

Signature:

Name of the Company Secretary: *M.R.L.NARASIMHA*
C.P.No.799

AUDITOR'S REPORT

1. We have audited the attached Balance Sheet of M/s **ATL TEXTILE PROCESSORS LIMITED, TIRUPUR** as at 31st March, 2008 and its Profit and Loss Account 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.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India . Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining ,on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order 2003, and subsequent amendments issued by the Department of Company Affairs , in terms of Section 227 (4-A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 & 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above:
 - (A) We have obtained all the information and explanations, which to the bests 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 for as it appears from our examination of such books.
 - (C) The Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the books of account.
 - (D) In our opinion the balance sheet and the profit and loss account comply with Accounting Standards, referred to in subsection (3c) of section 211 of the Companies Act, 1956, to the extent applicable.
 - (E) On the basis of written representations received from the Directors as on 31st, March,2008 and taken on record by the Board of Directors , We report that none of the Directors is disqualified as on 31st March,2008 from being appointed as Director in terms of clause (g) of sub section (1) of section 274 of the companies Act , 1956.
 - (F) In our opinion and to the best of our information and according to the explanations given to us, the said balance sheet and profit and loss account read together with the notes on accounts appended there on , give the information as required by the Companies Act, 1956 , in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India.
 - (i) In the case of Balance Sheet of the state of affairs of the Company as at 31st March,2008 and
 - (ii) In the case of Profit and Loss Account, of the Profit for the year ended on that date

For CHANDRA GUPTA & CO.,
Chartered Accountants
(G.Chandrasekhar)
Proprietor M.No.24941

Place : Mumbai
Dated : 30.06.2008

ANNEXURE TO THE AUDITORS' REPORT REFERRED TO IN PARAGRAPH 3 OF OUR REPORT DATED 30.06.2008 TO THE ACCOUNTS OF M/S. ATL TEXTILE PROCESSORS LIMITED FOR THE YEAR ENDED 31st MARCH 2008.

- (i) a. The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets i.e. Land & Buildings.
 - b. Since there are no fixed assets, the verification of the same does not arise.
 - c. During the year 2003-2004 the Company had converted Land into Stock in Trade and the value of the Land and Building had been taken as the value of the stock in trade of land. There are no fixed Assets during the year with the Company.
- (ii) a. The Stock-in-trade i.e., Land has been physically verified by the Management during the year at reasonable intervals.
 - b. In our opinion and according to the information given to us, the procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - c. The company is maintaining proper records of inventory. The discrepancies between the physical stocks and the book stocks, which have been properly dealt with in the books of account, were not significant.
- (iii) a. The company has not granted any loans secured or unsecured to companies, firms and other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and hence sub.clause b,c and d are not applicable.
 - b. The company has not taken any loans secured or unsecured from companies, firms and other parties listed in the register maintained under Section 301 of the Companies Act, 1956
- (iv) In our opinion, the internal control procedure of the Company relating to purchase of inventory and fixed assets and sale of goods and services are commensurate with the size and nature of its business. There are no continuing failures in internal control.
- (v) In our opinion, there are no transactions to be entered in to a register in pursuance of Section 301 of the Act.
- (vi) The Company has not accepted any deposits from the public and hence the provisions of Sections 58A and 58AA of the Act and the rules framed there under are not applicable.
- (vii) The company do not have the internal audit.
- (viii)As informed by the Management the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 are not prescribed.
- (ix) (a) According to the information and explanations given to us there are no employees and hence no Provident Fund and the Employees State Insurance dues. The Company is regular in depositing undisputed statutory dues i.e., Income – tax. Other Taxes i.e., Sales Tax, Wealth tax, Service tax, Customs Duty, Excise Duty and Cess are not applicable to the company.
 - (b) In respect of undisputed Income tax, Wealth Tax, Service Tax, Customs duty Excise Duty , Cess and other statutory dues, there are no amounts , which were due for a period of more than six months from the date they become payable.

