



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

*55th Annual Report
2009 - 2010*

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

Registered Office & Mills
Pappinisseri - 670 561, Kannur

Directors

Shri P.K. Shameem	Chairman
Shri A.K. Harris	Director
Shri R.S. Nair	Director
Shri A. Ramachandra Shetty	Director
Shri A.K. Sheriff	Director

Statutory Auditors

T.K.Menon & Co
Chartered Accountants
Calicut

Bankers

- 1) The ICICI Bank Ltd.
- 2) The Federal Bank Ltd.



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DIRECTORS' REPORT 2009-2010

Your Directors have pleasure in presenting their report and audited accounts for the financial year 2009-2010.

(Rs. In lakhs)

	<u>2009-2010</u>	<u>2008-2009</u>
Income	428.51	561.78
Gross Profit before financial Charges & depreciation	21.66	146.02
Add/Less:		
Financial charges	4.05	10.08
Depreciation	5.90	6.39
Net Profit	11.71	129.55
Adjustment for extraordinary item*	66.72	45.78
Net Profit before taxation	78.43	175.33
Deferred Tax / FBT	2.50	5.77
Less : Transfer to Capital Reserve	66.72	45.78
	-----	-----
Net Profit/Loss transferred to balance sheet	14.21	135.32
Add/Less: Loss brought forward	2049.21	2184.53
	-----	-----
Loss	2035.00	2049.21
	-----	-----

* See Notes on Accounts - Item 28

REVIEW OF OPERATIONS

Your company could achieve a gross sale of Rs.394.97 lakhs against Rs.385.12 lakhs in the previous year. After financial charges and depreciation, your Company's net profit this year stands at Rs.11.71 lakhs. The profit is attributable to extraordinary income during the year due to interest on secured loan written off and advance for sale of assets forfeited totaling to Rs.20.08 lakhs (Schedule XVI).

The Company had to suspend the manufacturing operations since November 2003 for reasons beyond its control. Despite its old structure, machinery and facility the mill had



been performing reasonably well for more than 4 decades until its performance results had been adversely affected by the effect of globalization and the denial by the workers to attune themselves to the requirements of globalised competition. Mounting difficulties of lack of orders due to high cost of manufacture and severe competition from manufacturers outside the State and abroad led to under utilization of plant and machinery which led to the lay-off of workers. The lay-off wages so paid added to the cost of the limited production. The situation was accentuated by the workers not agreeing to the restructuring of labour cost, the only input on which the management has control and their indulging in unfair practices of preventing entry and exit of goods to the plant and insulting the management representatives and staff. Thus the high labour cost, under utilization which made the input cost concentrated, huge inventory, mounting losses and uncooperative approach of workers led to the suspension of operations of the mill since November 2003.

Thus, during the year no manufacturing activities could be carried out at the factory due to the suspension of operations. Since suspending manufacturing operations in November 2003 your Company had been outsourcing some of the products on a reduced scale and feeding the market to keep the brand name alive from an office located in the town supported by its reputation and quality. Thus the gross sale represents the income through trading activities only. The gross turnover of Rs.394.97 lakhs includes export to the tune of Rs.33.60 lakhs.

The overall performance of the Company was not satisfactory. The Company expected a trading turnover of Rs.9 crores during the year. Due to lack of finance and demand and without export orders during the year owing to stiff competition from national and international suppliers, the Company could not achieve the target.

The one time settlements with the IDBI and the three Consortium Banks have since been paid out of sales proceeds of machinery and advance taken against proposed sale of a portion of the land in the Mill premises.

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

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

DIRECTORS:

Sri P K Shameem and Sri A K Sheriff retire by rotation in the next Annual General Meeting and are eligible for re-election.

PERSONNEL:

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

CORPORATE GOVERNANCE

Pursuant to clause 49 of the listing agreement with Stock Exchanges, Management Discussion and Analysis, Corporate Governance Report and Auditors certificate regarding



compliance of conditions of corporate governance have been incorporated in the Annual Report. Your company is committed to good corporate governance practices to follow the guidelines provided by SEBI and stock exchanges from time to time.

DIRECTORS RESPONSIBILITY STATEMENT:

Your Directors hereby confirm:

1. That in the preparation of Accounts for the period ended 31st March 2010, applicable accounting standards have been followed along with proper explanation relating to material departures, wherever necessary.
2. That the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the financial ended 31st March 2010.
3. That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of The Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities
4. That the Profit and Loss Account and Balance Sheet have been prepared on a going concern basis.

COMPLIANCE CERTIFICATE

As required under Section 383(A) of the Companies Act, 1956, Compliance Certificate obtained from Sri Murali Kanniyath, Practicing Company Secretary, Kannur, for the year ended 31st March, 2010 is given in Annexure-B and forms part of this report.

AUDITORS:

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

INSURANCE:

The Company's Assets have been adequately insured.

ACKNOWLEDGEMENT

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

Your Directors place on record their thanks to the ICICI Bank Ltd., Kannur and the Federal Bank Ltd., Kannur for their valuable co-operation and support to the Company.

On behalf of the Board

Place : Kannur
Date : 09.08.2010

Sd/-
Chairman



ADDENDUM TO THE DIRECTORS' REPORT

Refer para (4) of the Auditors Report to the members, AS 28 impairment of assets:

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

7(a) - Confirmation of balances: Eventhough letters were sent for confirming the balance to the debtors with whom transactions have not taken place for years, replies have not been received from them. However we are actively pursuing the matter and in many cases the amounts outstanding have been realized.

7(b) The loan taken from the Federal Bank for purchase of a car was secured by hypothecation of the car in favour of the Bank as endorsed in the RC Book as per the general practice.

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

8(ix): The suspension of operation of the Mill took place in November 2003 prior to payment of wages for the month of October 2003 to the workers and the wages to the workers were disbursed in 2007 after the Settlement dated 20/10/06, when there was no operation of ESI as all employees stood voluntarily retrenched as per the Settlement .

Place : Kannur

Date : 10.08.2010

CHAIRMAN



Annexure - A to Directors' Report

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

CONSERVATION OF ENERGY (Not applicable for the year ended 31.03.2009 and 31.03.2010 as there were no manufacturing activities.)

FORM B

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

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

1	Activities relating to Exports/Initiatives taken to increase exports and development of new export markets for products and services and export plans.	Steps are being taken to increase exports by exploration through internet facilities.
2	Expenditure in Foreign Exchange	
	A) Used - on account of Traveling	Nil
	Activities relating to Exports	
	- on import of spares etc	Nil
	- others (Commission)	150348
	Total	150348
3	B) Total earnings in Foreign exchange - on account of sales	33,62,857/-

On behalf of the board

Place : Kannur
Date : 09.08.2010

Chairman



Annexure B

Registration No. : L17115KL1954PLC001709
Nominal Capital Rs. : Rs. 600 Lakhs

Compliance Certificate

To

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

I have examined the registers, records, books and papers of **Western India Cottons Limited** as required to be maintained under the Companies Act, 1956, and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31st March, 2010**. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. the company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries there in have been duly recorded.
2. the company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies.
3. the company, being a public company, comments are not required.
4. the Board of Directors duly met 6 times on 28-04-2009, 30-07-2009, 09-09-2009, 25-09-2009, 30-10-2009 and 07-01-2010 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose
5. the company closed its Register of Members from 20-10-2009 to 31-10-2009 and necessary compliance of Section 154 of the Act has been made.
6. the Annual General Meeting for the financial year ended on 31-03-2009 was held on 31-10-2009 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose. The company has taken approval from the Registrar of Companies for an extension of time for holding AGM.
7. no extra ordinary general meeting was held during the financial year.
8. the company has not advanced any loans to its Directors or persons or firms or companies referred to under Section 295 of the Act.



