



## **EUROTEX INDUSTRIES AND EXPORTS LIMITED**

**An ISO 9001 and Oko-Tex Standard 100 Certificate Holder  
SA 8000 Certified Company**

### **BOARD OF DIRECTORS**

**Shri Krishan Kumar Patodia** *Chairman and Managing Director*

**Shri Hariprasad Siotia**

**Shri Gopal Patodia**

**Shri Narayan Patodia** *Managing Director*

**Shri Rajiv Patodia** *Executive Director*

**Shri Gurmukh J. Mirchandani** *(Upto 21.01.2011)*

**Shri A. R. Garde**

**Shri Dharam Paul**

**Shri D. K. Patel**

**Shri V. K. Gupta**

**Shri Pratap Padamshi Dundh**

**Shri M. L. Bagaria**

**EUROTEX  
INDUSTRIES AND EXPORTS  
LIMITED**

**COMPANY SECRETARY**

**Shri G. S. Ramakrishnan**

**BANKERS**

**STATE BANK OF INDIA  
BANK OF INDIA  
IDBI BANK LIMITED  
STATE BANK OF PATIALA  
PUNJAB NATIONAL BANK  
STATE BANK OF HYDERABAD  
EXPORT IMPORT BANK OF INDIA  
DHANLAKSHMI BANK LIMITED**

**AUDITORS**

**LODHA & COMPANY**  
Chartered Accountants  
Mumbai.

**REGISTERED AND HEAD OFFICE**

809, Raheja Chambers, 8th Floor,  
213, Nariman Point, Mumbai - 400 021.

**MILLS**

E-23 & E-1, MIDC, Gokul Shirgaon,  
Kolhapur - 416 234,  
Maharashtra.

**SHARE TRANSFER AGENTS**

**DATAMATICS FINANCIAL SERVICES LIMITED**  
Plot No. A-16/17 MIDC, Part B, Cross Lane,  
Marol, Andheri (East), Mumbai - 400 093.



## NOTICE

**NOTICE** is hereby given that the 25th Annual General Meeting of the Shareholders of EUROTEX INDUSTRIES AND EXPORTS LIMITED will be held at “The Shalimar Hotel”, August Kranti Marg, Mumbai 400 036 on Saturday, the 10th September, 2011 at 9.30 A.M. to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report, Auditors' Report, Audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 2011.
2. To appoint a Director in place of Shri H. P. Siotia, who retires from office by rotation and, being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri Gopal Patodia, who retires from office by rotation and, being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Dharam Paul, who retires from office by rotation and, being eligible, offers himself for reappointment.
5. To appoint Auditors of the Company for the period commencing from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board

Place: Mumbai  
Date : 28th May, 2011

**G. S. Ramakrishnan**  
Company Secretary

**Registered Office :**  
809, Raheja Chambers, 8th Floor,  
213, Nariman Point, Mumbai - 400 021.

**EUROTEX  
INDUSTRIES AND EXPORTS  
LIMITED**

**NOTES**

- a. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER
- b. THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- c. Members holding more than one Share Certificate in the same name under different ledger folios are requested to apply for the consolidation of such folios and send the relevant Share Certificates to the Registrars, M/s. Datamatics Financial Services Ltd., Plot No. A-16/17 MIDC, Part B, Cross Lane, Marol, Andheri(East), Mumbai 400 093.
- d. Members are requested to notify immediately any change in their address to the Registrars at the address as mentioned above.
- e. The Register of Members and Transfer Books of Equity shares will be closed from Monday 29th August, 2011 to Saturday 10th September, 2011 (Both Days inclusive).
- f. Pursuant to Section 205A of the Companies Act, 1956, all Unclaimed Dividends upto Financial Year ended 31st March, 1999 have been transferred to the General Revenue Account of the Central Government.
- g. The unclaimed dividends for the financial years ended 31st March, 2000, 2001 and 2003 have been transferred to Investor Education and Protection Fund. It may also be noted that once the unclaimed dividend is transferred to the Government, as above, no claims shall lie in respect of such amount against the company.