- (x) The Company does not have any accumulated Loss at the year end. The company has not incurred cash loss during the financial year under audit and the company has incurred cash loss immediately preceding financial year.
- (xi) The Company had given corporate guarantee to the term lending institutions of the holding company, collaterally securing, term loans of Rs.1,815 lacs availed by the Holding Company
- (xii) Based on the representation given by the management , no fraud has been noticed or reported on or by the company during the course of audit.
- (xiii) The clauses (xi), (xii), (xiii),(xiv), (xvi),(xvii), (xviii),(xix) and(xx) of the said order are not applicable for the year under audit.

For CHANDRA GUPTA & CO.,
Chartered Accountants

Place : Mumbai
Date : 30.06.2008

(G.Chandrasekhar)
M.No.24941
Proprietor

7: SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

Part A: Significant Accounting Policies

1) General:

- i) Accounts are prepared on historical cost and on the accounting principles of going concern.
- ii) The mercantile system of accounting is followed and income and expenditure are recognized on accrual basis except those with significant uncertainties.
- iii) Accounting Standards are adapted to the extent the same are applicable.

2) Stock in Trade:

Land is stated at cost.

3) Miscellaneous expenditure:

one fifth of the preliminary and pre-operative expenses are amortised to the Profit & Loss account.

4) Contingent Liabilities:

Contingent Liabilities are disclosed to the Notes to Accounts and are determined based on the perception of the Management on the eventuality of the liability materiality, contingent thereto.

PART B: NOTES ON ACCOUNTS:

1. Contingent Liability:

The Company has issued corporate guarantee to the term lending institutions of the holding company, collaterally securing term loans of Rs.1,815 lacs availed by the latter.

2. a) During the year 2003-2004 the company had converted its land at cost and the building at written-down value into stock-in-trade. Accordingly, the same had been transferred to stock-in-trade, after demolition of building.

b) Quantitative Details: Land

	31.03.2008		31.03.2007	
	No.of Sq.ft.	Rs.in lacs	No.of Sq.ft.	Rs.in lacs
Opening Stock	4,940.00	14.78	4,940.00	14.78
Sales during the year	-	-	-	-
Used for Amenities	-	-	-	-
Closing Stock	4,940.00	14.78	4,940.00	14.78
Sale Value during the year	-	-	-	-

3. The company has decided to acquire specified commercial properties and rights thereon from the holding company. The advances lying in its credit would thereby be treated a advance towards proposed acquisitions.
4. There are no dues to any small-scale industry.
5. Capital commitments outstanding at the end of the year : Net of advance : Rs. 257 lacs (Rs.257 lacs)
6. Audit fees includes Rs.2,000 (Rs.2,000) paid towards Income tax representation.
7. Deferred Tax Asset/Liability :- Nil (Nil)
8. Previous year figures have been regrouped wherever required.

This is the Balance Sheet referred to in our report of even date

As per our report of even date annexed For Chandra Gupta & Co. Chartered Accountants	For & on behalf of the Board
G.Chandrasekhar Proprietor	Manojj Kumar Patodia Director Anujj K.Patodia Director B.K.Srinivasa Ragavan Director
Place: Mumbai Date : 30.06.2008	

9. Balance Sheet Abstract and Company's General Business Profile

I Registration Details:

Registration No.	181-7068
Balance Sheet Date	31-03-2008

II. Capital rose during the year (Figures rupees in thousands):

Public Issue	Nil	Rights Issue	Nil
Bonus Public issue	Nil	Private Placement	Nil

III.Position of Mobilisation and Deployment of Funds (Figures rupees in thousands):

Total Liabilities	54454	Total Assets	54454
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Sources of Funds:

Paid up Capital	10375	Reserves & Surplus	42477
Secured Loans	--	Unsecured Loans	--
Current Liabilities	1602	Others	--

Application of Funds:

Net Fixed Assets	--	Investments	259
Current Assets	54195	Misc.Expenditure.	---

IV. Performance of the Company (Figures rupees in thousands):

Turnover (including stock Adjustment) & other Income	170	Total Expenditure	46
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Profit (+)/Loss (-) Before tax	124	Profit (+)/Loss (-) after tax	124
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Earning per share in Rs.	--	Dividend Rate:Equity	--
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V.Generic Names of Three Principal Products/Services of Company (as per monetary terms):

Item Code No (ITC code)	520420.09
Product Description	Cotton Yarn

PEE DEE YARN PROCESSORS LIMITED

Registered Office, 110, Avinashi Road, Tirupur 641 603 (T.N.)