9. the company has not entered into any contract falling within the purview of Section 297 of the Act.
10. the company was not required to make any entries in the register maintained under section 301 of the Act.
11. as there were no instances falling within the purview of Section 314 of the Act, the company was not required to and 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) the company has delivered all the certificate on lodgment thereof for transfer / transmission in accordance with the provisions of the Act. There was no allotment of securities during the financial year.
 - (ii) the company was not required to and has not deposited any amount in a separate bank account as no dividend/interim dividend was declared during the year under scrutiny.
 - (iii) the company was not required to post warrants to any member of the company as no dividend was declared during the financial year.
 - (iv) the company was not required to and has not transferred any amount to Investor Education and Protection Fund during the year under scrutiny.
 - (v) the company has duly complied with the requirements of section 217 of the Act.
14. the Board of Directors of the company is duly constituted. There was no appointment of additional directors, alternate directors and directors to fill casual vacancies during the financial year.
15. the company has not appointed any Managing Director/ Whole time Director/ Manager during the financial year.
16. the company has not appointed any sole-selling agents during the year under scrutiny.
17. the company has taken approval from the Registrar of Companies U/s 166 (1) for an extension of time for holding AGM other than that 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 year under scrutiny.
18. the Directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. the company has not issued any shares, debentures or other securities during the financial year.
20. the company has not bought back any shares during the financial year ending on 31st March, 2010.
21. there was no redemption of preference shares/debentures during the financial year as the company does not have any redeemable preference shares/debentures.



- 22 there was no transaction necessitating the company to keep in abeyance the rights to dividends, right shares and bonus shares pending registration of transfer of shares.
- 23 the company has not invited/accepted any deposits including any unsecured loan falling within the purview of sections 58A read with Companies (Acceptance of Deposit) Rules, 1975. I have been informed that the amounts shown in the Balance Sheet of the company under the head unsecured loan are from the Directors of the company.
- 24 the company has not made any borrowings during the financial year ended 31st March, 2010.
- 25 the company has not made loans and investments, or given guarantees or provided securities to other bodies corporate during the year under review and consequently no entries have been made in the register kept for the purpose.
- 26 the company has not altered the provisions of the memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
- 27 the company has not altered the provisions of the memorandum with respect to the objects of the company during the year under scrutiny.
- 28 the company has not altered the provisions of the memorandum with respect to name of the company during the year under scrutiny.
- 29 the company has not altered the provisions of the memorandum with respect to share capital of the company during the year under scrutiny.
- 30 the company has not altered the Articles of Association during the financial year.
- 31 there was no prosecution initiated against or show cause notices received by the company and no fines or penalties or any other punishment was imposed on the company for offences under the Act during the period under scrutiny.
- 32 I have been informed that the company has not received any amount as security from its employees during the year under review.
- 33 the company does not have a Provident Fund Scheme as laid down under Section 418 of the Act.

Kannur
09-08-2010

Sd/-
Murali Kanniyath

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



Annexure-A

Registers as maintained by the Company

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

Annexure- B

Forms and Returns as filed by the Company with the Registrar of Companies during the financial year ending on 31st March 2010

1. Annual Return u/s 159 made up to 31-10-2009, filed on 01-12-2009
2. Balance sheet & Profit and Loss Account u/s 220 as on 31-3-2009, filed on 12-11-2009.
3. Compliance Certificate for the financial year ended on 31-3-2009, filed on 09-11-2009.

REPORT ON CORPORATE GOVERNANCE

The Board of Directors is pleased to present the Report on the compliance of Corporate Governance for the financial year ending 31st March 2010.

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

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

BOARD OF DIRECTORS:

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

Composition and category of Directors is as follows:

Category	Name of Directors
Non-Executive Director	Shri. P K Shameem
Non- Executive Director	Shri A K Sheriff
Non-Executive Director	Shri A K Harris
Independent Director	Shri A Ramachandra Shetty
Independent Director	Shri R S Nair

BOARD MEETINGS AND ATTENDANCE:

Six Board meetings were held in the year 2009-2010 and the gap between two Board meetings did not exceed four months.

The dates of which meetings were held are as follows:

Sl.No	Date of Meeting	Board Strength	No. of Directors
1	28.04.09	5	4
2	30.07.09	5	5
3	09.09.09	5	2
4	25.09.09	5	5
5	30.10.09	5	5
6	07.01.10	5	5



The information as required under Annexure I to clause 49 of the Listing Agreement is made available to the Board. The Agenda and the papers for consideration at the Board meeting are circulated at least 7 days prior to the meeting. Adequate information is circulated as part of the Board paper and is also made available at the Board meeting to enable the Board to take informed decisions. Attendance of each Director at the Board meeting and last Annual General Meeting (AGM) and the number of Companies and Committees where he is Director/Member are given below:

Name of the Director	Attendance		No. of other Directorships and Company memberships		
	Board Meeting	Last AGM	Other Directorship including Pvt Ltd.Cos	Other Committee Membership	Other Committee Chairmanship
P K SHAMEEM	6	Yes	2	None	None
A K SHERIFF	6	Yes	None	None	None
A K HARRIS	4	Yes	None	None	None
R S NAIR	5	Yes	3	None	None
A RAMACHANDRA SHETTY	5	Yes	1	None	None

Audit Committee:

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

DETAILS OF THE REMUNERATION PAID TO THE DIRECTORS FOR THE YEAR:

	BOARD MEETING	AUDIT COMMITTEE MEETING	TOTAL
P K SHAMEEM	12000	10000	22000
A K SHERIFF	12000	-	12000
A K HARRIS	8000	-	8000
R S NAIR	10000	10000	20000
A RAMACHANDRA SHETTY	10000	10000	20000
TOTAL	52000	30000	82000

STOCK OPTIONS AND PECUNIARY RELATIONSHIP:

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



STOCK OPTIONS

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

SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The Grievance Committee has been constituted with the following members.

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

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

GENERAL BODY MEETINGS

Last three Annual General Meeting held

AGM	Year	Location	Time
52 nd	21 st April 2008	Regd. Office of the Company at Pappinisseri 670 561	11.30 a.m
53 rd	27 th Sept 2008	Regd. Office of the Company at Papinisseri 670 561	11.00 a.m
54 th	31 st Oct 2009	Regd. Office of the Company at Pappinisseri 670 561	10.30 a.m.

POSTAL BALLOT

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

Disclosures

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

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

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

Whistle Blower Policy

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

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



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

National Securities Depository Ltd. (NSDL)

ISIN Code INE-078F01017

Trade World, 4th Floor, "A" Wing, Kamala Mills Compound

Senapati Bapat Marg, Lower Parel,

Mumbai 400 013

Ph.4972964-70, 4972980, Fax 91 22497 2993, 497 2979

E mail:cbbhave@nsdl.co.in

Central Depository Services (India) Ltd.,

ISIN Code INE - 078F01017

Phiroze Jeejeebhoy Towers

16th Floor, Dalal Street

Mumbai 400 001

Ph.227233333

Fax 22722072

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

Cameo Corporate Services Ltd.,

Subramanian Building

No.1 Club House Road

Chennai 600 002

Tel. No.04428460390 (6 lines)

Fax no.044 28460129

E mail: cameo@cameoindia.com

Contact person Mr K Ranganathan, Asst. Manager (Shares)

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

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

Distribution on shareholding as on 31.03.2010

No. of shares held	No. of share holders	% of share holders	No. of shares	% of shareholding
10-5000	1237	74.2496	34411750	7.5930
5001-10000	212	12.7250	2018000	4.4911
10001 - 20000	42	2.5210	674000	1.5000
20001 - 30000	36	2.1608	959800	2.1360
30001 - 40000	15	0.9003	545200	1.2133
40001 - 50000	23	1.3805	1059000	2.3568
50001 - 100000	26	1.5606	2207470	4.6902
100001 - And above	75	4.5018	34157580	76.0192
TOTAL	1666	100.00	44932800	100.00