Details of Unclaimed Dividend with it's due date of transfer to Investors Education and Protection Fund are as below:

Sr. No.	Year Ended	Date of Declaration	Due date of transfer to IEPF
1.	31.03.2004	04.09.2004	03.10.2011
2.	31.03.2005	24.09.2005	23.10.2012
3.	31.03.2006	30.09.2006	29.10.2013

- h. As per the provisions of the Companies Act, 1956, facility for making nominations is available to INDIVIDUALS holding shares in the Company. The Nomination Form 2B prescribed by the Government can be obtained from the Registrars and Transfer Agents.
- i. Details of the Directors retiring by rotation and seeking re-appointment (in pursuance of Clause 49 of the Listing Agreement):

Name of Director	Shri H. P. Siotia	Shri Gopal Patodia	Shri Dharam Paul
Date of Birth	03.05.1934	12.12.1946	06.06.1944
Date of Appointment	16.02.1987	16.02.1987	30.01.2002
Qualification	B. Com	B. E. Chemical (Hons.)	B. Text (Hons.) & MBA
Expertise in specific functional area and years.	More than five decades of rich experience in the field of cotton & yarn trading and manufacturing activities of cotton spinning.	He has a vast experience in cotton and yarn trading. Rich experience in marketing and manufacturing activities of spinning mills.	More than four decades experience in Textile Industry.
List of Other Directorship held.	PBM Polytex Ltd. Patodia Syntex Ltd. Mercury Gems Pvt. Ltd. Eurospin Industries Ltd. Shree Janardana Mills Ltd. Patodia Company Pvt. Ltd.	Shashank Investments Pvt. Ltd. PBM Polytex Ltd. Patodia Syntex Limited. Trikon Investments Pvt. Ltd. Vee Pee Intrade Pvt. Ltd. Patodia Company Pvt. Ltd.	PBM Polytex Ltd.
Chairman/Member of the Committee(s) of the Board of Directors of the Company.	Shareholders/Investors Grievance Committee - Chairman Audit Committee, Remuneration Committee - Member	None	Audit Committee, Remuneration Committee Chairman
Chairman/Member of the Committee(s) of the Board of Directors of other Companies in which he is a Director	Share Transfer and Share holders/investors Grievance Committee Member of PBM Polytex Ltd.	Member Shareholders/Investors Grievance Committee of PBM Polytex Limited	Audit Committee, Remuneration Committee Member of PBM Polytex Ltd.
Shareholding in the Company	42,218	Nil	Nil

**SHAREHOLDER INFORMATION**

The Company's securities are listed at the following Stock Exchanges :

- 1) Bombay Stock Exchange Ltd.  
1st Floor, New Trading Ring,  
Rotunda Building,  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Fort, Mumbai 400 001.
- 2) National Stock Exchange of India Ltd.  
Exchange Plaza, 5th Floor,  
Plot No. C/1, G-Block,  
Bandra-Kurla Complex,  
Bandra (E), Mumbai 400 051.

The Company has paid Annual Listing fees to each of the above Stock Exchanges for the Financial Year 2011-12.

By Order of the Board

Mumbai  
Date : 28th May, 2011

**G. S. Ramakrishnan**  
Company Secretary

**Registered Office :**

809, Raheja Chambers, 8th Floor,  
213, Nariman Point, Mumbai - 400 021.



## DIRECTORS' REPORT

Dear Shareholders,

Your Directors are pleased to present their 25th Annual Report on the affairs of the Company together with the Audited Statement of Accounts for the year ended 31st March, 2011.

<b>FINANCIAL RESULTS</b>	<b>2010-11 (Rs. in lacs)</b>	2009-10 (Rs. in lacs)
Profit before Interest, Depreciation and Tax	<b>2677.18</b>	1954.88
Less: Interest and Finance Charges	<b>1107.87</b>	1038.14
Profit/(Loss) before Depreciation	<b>1569.31</b>	916.74
Less: Depreciation	<b>992.36</b>	995.68
Profit/(Loss) Before Tax	<b>576.95</b>	(78.94)
Add: Exceptional Item (Electri- city Duty Liability Written back relating to earlier years on recei- ving High Court order	-	281.81
Less: Provision for Income Tax	<b>63.61</b>	-
Add: MAT Credit Entitlement	<b>61.01</b>	-
Profit/(Loss) for the year	<b>574.35</b>	202.87
Balance brought forward from previous year	<b>(70.09)</b>	(272.96)
Balance of Profit/(Loss) Carried to Balance Sheet	<b>504.26</b>	(70.09)

## OPERATIONS

During the year the turnover of the Company was Rs.207.63 Crores as compared to Rs.175.09 Crores in the previous year. Your Directors are happy to inform you that the Company has earned a Net Profit after Tax of Rs.5.74 Crores as against a Net Profit after Tax of Rs.2.03 Crores in the previous year.