DIRECTORS' REPORT

To the Members

Your Directors have pleasure in presenting the Twelfth Annual Report together with the Audited Statement of Accounts for the year ending 31st March 2008.

Status

The Company is continuing as a wholly owned subsidiary company of M/s Prime Textiles Limited.

Operations

The Company is contemplating ways and means to attain its main objectives. The Company has not yet started its commercial operation during the year.

Public Deposits

The Company has not accepted any deposits from the public or others during the year under Report.

Directors' Responsibility Statement

In compliance of the provisions of Section 217(2AA) of the Companies Act 1956, your Directors wish to place on record that:

- i) in preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and considered prudent so as to give a true and fair view of the state of affairs of the company as at 31st March 2008
- iii) the Directors have taken proper and sufficient care as warranted for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing/ detecting any incidence of frauds and other irregularities; and,
- iv) the Annual Accounts have been prepared on a going concern basis.
- v) Since the company does not have any employees, particulars u/s 217(2A) has not been given.
- vi) Since the Company has not started any manufacturing or service activities particulars u/s 217(1)(e) have not been given.

Auditors

Shareholders are requested to appoint the Auditors of the Company. Messrs Chandra Gupta & Co., Chartered Accountants, Bangalore, retire as the Auditors of the Company at the ensuing Annual General Meeting and are eligible for re-appointment.

Directors

Mr. Anujj K.Patodia, Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Acknowledgements

Your Directors record their gratitude for the continued support received from the holding company.
For and on behalf of the Board

Place: Mumbai
Dated: 30.06.2008

Anujj K. Patodia
Rengasamy
Directors

AUDITORS' REPORT

1. We have audited the attached Balance Sheet of **M/s PEE DEE YARN PROCESSORS LIMITED, TIRUPUR** as at **31st March 2008**. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements.
2. 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. 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.
4. In our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of such books.
5. The Balance Sheet dealt with, by this report is in agreement with the books of account.
6. In our opinion, there is no need for Profit and Loss account since there were no commercial operations.
7. In our opinion, the Balance Sheet comply with the Accounting Standards, referred to in sub section (3c) of section 211 of the Companies act, 1956, to the extent applicable.
8. On the basis of the written representations received from the Directors as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2008 from being appointed as Director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
9. In our opinion and to the best of our information and according to the explanations given to us;
The said accounts read together with the notes appended thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in the case of Balance Sheet of the state of affairs of the Company as at 31st March 2008.
10. In our opinion, the report under statement on the Companies (Auditor's Report) Order, 2003 is not applicable.

For **CHANDRA GUPTA & CO**
Chartered Accountants

Place: Mumbai
Dated: 30.06.2008

(G.Chandrasekhar)

M.No.24941
Proprietor

PEE DEE YARN PROCESSORS LIMITED

4: SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

Part A: Significant Accounting Policies

- 1) General:
 - a) Accounts are prepared on historical cost and on the accounting principles of going concern.
 - b) The mercantile system of accounting is followed and income and expenditure are recognized on accrual basis except those with significant uncertainties.
 - c) Accounting Standards are adapted to the extent the same are applicable.
- 2) Fixed Asset:

Land is stated at cost.
- 3) Miscellaneous expenditure:

Preliminary expenses and pre-operative expenses are to be amortized after the commercial production/activities over a period of ten years thereafter.
- 4) Contingent Liabilities:

Contingent Liabilities are disclosed to the Notes to Accounts and are determined based on the perception of the Management on the eventuality of the liability materiality, contingent thereto.