PATTERN OF SHAREHOLDING AS ON 31ST MARCH 2010

S. No.	Category	No. of Holders	No. of shares	% of shares
A	Promoter's Holding			
1	Promoters - Indian Promoters - Foreign Promoters	135	3273220	72.84
2	Persons acting in concert			
B	Non-Promoters Holding			
3	Institutional Investors			
a	Mutual Fund			
b	Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/ Non-Government Institutions)	2	71500	1.60
c	FII's	1	100000	2.22
d	Foreign Institutional Investment (Foreign Company)			
4	Others	2	400	0.02
a	Private Corporate Bodies	7	10500	0.24
b	Indian Public	1358	842860	18.75
c	NIRs/OCBs	161	194800	4.33
	Total	1666	4493280	100.00

Registered Office & Mills

Pappinisseri 670561
Kannur Dist
Kerala

THE WESTERN INDIA
COTTONS LTD

NUMBER OF SHARES HELD BY DIRECTORS:

The Shareholding of the Directors as on 31.03.2010 is given below:

1	Shri P K Shameem	203077
2	Shri A K Harris	23000

The above report was adopted by Board of Directors at their meeting held on 09.08.2010.

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

1) Industry Structure and Development:

The Indian Textile Industry suffers from high cost of production and low technology. The cheap goods coming from China and other neighbouring countries had affected the overall business. Only Companies having latest technology with mass production can survive.

2) Risks, Concerns, Opportunities and Threats.

The prices of raw materials were shooting up and there was no corresponding increase in the price of the finished product. The increase in cost of power, fuel and other levies by the Government had increased the manufacturing cost. The labour-laws prevailing in Kerala are very stringent whereas in neighboring states, not so. The cost of labour is also comparatively very high and hence uneconomical.

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

3) Segment-wise or Product-wise Performance Outlook

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

4) Industrial Relations

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

5) Internal Control System

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



6) Financial performance with regard to operational performance.

The Company concentrated only on trading operations including some meagre exports which stand considerably reduced this year. The small profit earned out of trading operations has been neutralized by the fixed overheads.

7) Cautionary Statement:

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

On behalf of the Board

Place: Kannur
Date : 09.08.2010

Chairman



No.R 34

9 August 2010

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

To

The Members of the Western India Cottons Ltd. Pappinisseri

We have examined the compliance of the conditions of corporate governance by The Western India Cottons Ltd., Pappinisseri for the year ended 31st March, 2010 as stipulated in clause 49 of the listing agreements of the said company with the stock exchanges in India.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of corporate governance as stipulated in the above mentioned listing agreements, *except that the quarterly compliance reports to stock exchanges have not been submitted as required under sub clause VI (ii) of clause 49 of the Listing Agreement.*

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

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

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

P.Balagopal
Partner
Membership No.022290



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

No.R 33

9 August 2010

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

We have audited the attached Balance Sheet of THE WESTERN INDIA COTTONS LIMITED, PAPPINISSERI, as at 31st March, 2010 and the Profit and Loss Account and the Cash Flow Statement of the company for the year ended that date annexed thereto. The preparation and presentation of these financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatements. An audit includes examining, on test basis, evidences supporting the amounts and disclosures in the financial statements. An audit also includes assessment of the accounting principles used and the significant estimates made by the management, as well as evaluation of the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and we report that:

- (1) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (2) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
- (3) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- (4) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the accounting standards referred to in section 211(3C) of the Companies Act, 1956, *except 'AS 28, Impairment of Assets', in that impairment loss, if any, in respect of assets has not been assessed and adjusted in the accounts.*
- (5) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors of the company are disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 on the said date.
- (6) The cess payable under section 441A of the Companies Act, 1956, has not been specified by the Central Government and hence, it is neither paid nor provided for in the accounts.



- (7) (a) *Confirmation in respect of balances outstanding under trade debtors, advances and liabilities has not been obtained.*
- (b) *The charge created in favour of The Federal Bank Ltd. by hypothecation of motor car has not been registered as required by section 125 of the Companies Act, 1956.*

Subject to the above comments, in our opinion, and to the best of our information and according to the explanations given to us, the said accounts, read with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India: -

- (a) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2010;
- (b) in the case of the Profit and Loss Account, of the PROFIT for the year ended that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended that date.
- (8) As required by the Companies (Auditors' Report) Order, 2003 issued by the Government of India under section 227(4A) of the Companies Act, 1956, we enclose in the attached Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

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

P.Balagopal
Partner
Membership No.022290



ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 8 of our report of 9 August, 2010

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. *But, the records have not been updated.*
- (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
- (c) The company has not disposed of a substantial part of the fixed assets during the year.
- (ii) (a) The inventory of finished goods has been physically verified by the management during the year. In our opinion the frequency of verification is reasonable.
- (b) The procedures laid down by the management for physical verification of inventories are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. The discrepancies noticed on physical verification of stocks as compared to book records were not material and have been properly dealt with in the books of account.
- (iii) (a) The company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) The company has taken unsecured loans from two directors. The maximum amount of the loans during the year was Rs.68 lakh and the year-end balance was Rs.68 lakh. The company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (c) No interest is charged on the loans taken from the directors. In our opinion, the other terms and conditions on which the loans have been taken from the directors are not, prima facie, prejudicial to the interest of the company.
- (d) The principal amounts of the loans from directors were not repaid by the company during the year.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) (a) According to the information and explanations given to us, there were no contracts or arrangements referred to in section 301 of the Companies Act, 1956 to be entered in the register required to be maintained under that section.
- (b) The company did not have any transaction exceeding the value of five lakh rupees with any party in pursuance of contracts or arrangements to be entered in the register maintained under section 301 of the Companies Act, 1956.



- (vi) The company has not accepted deposits from the public.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) The company did not carry out any manufacturing operations during the year and hence, was not required to maintain cost records 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.
- (ix) (a) The company was regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, income tax, sales tax and excise duty during the year. The company did not have any employees' state insurance scheme in operation during the year. The *employer's contribution to employees' state insurance for the months of October and November 2003 amounting to Rs.18,169/- are in arrears as at 31 March 2010 for a period of more than six months from the date it became payable. According to the information and explanations given to us, no undisputed amounts payable in respect of other statutory dues were in arrears, as at 31 March, 2010 for a period of more than six months from the date they became payable.*
- (b) According to the information and explanation given to us, there are dues of sales tax and central excise duty which have not been deposited on account of dispute as under:

<u>Name of statute</u>	<u>Period to which the amount relates</u>	<u>Amount is pending</u>	<u>Forum where dispute</u>
The Kerala General Salestax Act	1998-'99, 1999-'00 & 2000-'01	Rs.48,94,497/-	The Assistant Commissioner, KVAT, Special Circle, Kannur

- (x) *The accumulated losses of the company are more than fifty percent of its net worth as at 31 March, 2010. The company has not incurred cash losses in the financial year and in the immediately preceding financial year.*
- (xi) *In our opinion, and according to the information and explanations given to us, the company has defaulted repayment of dues in respect of secured loan from Indian Bank amounting to Rs.2,04,80,181/- since May, 2005. The loan was closed during the year under a one-time settlement agreement with the bank.*
- (xii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.



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

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

P.Balagopal
Partner
Membership No.022290



THE WESTERN INDIA COTTONS LTD
PAPPINISSERI-670561

BALANCE SHEET AS AT 31ST MARCH 2010

	Schedule	Year ended 31.3.2010 Rs	Year ended 31.3.2009 Rs
SOURCES OF FUNDS			
Shareholders' Funds:			
Paid up capital	I	44932800	44932800
Forfeited Shares	I	4361560	4361560
Reserves and Surplus	II	174065728	168170079
Loan Funds:			
Secured Loans	III	139642	20700157
Unsecured Loans	IV	6800000	6800000
Total		230299730	244964596
APPLICATION OF FUNDS			
Gross fixed assets	V	108414993	108354143
Less Depreciation to date		34184297	32817231
Net fixed assets		74230696	75536912
Investments	VI	117000	120500
Current Assets, Loans and Advances:			
Current assets :			
Inventories	VII	8547645	7632347
Sundry Debtors	VIII	4370031	4385591
Cash and Bank Balances	IX	1780488	2085938
Other current assets	X	15000	743532
Loans and Advances	XI	1572499	3045660
		16285663	17893068
Less: Current Liabilities and Provisions:			
Current Liabilities	XII	68875205	58298141
Provisions	XIII	0	0
Net Current Assets		-52589542	-40405073
Deferred Tax Asset		5041091	4790649
Profit and Loss Account	XIV	203500485	204921608
Total		230299730	244964596
Notes on Accounts	XXV		

P.K.Shameem
Director

A.K.Sheriff
Director
Kannur
Date : 09th August 2010

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

P.Balagopal
Partner
Calicut
09th August 2010



THE WESTERN INDIA COTTONS LTD
PAPPINISSERI-670561

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH, 2010

	Schedule	Year ended 31.3.2010 Rs	Year ended 31.3.2009 Rs
INCOME			
Gross Sales	XV	39497044	38512099
Other income	XVI	3353648	17666560
Increase/Decrease in stock	XXIII	939989	-3098927
		43790681	53079732
EXPENDITURE			
Materials consumed	XVII	33895264	30381979
Stores consumed	XVIII	220101	699215
Power and fuel		57658	82920
Personnel cost	XIX	1312289	1300543
Repairs and maintenance	XX	826347	950005
Other operating expenses	XXI	3779667	3851419
Selling expenses	XXII	1532923	1211664
		41624249	38477745
GROSS PROFIT			
		2166432	14601987
Financial charges	XXIV	405395	1008220
Depreciation		590356	639011
NET PROFIT BEFORE ADJUSTMENTS			
Remission of Secured Loans		1170681	12954756
		6672359	4578139
NET PROFIT BEFORE TAXATION			
Deferred Tax Credit		7843040	17532895
Provision for Fringe Benefits Tax		250442	637088
		0	60000
NET PROFIT AFTER TAXATION			
Transfer to Capital Reserve:		8093482	18109983
Remission of Secured Loan		6672359	4578139
Transferred to Balance Sheet		1421123	13531844
Earnings per Share -Basic		2	4
Notes on Accounts	XXV		

P.K.Shameem
Director

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

A.K.Sheriff
Director
Kannur
Date : 09th August 2010

P.Balagopal
Partner
Calicut:
09th August 2010



THE WESTERN INDIA COTTONS LTD
PAPPINISSERI-670561

SCHEDULES ANNEXED TO BALANCE SHEET AS AT 31ST MARCH 2010

		As at 31-3-2010 Rs.	As at 31-3-2009 Rs
1.SHARE CAPITAL			
Authorised capital 60,00,000 Equity shares of Rs. 10/- each (Previous year 60,00,000 Shares)		60000000	60000000
Issued, subscribed & Called up 5274080 Equity shares of Rs 10/- each (Previous Year 5274080 Equity Shares)		52740800	52740800
Paid up Capital 4493280 Equity shares of Rs10 each (Previous year 4493280 Equity Shares)		44932800	44932800
(Of the above 31,06,386 shares are allotted as fully paid up by way of Bonus shares by capitalisation of General reserves. Previous year 31,06,386 shares)			
Forfeited Shares (780800 equity shares forfeited for non payment of allotment money. Previous year 780800 Shares)		4361560	4361560
II. RESERVES AND SURPLUS			
Capital Reserve:			
Remission of Secured Loans:			
Balance as at 1-4-2009		65382278	60804139
Add: Transfer from Profit & Loss Account		6672359	4578139
		72054637	65382278
Capital Profit On Sale of Assets:			
Balance as at 1-4-2009		728438	728438
		728438	728438
Central Subsidy		1500000	1500000
State subsidy for Generator		615000	615000
Revaluation Reserve:			
Balance as at 01-04-2009	67374164		
Less: Transfer from Depreciation	776710	66597454	67374164
Securities Premium:			
Balance as at 1-4-2009		32570199	32570199
Total		174065728	168170079



THE WESTERN INDIA COTTONS LTD
PAPPINISSERI-670561

SCHEDULES ANNEXED TO BALANCE SHEET AS AT 31ST MARCH 2010

	As at 31-3-2010 Rs.	As at 31-3-2009 Rs
III. SECURED LOANS		
(a) From Canara Bank		
Cash credit	0	6849975
Packing credit	0	2300000
Working Capital term loan	0	20000000
Interest accrued and due	0	209779
Short term loan	0	902445
Interest accrued and due	0	142700
	0	30404899
Less: Payment under OTS Scheme	0	19384766
Transfer to Capital Reserve	0	4578139
Transfer to Other Income- interest written back	0	6441994
	0	0
(b) From Indian Bank		
Cash credit	20480181	20480181
Less: Payment under OTS Scheme	12000000	0
Transfer to Capital Reserve	6672359	0
Transfer to Other Income- interest written back	1807822	0
	0	20480181
(c) From Federal Bank		
Car Loan	139642	219976
	139642	219976
(For security details please refer to Notes Nos 2 & 3 of Notes on Accounts-Schedule XXV)		
Total	139642	20700157
IV. UNSECURED LOANS		
Short Term Loans:		
From Directors	6800000	6800000
	6800000	6800000



THE WESTERN INDIA COTTONS LTD
PAPPINISSERI-670561

SCHEDULE ANNEXED TO BALANCE SHEET AS AT MARCH 31, 2010

V. FIXED ASSETS

Name of Asset	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	Total as on 01-04-2009	Additions 2009-10	Deletions 2009-10	As on 31-03-2010	Up to year ended 31-03-2009	With Drawn 2009-10	For the year 2009-10	As on 31-03-2010	As on 31-3-2009
LAND	57117970 [57117970]	0 [0]	0 [0]	57117970 [57117970]	0 [0]	0 [0]	0 [0]	57117970 [57117970]	57117970 [57117970]
BUILDING	25923918 [25923918]	0 [0]	0 [0]	25923918 [25923918]	12927409 [12090565]	0 [0]	790183 [836844]	13717592 [12927409]	12996509 [13833353]
PLANT & MACHINERY	22982806 [57437849]	0 [0]	0 [34455043]	22982806 [22982806]	18698673 [48118978]	0 [30014979]	412466 [594674]	19111139 [18698673]	4284133 [9318871]
FURNITURE&FIXTURES &OFFICE EQUIPMENTS	1097838 [6557648]	60850 [150650]	0 [5610460]	1158688 [1097838]	676154 [5501138]	0 [4913159]	54704 [88175]	730858 [676154]	421684 [1056510]
VEHICLES	1231611 [1627948]	0 [3520]	0 [399857]	1231611 [1231611]	514995 [591829]	0 [192481]	109713 [115647]	624708 [514995]	716616 [1036119]
TOTAL	108354143 [148665333]	60850 [154170]	0 [40465360]	108414993 [108354143]	32817231 [66302510]	0 [35120619]	1367066 [1635340]	34184297 [32817231]	74230696 [75536912]

Note: 1. Gross Block as on 01-04-2009 includes Rs.799,18,332/- towards revaluation of Fixed Assets carried out during 1999-2000. The depreciation amount of Rs. 13,67,066/- 'includes extra depreciation on account of revaluation amounting to Rs.7,76,710/- which is transferred to Revaluation Reserve Account. The balance depreciation amounting to Rs. 5,90,356/- is charged to Profit & Loss Account in accordance with the provisions of the Companies Act