PART B: NOTES ON ACCOUNTS:

- 1 The Company has become a wholly owned subsidiary company of M/s.Prime Textiles Limited, Tirupur during the year 2002-03
- 2 The company has not accepted any fixed deposit during the year.
- 3 The Company has not yet started its commercial operation and hence profit & loss account has not been prepared and quantitative particulars are not given. Provision for Deferred Tax Asset/Liability is not applicable.
- 4 There are no dues to any small-scale industry.
- 5 Capital commitments outstanding at the end of the year: Nil (Nil)
- 6 Previous year figures have been regrouped wherever required.

This is the Balance Sheet referred to in our report of even date

As per our report of even date annexed For Chandra Gupta & Co. Chartered Accountants G.Chandrasekhar Proprietor M.No.24941 Place: Mumbai Date : 30.06.2008	For & on behalf of the Board Anujj K.Patodia Director S.Rengasamy Director
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Balance Sheet Abstract and Company's General Business Profile

I Registration Details:

Registration No.	181-6750
Balance Sheet Date	31-03-2008

II. Capital rose during the year (Figures rupees in thousands):

Public Issue	Nil	Rights Issue	Nil
Bonus Public issue	Nil	Private Placement	Nil

III. Position of Mobilisation and Deployment of Funds (Figures rupees in thousands):

Total Liabilities	697	Total Assets	697
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Sources of Funds:

Paid up Capital	509	Reserves & Surplus	--
Secured Loans	--	Unsecured Loans	185
Current Liabilities	3	Others	--

Application of Funds:

Net Fixed Assets	591	Investments	Nil
Current Assets	30	Misc. Expenditure.	76

IV. Performance of the Company (Figures rupees in thousands):

Turnover (including stock Adjustment & other income)	Nil	Total Expenditure	Nil
--	-----	-------------------	-----

Profit (+)/Loss (-) Before tax	Nil	Profit (+)/Loss (-) after tax	Nil
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Earning per share in Rs.	Nil	Dividend Rate: Equity	Nil
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V. Generic Names of Three Principal Products/Services of Company(as per monetary terms):

Item Code No (ITC code)	Commercial	activities	not
Product Description	started		

MANOJ YARN PROCESSORS LIMITED
Registered Office, 110, Avinashi Road, Tirupur 641 603 (T.N.)

DIRECTORS' REPORT

To the Members

Your Directors have pleasure in presenting the Twelfth Annual Report together with the Audited Statement of Accounts for the year ending 31st March 2008.

Status

The Company is continuing as a wholly owned subsidiary company of M/s Prime Textiles Limited.

Operations

There has been no operation during the year under review.

Public Deposits

The Company has not accepted any deposits from the public or others during the year under Report.

Directors' Responsibility Statement

In compliance of the provisions of Section 217(2AA) of the Companies Act 1956, your Directors wish to place on record that:

- a) in preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and considered prudent so as to give a true and fair view of the state of affairs of the company as at 31st March 2008
- c) the Directors have taken proper and sufficient care as warranted for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing/ detecting any incidence of frauds and other irregularities; and,
- d) the Annual Accounts have been prepared on a going concern basis.
- e) Since the company does not have any employees, particulars u/s 2107(2A) has not been given
- f) Since the company has not started any manufacturing or service activities particulars u/s217(1)(e) have not been given.

Auditors

Shareholders are requested to appoint the Auditors of the Company. Messrs Chandra Gupta & Co., Chartered Accountants, Bangalore, retire as the Auditors of the Company at the ensuing Annual General Meeting and are eligible for re-appointment.

Directors

Mr. Beni Prasad Sharma, Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Acknowledgements

Your Directors record their gratitude for the continued support received from the holding company.

Place: Mumbai
Dated: 30.06.2008

For and on behalf of the Board
Manojkumar Patodia
S.Rengasamy
Directors

AUDITOR'S REPORT

1. We have audited the attached Balance Sheet of **M/s MANOJ YARN PROCESSORS LIMITED, TIRUPUR** as at **31st March 2008**. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements.
2. 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. 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.
4. In our opinion, proper books of account as required by law have been kept by the Company, so far as it appears from our examination of such books.
5. The Balance Sheet dealt with, by this report is in agreement with the books of account.
6. In our opinion, there is no need for Profit and Loss account since there were no commercial operations.
7. In our opinion, the Balance Sheet comply with the Accounting Standards, referred to in sub section (3c) of section 211 of the Companies act, 1956, to the extent applicable.
8. On the basis of the written representations received from the Directors as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2008 from being appointed as Director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
9. In our opinion and to the best of our information and according to the explanations given to us;

The said accounts read together with the notes appended thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in the case of Balance Sheet of the state of affairs of the Company as at 31st March 2008.
10. In our opinion, the report under statement on the Companies (Auditor's Report) Order, 2003 is not applicable.

For **CHANDRA GUPTA & CO**
Chartered Accountants

Place: Mumbai
Dated: 30.06.2008

(G.Chandrasekhar)
M.No.24941
Proprietor

MANOJ YARN PROCESSORS LIMITED

5: SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

Part A: Significant Accounting Policies

- 1) General:
 - a) Accounts are prepared on historical cost and on the accounting principles of going concern.
 - b) The mercantile system of accounting is followed and income and expenditure are recognized on accrual basis except those with significant uncertainties.
 - c) Accounting Standards are adapted to the extent they are applicable.
- 2) Fixed Asset:
Land is stated at cost.
- 3) Investments :
Investment valued at cost
- 4) Miscellaneous expenditure:
Preliminary expenses and pre-operative expenses are to be amortized after the commercial Production/activities over a period of ten years thereafter.
- 5) Contingent Liabilities:
Contingent Liabilities are disclosed to the Notes to Accounts and are determined based on the perception of the Management on the eventuality of the liability materiality, contingent thereto.

PART B: NOTES ON ACCOUNTS:

- 1 The Company has become a wholly owned subsidiary company of M/s.Prime Textiles Limited, Tirupur during the year 2002-03.
- 2 The company has not accepted any fixed deposit during the year.
- 3 The Company has not yet started its commercial operation and hence profit & loss account has not been prepared and quantitative particulars are not given. Provision for Deferred Tax Asset/Liability is not applicable.
- 4 There are no dues to any small-scale industry.
- 5 Capital commitments outstanding at the end of the year: Nil (Nil)
- 6 Previous year figures have been regrouped wherever required.

This is the Balance Sheet referred to in our report of even date

As per our report of even date annexed For Chandra Gupta & Co. Chartered Accountants G.Chandrasekhar Proprietor M.No.24941	For & on behalf of the Board Anujj K.Patodia Director S.Rengasamy Director
Place: Mumbai Date : 30.06.2008	

MANOJ YARN PROCESSORS LIMITED**Balance Sheet Abstract and Company's General Business Profile**

I Registration Details:

Registration No.	181-6934
Balance Sheet Date	31-03-2008

II. Capital rose during the year (Figures rupees in thousands):

Public Issue	Nil	Rights Issue	Nil
Bonus Public issue	Nil	Private Placement	Nil

III. Position of Mobilisation and Deployment of Funds (Figures rupees in thousands):

Total Liabilities	5514	Total Assets	5514
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Sources of Funds:

Paid up Capital	509	Reserves & Surplus	--
Secured Loans	--	Unsecured Loans	5002
Current Liabilities	3	Others	--

Application of Funds:

Net Fixed Assets	5033	Investments	400
Current Assets	3	Misc.Expenditure.	78

IV. Performance of the Company (Figures rupees in thousands):

Turnover (including stock Adjustment & other income)	Nil	Total Expenditure	Nil
--	-----	-------------------	-----

Profit (+)/Loss (-) Before tax	Nil	Profit (+)/Loss (-) after tax	Nil
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Earning per share in Rs.	Nil	Dividend Rate: Equity	Nil
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V. Generic Names of Three Principal Products/Services of Company (as per monetary terms):

Item Code No (ITC code)	Commercial production
Product Description	Activity not started

PRIME HOMETEX INDUSTRIES (INDIA) LIMITED

Registered Office: 104 Mittal Chambers, M.G. Road
Secunderabad-500 003

DIRECTORS' REPORT

To the Members

Your Directors are presenting the Second Annual Report together with the Audited Statement of Accounts for the year ending 31st March 2008.