2. Figures in brackets pertain to the previous year.



THE WESTERN INDIA COTTONS LTD
PAPPINISSERI-670561

SCHEDULES ANNEXED TO BALANCE SHEET AS AT 31ST MARCH 2010

	As at 31-3-2010	As at 31-3-2009
	Rs.	Rs
VI. INVESTMENTS		
Long Term:		
Trade, Quoted (At Cost)		
1440 Equity shares of Rs. 10/- each fully paid up including 540 bonus shares (Previous year 1440 shares) in IDBI Bank Ltd (Market value Rs.146880, Previous year Rs181440)	117000	117000
Non Trade, Unquoted (At Cost)		
0'B' Class shares of Rs.100/- each fully paid up Previous year 10 shares) in The Western India Cottons Employees' Co-op Consumer stores Ltd	0	1000
25'B' Class shares of Rs. 100/- each fully paid up (Previous year 25 shares) in The Western India Cottons Employees' Canteen	0	2500
Total	117000	120500
VII. INVENTORIES		
(as certified by the management)		
Stock of stores,spares	92127	116818
Finished Goods	8455518	7515529
Total	8547645	7632347
VIII. TRADE DEBTORS		
Debts considered good for which the company holds no security other than the Debtors' personal security:		
a) Debts outstanding for a period exceeding six months	154396	372410
b) Other Debts	4215635	4013181
Debts considered doubtful :		
a) Debts outstanding for a period exceeding six months	2702116	5112877
b) Other Debts	0	0
Total	7072147	9498468
Less: Provision for Doubtful Debts	2702116	5112877
Balance	4370031	4385591
IX. CASH AND BANK BALANCES		
(I) Cash, Cheque and Stamps on hand	343766	28085
(II) Balance with Scheduled Banks		
On current account	1317091	1972159
On fixed deposit account	119631	85694
Total	1780488	2085938



THE WESTERN INDIA COTTONS LTD
PAPPINISSERI-670561

SCHEDULES ANNEXED TO BALANCE SHEET AS AT 31ST MARCH 2010

	As at 31-3-2010	As at 31-3-2009
	Rs.	Rs
X. OTHER CURRENT ASSETS		
Receivables:		
Cenvat on Capital Spares	0	53053
Export incentive receivable	0	690479
Rent Receivable	15000	0
Total	15000	743532
XI. LOANS AND ADVANCES		
Unsecured, considered good:		
Advances recoverable in cash or in kind or for value to be received	393310	1256115
Advances to Employees	99553	113561
Deposits	31915	248244
Prepaid expenses	34858	40164
Advance Payment of Taxes and Duties (Less: Provision as per Contra, Rs Nil , Previous Year Rs.60000)	1012863	1387576
	1572499	3045660
Unsecured Considered doubtful:		
Advances recoverable in cash or in kind or for value to be received	1336380	1926769
Total	2908879	4972429
Less: Provision for Doubtful Advances	1336380	1926769
Balance	1572499	3045660
XII. CURRENT LIABILITIES		
Liabilities for purchases	12731419	12684314
Liabilities for expenses	17678585	19168499
Liabilities for others	846195	823277
Customers credit balances	1036249	1554294
Trade Security deposits	2531607	2516607
Advance for Sale of assets	34051150	21551150
Total	68875205	58298141
XIII. PROVISIONS		
Provision For Fringe Benefits Tax	0	60000
Less Deducted from Advance as per Contra	0	60000
Total	0	0
XIV PROFIT AND LOSS ACCOUNT		
Balance at debit as at 1-4-2009	204921608	218453452
Add: Net Profit for the year	1421123	13531844
Total	203500485	204921608



THE WESTERN INDIA COTTONS LTD
PAPPINISSERI-670561

SCHEDULES ANNEXED TO PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2010

	Year ended	Year ended
	31-3-2010	31-3-2009
	Rs.	Rs
XV. SALES		
Cloth/Dothi cloth	36319758	35730381
Lungi	3177286	2781718
Total	39497044	38512099
XVI. OTHER INCOME		
Rent	332200	108500
Interest	98750	1703679
Interest on Secured Loans Written Back	1807822	6441994
Profit on sale of assets	0	8098065
Dividend received	3600	2880
Incentive on exports	229884	154183
Excess Provision for Gratuity Written Back	23337	0
Excess Provision for Doubtful Advances Written Back	273033	261280
Excess Provision for Doubtful Debts Written Back	134406	0
Sundry Credit Balances Written Back	248729	5223
Miscellaneous income	201887	890756
Total	3353648	17666560
XVII. RAW MATERIALS CONSUMED		
RawMaterials/Trading Goods Consumed		
Purchases and expenses	33895264	30381979
Materials Consumed	33895264	30381979
XVIII. STORES AND SPARES CONSUMED		
Opening stock	116818	519259
Add: Purchases and expenses	195410	296774
Less: Closing Stock	92127	116818
Stores and spares consumed	220101	699215
XIX. PERSONNEL COST		
Salaries, wages and bonus	1188688	1101385
Contribution to Provident and other funds	90376	99193
Gratuity	0	55755
Welfare expenses	33225	44210
Total	1312289	1300543
XX. REPAIRS AND MAINTENANCE		
Building repairs	252332	463834
Maintenance of Vehicles	440048	427387
Sundry repairs	133967	58784
Total	826347	950005



THE WESTERN INDIA COTTONS LTD
PAPPINISSERI-670561

SCHEDULES ANNEXED TO PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2010

	Year ended	Year ended
	31-3-2010	31-3-2009
	Rs.	Rs.
XXI. OTHER OPERATING EXPENSES		
Printing and stationery	113318	172915
Postage, telegram and telephone	343456	339965
Travelling expenses	551752	613361
Insurance	51811	83075
Rates, taxes and licence fees	1662342	332631
Advertisement expenses	57894	53350
Subscriptions, books and periodicals	63088	53965
Directors sitting fees	82000	82000
Auditor's Remuneration	167746	253631
Professional and consultancy charges	212800	608997
Loss on Sale of Assets	0	621576
Investments Not Realisable Written Off	3500	0
Rent	42000	150000
Donations	200	4000
Office Expenses	252181	43920
Provision for Doubtful Debts	0	126202
Debit Balances Written Off	18818	89458
DEPB Trading Expenses	19887	97716
Miscellaneous expenses	136874	124657
Total	3779667	3851419
XXII. SELLING EXPENSES		
Brokerage/Commission and Selling Expenses	1485354	1062233
Carriage outwards	47569	149431
Total	1532923	1211664
XXIII. INCREASE /DECREASE IN STOCK		
Opening Stock:		
Finished goods	7515529	10614456
Total	7515529	10614456
Closing Stock:		
Finished goods	8455518	7515529
Total	8455518	7515529
Increase/Decrease in stock	939989	-3098927



**THE WESTERN INDIA COTTONS LTD
PAPPINISSERI-670561**

**SCHEDULES ANNEXED TO PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 2010**

	Year ended 31-3-2010	Year ended 31-3-2009
	Rs.	Rs.
XXIV.FINANCAL CHARGES		
Interest on car loan	21864	31260
Bank charges	25801	148820
Interest on others	357730	828140
Total	405395	1008220

P.K.Shameem
Director

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

Chartered Accountants

A.K.Sheriff
Director
Kannur
Date : 09th August 20100

P.Balagopal
Partner
Calicut
9th August 2010



**THE WESTERN INDIA COTTONS LTD
PAPPINISSERI-670561**

**SCHEDULE ANNEXED TO AND FORMING PART OF ACCOUNTS
FOR THE YEAR ENDED 31 MARCH, 2010**

**SCHEDULE XXV
NOTES ON ACCOUNTS**

1. Contingent Liabilities

a) The estimated amount of contracts remaining to be executed on capital account and not provided for as on 31.03.10 was Rs.Nil (Previous year Rs.Nil)

b) Sales tax demand not accepted by the company and under reassessment after appeal:

1998-1999	Rs	623895/-
1999-2000	Rs	411704/-
2000-2001	Rs	3858898/-

c) Damages demanded by PF Commissioner not accepted by the company and under appeal:

2003-2004	Rs	227423/-
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2. The term loan from Federal Bank Ltd is secured by charge on motor car. The working capital credit facility from Indian Bank has been closed under one-time settlement schemes during the year. The term loans availed from IDBI and the working capital loans from State Bank of Travancore and Canara Bank were closed in the preceding years under one-time settlement schemes. However, the charge on assets of the Company created as security for these loans in favour of IDBI/Banks are to be released as on 31.03.2010.

3. Two Directors have given their personal guarantees to Indian Bank for the working capital facility sanctioned by the Bank. The aggregate value of such personal guarantees as on 31.03.2010, was Rs (Nil) (31.03.2009 Rs.203.9 lakh).

4. The Company has sold its machineries, except processing machineries. Hence, no disclosure of installed capacity is made.



THE WESTERN INDIA COTTONS LTD, PAPPINISSERI-670561

SCHEDULE ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31 MARCH, 2010

5. Particulars of Production Sales Stock & Raw Material Consumption

5 a) 'PARTICULARS OF PRODUCTION, PURCHASE, SALES, STOCK etc.;

Item	Opening Stock		Production/Purchase			Sales		Closing Stock	
	Quantity	Value (Rs)	Processed (Qty)	Purchase (Qty)	Value (Rs)	Quantity	Value (Rs)	Quantity	Value (Rs)
Manufactured goods									
Cloth (Mtrs)	0 [77228]	0 [1344557]	0 [0]	0 [0]	0 [0]	0 [77228]	0 [1254333]	0 [0]	0 [0]
Trading Goods									
Cloth (Mtrs)	108626 [141541]	3851916 [4242944]	813855 [765786]	8542 [16282]	1183690 [1119454]	774653 [814983]	32122372 [30576444]	156370 [108626]	5278753 [3851916]
Lungi (Pcs)	584 [1899]	36544 [123767]	0 [0]	26937 [31337]	1784916 [2030965]	24096 [32652]	2369271 [2352675]	3425 [584]	232539 [36544]
Lungi (Mtrs)	2187 [0]	86417 [0]	15547 [10829]	0 [0]	239470 [199400]	14906 [8642]	808014 [429043]	2828 [2187]	115682 [86417]
Dothi (Pcs)	82 [1874]	11905 [177759]	5185 [0]	2060 [5428]	497543 [526950]	6440 [7220]	774293 [601852]	887 [82]	94854 [11905]
Others (Pcs)	171 [2424]	84729 [609692]	173549 [6329]	5868 [0]	242221 [0]	178602 [8582]	3358606 [3272204]	986 [171]	73900 [84729]
Other (Kg)	2 [0]	475 [0]	15 [0]	230 [95]	587756 [19000]	208 [93]	57294 [25547]	39 [2]	4685 [475]
Total	111652	4071986	1008151	43637	4535596	998905	39489850	164535	5800413
Previous year	[224966]	[6498719]	[782944]	[53142]	[3895769]	[949400]	[38512098]	[111652]	[4071986]

Sales Quantity includes samples



THE WESTERN INDIA COTTONS LTD
PAPPINISSERI-670561

SCHEDULE ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31 MARCH, 2010

5 b) RAW MATERIALS CONSUMPTION

Item	Opening Stock		Purchases		Consumption		Closing Stock	
	Quantity	Value (Rs.)	Quantity	Value (Rs.)	Quantity	Value (Rs.)	Quantity	Value (Rs.)
Yarn (Nos)	0 [16]	0 [14234]	0 [25]	0 [22000]	0 [41]	0 [36234]	0 [0]	0 [0]
Cloth Processing Local (Mtrs)	86201 [25050]	2303481 [751765]	792247 [784624]	22544097 [20958929]	790873 [723473]	22225471 [19407213]	87575 [86201]	2622107 [2303481]
Cloth Export Processing (Mtrs)	15999 [42037]	1140062 [3349738]	49582 [12457]	1711629 [712885]	65163 [38495]	2818693 [2922561]	418 [15999]	32998 [1140062]
Processing charges				5169748 [4792397]		5169748 [4792397]		
Total	102200	3443543	841829	29425474	856036	30213912	87993	2655105
Pervious Year	[67103]	[4115737]	[797106]	[26486211]	[762009]	[27158405]	[102200]	[3443543]



THE WESTERN INDIA COTTONS LTD
PAPPINISSERI-670561

SCHEDULE ANNEXED TO AND FORMING PART OF ACCOUNTS
FOR THE YEAR ENDED 31 MARCH, 2010

		Year ended 31.03.2010	Year ended 31.03.2009
		<i>(Amount in Rupees)</i>	
6.	a) Consumption of Raw Materials		
	Indigenous (Percentage)	100%	100%
	Imported (Percentage)	Nil	Nil
	b) Consumption of Stores and Spares		
	Indigenous (Percentage)	100.00%	100.00%
	Imported (Percentage)	0.00%	0.00%
7.	a) Value of Imports (CIF value on payment basis)		
	(i) Raw materials	Nil	Nil
	(ii) Stores & Spares	Nil	Nil
	(iii) Capital goods	Nil	Nil
	b) Earnings in Foreign Currency		
	Export of goods on FOB basis		
	(i) On direct export	3370051	3242669
	(ii) On export through Merchant Exporters	Nil	Nil
	c) Expenditure in Foreign Currency(on payment basis)		
	(i) On account of Travel	Nil	Nil
	(ii) Commission on exports and others	150348	Nil
8.	Auditor's Remuneration		
	Audit fees	100000	110000
	Tax Audit fees	25000	108000
	Taxation Matters	15000	-
	Expenses	13482	10839
	Service Tax on fees	14264	24792
		<u>167746</u>	<u>253631</u>
9.	Loans and advances include:		
	Amount due by Director	Nil	Nil
	Maximum amount due by Directors at any time during the year	Nil	Nil
10.	Deposits include amount deposited with Regional Joint Labour Commissioner against a claim for gratuity by employee	14671	-
11.	Sundry Debtors include:		
	Amount due by Director	Nil	Nil
	Amount due by a company in which Directors are interested	Nil	Nil
	Maximum amount due by Directors at any time during the year	Nil	Nil



**THE WESTERN INDIA COTTONS LTD
PAPPINISSERI-670561**

**SCHEDULE ANNEXED TO AND FORMING PART OF ACCOUNTS
FOR THE YEAR ENDED 31 MARCH, 2010**

	Year ended 31.03.2010	Year ended 31.03.2009 <i>(Amount in Rupees)</i>
12. a) Liabilities include:		
Amount due to Director	97358	163511
Total outstanding dues to small scale industrial undertakings	Nil	Nil
Total outstanding dues of creditors other than small scale industrial undertakings	12731419	12684314
b) Based on information available with the Company regarding the status of suppliers as defined under the Micro, Small Medium Enterprises Development Act 2006 there were no amount overdue and remaining unpaid to Micro, Small and Medium Enterprises on account of principal and/or interest as at the close of the year.		
13. Travelling expenses include expenditure of Directors	Rs 359809	Rs 383694
14. Employee Benefits:-		
Defined Contribution Scheme:- Provident Fund Contribution	Rs 82999	Rs 90873
15. Selling Expenses includes insurance premium paid on transit of goods exported Rs 8099/- (Previous Year Rs 2526/-)		
16. The exchange difference arising on foreign currency transactions amounting to Rs 7194.00 (Net Credit) has been accounted under the respective revenue heads (Previous year -Net Credit Rs 115269.80)		
17. Depreciation has been calculated on the fixed assets of the Company as per Schedule XIV of the Companies Act, 1956 on the following basis.		
a) Assets acquired on or before 31.03.1990 : Written Down Value Method		
b) Assets acquired on or after 01.04.1990 : Straight Line Method		
The following assets are depreciated at rates higher than those specified in schedule XIV:		
Asset	Method	Rate
Cycle	SLM	9.5