Status

The Company is continuing as a wholly owned subsidiary company of M/s. Prime Textiles Limited.

Operations

The Company has not yet started its commercial operation during the year.

Public Deposits

The Company has not accepted any deposits from the public or others during the year under Report.

Directors' Responsibility Statement

In compliance of the provisions of Section 217(2AA) of the Companies Act 1956, your Directors wish to place on record that:

- i) in preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and considered prudent so as to give a true and fair view of the state of affairs of the company as at 31st March 2008
- iii) the Directors have taken proper and sufficient care as warranted for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing/ detecting any incidence of frauds and other irregularities; and,
- iv) the Annual Accounts have been prepared on a going concern basis.
- v) Since the company does not have any employees, particulars u/s 217(2A) has not been given.
- vi) Since the Company has not started any manufacturing or service activities particulars u/s 217(1)(e) have not been given.

Auditors

Shareholders are requested to appoint the Auditors of the Company. Messrs C.P. Ranka & Co., Chartered Accountants, Secunderabad, retire as the Auditors of the Company at the ensuing Annual General Meeting and are eligible for re-appointment.

Directors

Mr. Purushottam Patodia, Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Acknowledgements

Your Directors record their gratitude for the continued support received from the holding company.
For and on behalf of the Board

Place: Mumbai
Dated: 30.06.2008

Manojkumar Patodia
Anuj K. Patodia
Directors

AUDITORS' REPORT

To the Members of Prime Hometex Industries (India) Limited

1. We have audited the attached Balance Sheet of PRIME HOMETEX INDUSTRIES (INDIA) LIMITED as at 31st March, 2008. Profit & Loss Account of the Company has not been prepared for the period ended on that date as the Company has not commenced its business activities. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order (as amended), 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, (hereinafter referred to as the 'Act'), we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to paragraph 3 above, we report that:
 - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - iii) The Balance Sheet dealt with by this report is in agreement with the books of account;
 - iv) in our opinion, the Balance Sheet has been prepared in compliance with the Accounting Standards referred to in Section 211 (3C) of the Act, to the extent applicable;
 - v) On the basis of written representations received from the Directors as on 31st March, 2008, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - vi) in our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet subject to Note No.1 (b) regarding Pre-operative expenses, that may have to be fully written off in case the project is not taken up in foreseeable future having consequential impact on the assets of the Company and read together with Significant Accounting Policies and Notes on Accounts in Schedule 8 give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2008.

**For C.P.Ranka & Company
Chartered Accountants**

C.P.Ranka
Partner

Place: Secunderabad
Date: 30.06.2008

Membership No. : 106823

Annexure referred to in our report of even date on the financial statements for the year ended 31st March, 2008 of PRIME HOMETEX INDUSTRIES (INDIA) LIMITED

On the basis of our examination of the books and records of the Company carried out in accordance with the auditing standards generally accepted in India and according to the information and explanations given to us, we state that:

1. As the Company does not have any fixed assets, maintenance of fixed assets records is not required.
2. As the Company has not commenced its business activities, it does not hold any inventory. Accordingly, the provisions of clause (ii) of the said Order are not applicable to the Company.
- 3
 - a) The Company has not granted any loan, secured or unsecured to companies, firm or other parties covered in the register maintained under section 301 of the Act. Consequently, the requirement of clause (iii.b), (iii.c) and (iii.d) of paragraph 4 of the Order are not applicable to the Company.
 - b) The Company has taken interest free unsecured loan from its holding Company covered in the register maintained under Section 301 of the Act. The maximum amount involved during the period and closing balance of such loan was Rs.31,47,013 and Rs.30,57,013 respectively.
 - c) In our opinion and according to the information and explanations given to us, other terms and conditions on which such loan has been taken from the holding company covered in the register maintained under section 301 of the Act are, prima facie, not prejudicial to the interest of the Company.
 - d) According to the information and explanations given to us, the payment of the principal amount has not fallen due so far.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets. Further, during the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
5. According to the information and explanations given to us, there are no contracts or arrangements the particulars of which are required to be entered into the register required to be maintained under Section 301 of the Act.
6. According to the information and explanations given to us, the payment of the principal amount has not fallen due so far.
7. The Company does not have an internal audit system.
8. As the Company has not commenced its business activities, the question of maintaining the prescribed records under clause (d) of subsection (1) of section 209 of the Act, does not arise. Accordingly, the provision of clause (vii) of the said Order are not applicable to the Company.
- 9
 - a) In our opinion and according to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and any other material statutory dues applicable to it except that there have been delays