**THE WESTERN INDIA COTTONS LTD
PAPPINISSERI-670561**

**SCHEDULE ANNEXED TO AND FORMING PART OF ACCOUNTS
FOR THE YEAR ENDED 31 MARCH, 2010**

18. Trade debtors, advances for supply of raw materials and stores and creditors for purchases are subject to confirmation from the parties.
19. Expenditure relating to prior years debited to Profit and loss Account: Brokerage/Commission and Selling expenses includes:
- | | | |
|---|--------------|-------|
| Testing charges paid to Textile Committee for 2008-09 | 1575 | |
| Selling Commission on cloth to R.Subramaniam for 2008-09 | <u>47936</u> | 49511 |
| Rates ,Taxes and Licence Fees includes Expenditure as follows | | |
| Land Tax for 2008-09 | 829 | |
| VAT on sale of car for 2008-09 | <u>621</u> | 1450 |
20. Income relating to prior years credited to Profit and loss Account:
- | | | |
|--|--|-------|
| Interest received on Fixed Deposit with Indian Bank 2005 to 2009 | | 25850 |
| Interest received on post office savings bank for 1992 to 2009 | | 48672 |
21. Amounts to be credited to Investor Education and Protection Fund Nil (Previous year Nil)
22. The policy under the Group Gratuity Scheme with LIC has lapsed due to non payment of premiums. The liability for gratuity to employees as at 31 March 2010 is ascertained at Rs 392307/-. The liability is covered to the extent of Rs 297891/- by the balance in the Group Gratuity Fund with LIC. The balance gratuity liability amounting to Rs 94416/- is provided for in the accounts
23. The company suspended manufacturing operations on 14 November 2003.
24. As there is uncertainty of realisation of the sum of Rs 20116684.88 awarded in the second arbitration with the Kerala State Electricity Board, the amount awarded is not adjusted in the accounts as receivable from the Board as on 31 March 2010
25. Investment in shares of The Western India Cottons Employees' Co-op. Consumer Stores Ltd and The Western India Cottons Employees' Canteen having value in aggregate of Rs 3500/- were found to be not realisable and hence, written off in the accounts for the year.



THE WESTERN INDIA COTTONS LTD
PAPPINISSERI-670561

SCHEDULE ANNEXED TO AND FORMING PART OF ACCOUNTS
FOR THE YEAR ENDED 31 MARCH, 2010

	Year ended 31.03.2010	Year ended 31.03.2009
	(Amount in Rupees)	
26. Major Components of Deferred Tax Assets & Liabilities	As on 31-3-2010 Rs	As on 31-3-2009 Rs
Deferred Tax Assets:		
Unabsorbed depreciation under Income Tax Rules	6708898	9165418
Deferred Tax Liability:		
Difference in written down value of Fixed Assets under Income Tax Rules and as per Books	1667807	4374769
Net Deferred Tax Assets	5041091	4790649
Provision for Deferred Tax reversed to the Profit and loss Account	250442	637088
27. Liabilities for Others under current Liabilities include a sum of Rs 310616.00 payable to Gratuity Trust		
28. The secured loans from Indian Bank were closed during the year under One Time Settlement agreement with the bank. The remission obtained on the principal amount and interest in respect of these loans are transferred and credited to the Profit and Loss Account. A sum of Rs 66,72,358.59 equivalent to the principal amount waived in respect of the loan is transferred to Capital Reserve from the Profit and Loss Account.		
29. Earnings per share:		
Basic		
Profit after tax	8093482	18109983
Number of equity shares	4493280	4493280
Basic EPS	Rs 1.80	Rs 4.03
Diluted earnings per share is not calculated and disclosed as there are no 'dilutive potential' equity shares.		
30. Miscellaneous income includes advance received for sale of assets amounting to Rs 2,00,000/- forfeited.		
31. Rates, taxes and licence fees includes :		
a)	amount of cenvat credit claimed against Central Excise Duty liability in earlier years but not allowed aggregating to Rs 5,58,133/- paid/adjusted.	
b)	amount of cenvat credit on capital goods and materials carried forward in the accounts in previous years not realisable amounting to Rs 3,27,643/-	
c)	amount of sales tax for the years 2003-'04 and 2004-'05 payable on settlement of dispute amounting to Rs 6,34,086/-	



**THE WESTERN INDIA COTTONS LTD
PAPPINISSERI-670561**

**SCHEDULE ANNEXED TO AND FORMING PART OF ACCOUNTS
FOR THE YEAR ENDED 31 MARCH, 2010**

32. Amounts are rounded off to nearest rupee.
33. Figures for the previous year have been regrouped wherever necessary to conform to this year's classification and the figures given in brackets for item No.5 (a) & (b) represent previous year's figures.
- 34. Significant Accounting Policies**
- i) The Company has been consistently following accrual method in accounting its income and expenditure. The accounting is on the basis of going concern concept only.
 - ii) The value of fixed assets have been arrived at on historical cost including sales tax and other expenses incurred and as reduced by Cenvat credits.
 - iii) Depreciation has been charged in the accounts as per schedule XIV of Companies Act, 1956. From the year 1990-91 and onwards, depreciation has been calculated on Straight Line Method on additions made to the fixed assets and on Written Down Method for assets put into use prior to that date.
 - iv) Investments are valued at cost
 - v) Stock of raw materials, stores & spares and finished goods are valued at cost or net realisable value whichever is lower. Cost assigned for valuation of stores and spares is on weighted average basis and of raw materials and finished goods on first in first out basis, after providing for diminution in value of obsolete/damaged and slow moving items.
 - vi) Provision for gratuity is made as per LIC Cash Accumulation Scheme. The liability for gratuity to the extent not covered by the scheme is provided for in the accounts.
 - vii) Revenue from sales transactions is recognised as and when the property in the goods is transferred to the buyer for a definite consideration. Export incentives are recognised on accrual basis.
 - viii) Contingent liabilities are generally not provided in the accounts and are shown in item No.1 of Notes on Accounts.
 - ix) Deferred tax is recognised on the timing differences between the accounting income and taxable income for the year and quantified on the basis of tax rates enacted as on the date of Balance Sheet.