ranging between months 2 to 7 months in the payment of Tax Deducted at source and Fringe Benefit aggregating to Rs. 5,67,181. There are no undisputed amounts payable in respect of statutory dues which have remained outstanding as at 31st March 2008 for a period of more than six months from the date they became payable.

- b) There are no dues in respect of income tax/sales tax/wealth tax/service tax/customs duty/ excise duty/cess that have not been deposited with the appropriate authorities on account of any dispute.
10. As the Company has been registered for a period of less than five years, the provisions of clause (x) of the said Order are not applicable to the company.
 11. As the Company does not have any borrowings from financial institution or bank or debenture holders, the provisions of clause (xi) of the said Order are not applicable to the company.
 12. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
 13. In our opinion and according to the information and explanations given to us, the nature of the activities of the company does not attract any special statute applicable to the chit fund and nidhi/mutual benefit fund/societies.
 14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditors Report) Order 2003 are not applicable to the company.
 15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
 16. According to the information and explanations given to us, in our opinion, the term loan was applied for the purpose for which it was obtained.
 17. According to the information and explanations given to us, the Company has not raised any funds or shot term basis during the year.
 18. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
 19. The Company did not have any outstanding debentures during the year covered by the report.
 20. The Company has not raised any money by public issues.
 21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the period, nor have we been informed of such case by the management.

Place: Secunderabad
Date: 30.06.2008

For C.P.Ranka and Company,
Chartered Accountants
C.P.Ranka
Partner
Membership No. 106823

PRIME HOMETEX INDUSTRIES (INDIA) LIMITED

SCHEDULE 8

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2008.

1) SIGNIFICANT ACCOUNTING POLICIES:

A. BASIS OF ACCOUNTING

- i) The financial statements are prepared on historical cost convention, in accordance with the applicable accounting standards and on the accounting principles of a going concern.
- ii) All expenditure/income to the extent ascertained with reasonable certainty are accounted for on accrual basis.
- iii) The presentation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosures of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively.

B. BORROWING COSTS

Borrowing costs attributable to the acquisition and construction of qualifying assets are capitalized as a part of the cost of respective assets upto the date when such asset is ready for its intended use. Other borrowing costs are charged to the Profit and Loss Account.

C. PRE-OPERATIVE EXPENSES

Pre-operative expenses are to be written off over a period of five years beginning from the year of start of commercial operations.

D. MISCELLANEOUS EXPENDITURE

Preliminary expenses are written off over a period of five years beginning from the year of start of commercial operations.

E. FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currency are recorded at the rate of exchange in force at the date of transactions. Gain and losses resulting from settlement of such transactions and from the transaction of monetary assets and liabilities denominated in foreign currencies are recognized in Profit and Loss Account. Premium in respect of forward foreign exchange contracts is recognized over the life of the contracts.

F. PROVISION FOR TAXATION

Income tax provisions comprise current tax and fringe benefit tax are determined in accordance with the Income Tax Act, 1961.

The deferred tax for timing differences between the book and tax profits for the year is accounted for, using the tax rates and laws that have been substantively enacted as of the balance sheet date.

Deferred tax assets arising from timing differences are recognized and carried forward only if there is virtual/reasonable certainty that they will be realized in future and reviewed for the appropriateness of their respective carrying value at each balance sheet date.

G. PROVISION, CONTINGENT LIABILITIES & CONTINGENT ASSETS

A provision is made based on the reliable estimate when it is probable that an outflow of resources embodying economic benefit will be required to settle an obligation. Contingent liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and to the extent not provided for are disclosed in the notes to the accounts. Contingent assets are not recognized or disclosed in the financial statement.