Date: 09th August 2010



THE WESTERN INDIA COTTONS LTD, PAPPINISSERI-670561
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 ST MARCH 2010

	Particulars	2009-2010	2008-2009
(A)	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit Before Tax	1170681	12954756
	Adjustment For:		
	Depreciation	590356	639011
	Interest Expense	379594	859400
	Profit On Sale Of Investment/Asset	0	-8098064
	Loss On Sale Of Assets	0	621576
	Dividend Income	-3600	-2880
	Interest Income	-98750	-1703679
	Interest on Secured Loans Written Back	-1807822	-6441994
	Excess Provision For Bad&Doubtful Advances Written Back	0	-261280
	Sundry Credit Balances Transferred	0	-4870
	Bad & Doubtful debts provision	0	126202
	Investments not realisable written off	3500	0
	Debit Balances written off	0	91947
	Operating Profit before Working Capital Changes	233959	-1219875
	Adjustments for:		
	Change in Inventories	-915298	3501368
	Change in Trade & Other Receivables	2217254	9298095
	Change in Trade Payables & Other Liabilities	-1984800	-14403098
	Cash Generated from operations	-448885	-2823510
(B)	CASH FLOW FROM INVESTING ACTIVITIES		
	Sale Of Fixed Assets	0	9245830
	Dividend Received	3600	2880
	Purchase Of fixed Assets	-60850	-154170
	Advance For Sale Of Assets	12500000	3388326
	Net Cash Flow from Investing Activities	12442750	12482866
(C)	CASH FLOW FROM FINANCING ACTIVITIES		
	Decrease/Increase In Short Term Loans & Deposits	-80334	-64742
	Decrease /Increase In Cash Credit and Long term Loans	-12000000	-11273891
	Interest Paid	-379594	-859400
	Interest Received	98750	1703679
	Net Cash used in Financing Activities	-12361178	-10494354
	Net Increase In Cash And Cash Equivalent(A+B+C)	-367313	-834998
(D)	Cash and Cash Equivalents - Opening Balance	2085938	2920936
(E)	Cash and Cash Equivalents - Closing Balance	1718625	2085938

P.K.Shameem
Director

A.K.Sheriff
Director
Kannur
Date : 09th August 2010

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

P.Balagopal
Partner
Calicut:
09th August 2010



THE WESTERN INDIA COTTONS LTD
PAPPINISSERI - 670561
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details	
Name of the Company	: The Western India Cottons Ltd
	: Pappinisseri -670561
Registration No	: 09-01709
Balance Sheet date	: 31-03-2010
II Capital raised during the year (Amount in thousands)	
1. Public Issue	: Nil
2. Rights Issue	: Nil
3. Bonus Issue	: Nil
4. Private Placement	: Nil
III Position of Mobilisation and Deployment of Funds(Amount in Thousands)	
1 a) Total Liabilities	: Rs. 230,300
b) Total Assets	: Rs. 230,300
2. Sources of Funds	
a) Paidup Capital	: Rs. 44,933
b) Forfeited Shares	: Rs. 4,361
c) Reserves and Surplus	: Rs. 174,066
d) Secured Loans	: Rs. 140
e) Unsecured Loans	: Rs. 6,800
3. Application of Funds	
a) Net Fixed Assets	: Rs. 74,231
b) Investments	: Rs. 117
c) Net Current Assets	: Rs. -52,589
d) Deferred Tax Asset	: Rs. 5,041
e) Miscellaneous Expenditure	: Rs. 0
f) Accumulated Loss	: Rs. 203,500
4. Performance of Company	
a) Turnover	: Rs. 39,497
b) Total Expenditure	: Rs. 42,619
c) Profit before Tax	: Rs. 7,843
d) Profit After Tax	: Rs. 8,093
e) Earnings per Share	: Rs. 0
f) Divident Rate (%)	: Rs. 0
5. Generic names of three principal products of the Company	
1. Item Code(ITC Code)	: 52 07 20
Product description	: Cotton Grey Sheetings
2. Item Code(ITC Code)	: 52 07 31 & 32
Product description	: Cotton Bleached & Dyed Fabric
3. Item Code(ITC Code)	: 52 05 11
Product description	: Cotton Yarn(Single Yarn)

P.K.Shameem
Director

Kannur
Date: 09th August 2010

A.K.Sheriff
Director



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Annual Report 2009-2010

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Pappinisseri.
KANNUR - 670 561, KERALA.



THE WESTERN INDIA COTTONS LTD.,
Regd. Office : Pappinisseri 670 561 Kannur

Notice of 55th Annual General Meeting

Notice is hereby given that the 55th Annual General Meeting of the members of The Western India Cottons Ltd., will be held at Pappinisseri on Monday, the 27th September, 2010 at 11.00 a.m. to transact the following business.

AS ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31.03.2010 and the Profit and Loss Account for the year ended on that date and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr P K Shameem who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr A K Sheriff who retires by rotation and is eligible for re-appointment.
4. To appoint auditors and to fix their remuneration and in this connection to consider and if thought fit to pass with or without modifications the following as Ordinary Resolution:

“RESOLVED to re-appoint M/S. T K Menon & Co., Chartered Accountants, Calicut as Statutory Auditors till the conclusion of next Annual General Meeting on a remuneration to be fixed by the Board of Directors.”

AS SPECIAL BUSINESS:

5. To consider and if deemed fit to pass, with or without modifications, the following Resolution:

Appointment of Chairman-cum-Managing Director

“RESOLVED THAT pursuant to the provisions of Sec.269 and other applicable provisions, if any, and Part I of schedule XIII of the Companies Act 1956, the consent of the Company be and is hereby accorded for the appointment of Shri. P.K Shameem as Chairman cum Managing Director of the Company for a period of 2 years w.e.f 09/08/2010 without any remuneration”

By order of the Board
For The Western India Cottons Ltd.,

Date: 09.08.2010
Place : Kannur

Sd/-
Chairman

Explanatory Statement U/s 173(2)

The Remuneration Committee and the Board of Directors, subject to the approval of members at the General Meeting have considered and approved the appointment of Shri. P.K Shameem as Chairman cum Managing Director for a period of 2 years w.e.f 09/08/2010 without any remuneration. The appointment is considered as per part I of Schedule XIII of the Companies Act 1956. Since no remuneration is paid part II & part III of Schedule XIII is not considered. Mr. P.K Shameem, Director is interested in this resolution.

By the order of the Board
For The Western India Cottons Ltd.,

Date: 09.08.2010
Place : Kannur

Sd/-
Chairman

Note :

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.
2. Proxies in order to be effective must be deposited with the Company not less than 48 hours before the meeting.
3. The Register of Members and Share Transfer Book of the Company will remain closed from 20th September 2010 to 27th September 2010 both dates inclusive.
4. Members are requested to notify immediately any changes in their address to the Company.

**DETAILS OF DIRECTORS RETIRING BY ROTATING
AND SEEKING RE-APPOINTMENT**

(In Pursuance of clause 49 of the Listing Agreement)

Name of the Director	P K Shameem	A K Sheriff
Date of Birth	15.08.1949	19.12.1958
Date of Appointment	01.10.1980	31.07.2006
Qualifications	-	-
Expertise in Specific Functional Area	Vast experience in top management	Business
Chairman/Director of other Companies	Director of Aisha Hosiery, Travancore Coffee Co., Pvt Ltd.,	-
Chairman/Member of Committees of the Board of which he is a Director	-	-
Shares held in WIC	203077	-
Nature of Directorship	Executive	Non-Executive

THE WESTERN INDIA COTTONS LIMITED

Registered Office: Pappinissery - 670 561

ATTENDANCE SLIP

I hereby record my presence at the 55th ANNUAL GENERAL MEETING of the Company at Pappinissery at 11.00 a.m. on 27th September, 2010.

Signature of the attending Member / Proxy:

- Notes:**
1. Shareholders / Proxyholders wishing to attend the meeting must bring the Attendance Slip to the meeting and hand over at the entrance, duly signed.
 2. Shareholders / Proxyholders desiring to attend the meeting should bring their copy of the Annual Report for reference at the meeting.



THE WESTERN INDIA COTTONS LIMITED

Registered Office: Pappinissery - 670 561

PROXY FORM

I/We.....of.....being a Member/Members of the above named Company, hereby appoint.....of.....or failing himof.....as my/our proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held on Monday, the 27th September, 2010 and at any adjournment thereof.

Signed this the.....day of.....2010.

Affix Re.1.00 Revenue Stamp

Regd. Foilio:
No. of Shares:



Signature of Shareholder

Note: The proxy must be returned so as to reach the Registered Office of the Company at Pappinissery, Cannanore – 670561, in not less than FORTY-EIGHT HOURS before the time for holding the aforesaid meeting.