2) NOTES TO ACCOUNTS:

1. a) Prime Hometex Industries (India) Limited was incorporated on 27th September, 2006 at Vijayawada, Andhra Pradesh, with the objective of manufacturing of Home Textile Products. The company is a 100% owned subsidiary of Prime Textiles Limited.

b) Since the project has not yet commenced, no Profit and Loss Account has been prepared. The Company has instead prepared the statement of Pre-operative Expenses (pending allocation) (Refer Schedule 7). It is Company's intention to account for the same by way of allocation to the Fixed Assets relating to the project and/ or as revenue expenditure in the year of commencement of commercial production. The amount to be capitalized or treated as revenue expenditure will be determined in accordance with the accepted accounting principles as applicable to a going concern.

c) In case however, the project is not taken up in the foreseeable future, the amount of pre-operative expenses would have to be fully written off as a loss to the company.
2. The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.
3. In the opinion of the Board, the Current Assets, Loans and advances have a value on realization in the ordinary course of business at least equal to the amount at which they are carried in the books and provision for all known and determined liabilities and adequate and not in the excess of the amount reasonably stated.
4. As the Company has not started commercial operations during the period and in the absence of any taxable income under the provisions of the Income tax Act, 1961, provision for taxation is not required.
5. Balances of creditors, loans and advances given and taken are subject to confirmation and reconciliation, if any. However, in the opinion of the Board, there will not be any significant impact on the financial results or statements on receipt of direct, indirect confirmations and reconciliation.

6. **Value of Imports on CIF basis in respect of:**

Rs.in lacs

	2007-08	2006-07
Capital Goods	Nil	19.01

7. Expenditure in Foreign Currency:

	2007-08	2006-07
Travelling expenses	Nil	2.71
Business Promotion Expenses	Nil	6.35

8. **Auditors' Remuneration:**

	2007-08	2006-07
Audit Fees	0.25	0.25
Other Services		
Out of Pocket Expenses (including Service Tax)	0.03	0.03
	0.28	0.28

9. Previous year 's figures are regrouped/rearranged wherever necessary to confirm to this year's presentation.

Schedules '1' to '7'

For C.P.Ranka and Company,
Chartered Accountants

For & on behalf of the Board

C.P.Ranka
Partner
Membership No. 106823

Purushottam Patodia Manojkumar Patodia
Director Director

Place: Secunderabad
Date: 30.06.2008

PRIME HOMETEX INDUSTRIES (INDIA) LIMITED

Balance Sheet Abstract and Company's General Business Profile

I Registration Details:

Registration No.	U17219AP2006PLC51271
Balance Sheet Date	31-03-2008

II. Capital rose during the year (Figures rupees in thousands):

Public Issue	Nil	Rights Issue	Nil
Bonus Public issue	Nil	Private Placement	Nil

III. Position of Mobilisation and Deployment of Funds (Figures rupees in thousands):

Total Liabilities	48557	Total Assets	48557
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Sources of Funds:

Paid up Capital	4550	Reserves & Surplus	--
Secured Loans	--	Unsecured Loans	3057
Current Liabilities	--	Others	--

Application of Funds:

Net Fixed Assets(WIP)	7258	Investments	Nil
Net Current Assets	601	Misc.Expenditure.	40698

IV. Performance of the Company (Figures rupees in thousands):

Turnover (including stock Adjustment & other income)	Nil	Total Expenditure	Nil
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Profit (+)/Loss (-) Before tax	Nil	Profit (+)/Loss (-) after tax	Nil
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Earning per share in Rs.	Nil	Dividend Rate: Equity	Nil
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V. Generic Names of Three Principal Products/Services of Company (as per monetary terms):

Item Code No (ITC code)	Commercial production Activity not started
Product Description	

This is the Balance Sheet referred to in our report of even date For C.P. Ranka & Co. Chartered Accountants

Manojkumar Patodia Director

Anuj K. Patodia Director

C.P.Ranka
Partner
Place: Secunderabad
Dated:30.06. 2008