The debt restructuring programme under implementation with the approval of lending banks since 1st July, 2009 has made good progress as per projections.

## AWARDS

Your Directors are happy to inform you that your Company has once again secured an award for the year 2009-10 from the Government of Maharashtra, in appreciation of Company's Export performance in Textile-Large Scale Industry Category.

Your Company has also secured the GOSHIMA AWARD from Gokul Shirgaon Manufacturers Association, Kolhapur for excellence in Energy Efficiency.

## REPORT ON CORPORATE GOVERNANCE, MANAGEMENT DISCUSSION AND ANALYSIS.

The Audit Committee constituted by the Board has been

functioning over the last ten years. The Committee renders valuable services to the Board on several issues particularly on Internal Controls, Accounting Policies and Corporate Governance norms. The Board of Directors appointed Shri Dharam Paul as Chairman of the Audit Committee.

Similarly, the Shareholders / Investors Grievance Committee met regularly throughout the year and overviewed the operations of the Share Transfer Registrars, Response to Investor Grievances, progress of dematerialisation and other matters.

The Company has complied with clause 49 of the Listing Agreement pursuant to SEBI guidelines. Accordingly, reports on corporate governance and Management Discussion and Analysis are enclosed and form part of this Report.

## INDUSTRIAL RELATIONS

The Company continued its endeavor in maintaining peace and harmony at all levels of employment in the Organisation in the year under review.

## PARTICULARS OF EMPLOYEES, CONSERVA- TION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Information relating to the conservation of Energy, Technology absorption and Foreign Exchange Earnings and Outgo required under Section 217(1) (e) of the Companies Act, 1956, is set out in the separate statement attached to this report and forms part of it.

The particulars of employees, as required under section 217(2A) of the Companies Act, 1956, are given in a separate statement attached to this report and form part of it.

## DIRECTORS

In terms of the provisions of the Companies Act, 1956 and Article 104 of the Articles of Association of the Company, Shri H. P. Siotia, Shri Gopal Patodia and Shri Dharam Paul retire from office by rotation and, being eligible, offer themselves for re-appointment.

Appropriate resolutions for the reappointment of the aforesaid Directors are being moved at the ensuing Annual General Meeting which the Board recommends for your approval.

Shri M. L. Bagaria who was appointed as an Additional Director on 30th October, 2009, has been appointed as Director in the Annual General Meeting held on 4th September, 2010.

Shri G. J. Mirchandani, Non-executive Director has resigned from the Board with effect from 21st January, 2011. The Directors wish to place on record their appreciation for his able guidance during his tenure as a Director.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217 (2AA) of the Companies Act, 1956 the Directors confirm that:

1. in the preparation of the Annual Accounts, the applicable accounting standards have been followed;
2. appropriate accounting policies have been selected and applied consistently, and have 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 as at March 31, 2011 and of the Net Profit of the Company for the period from April 1, 2010 to March 31, 2011;
3. proper and sufficient care has been taken 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. the Annual Accounts have been prepared on a going concern basis.

**AUDITORS**

M/s. Lodha & Co., the Statutory Auditors of the Company, will retire at the forthcoming Annual General Meeting of the company and, being eligible, offer themselves for re-appointment.

Your Directors request the Shareholders to appoint Statutory Auditors for the current year.

**COST AUDITORS**

Pursuant to a directive of the Central Government, the Company is required to conduct a Cost Audit in respect of its manufacturing operations every year. Accordingly, M/S A. G. Anikhindi & Co., qualified Cost Auditors have been appointed to carry out audit of the cost accounts maintained by the Company for the year ended 31st March, 2011.

**INSURANCE**

The Company has taken comprehensive risk cover to insure all the properties of the Company.

**ACKNOWLEDGEMENT**

Your Directors wish to place on record their appreciation and thankful acknowledgement for valuable assistance the Company received from all Lending Bankers.

Your Directors express their warm appreciation to the employees for their diligence and contribution in running the mills smoothly. Their utmost co-operation and assistance has contributed greatly in smooth conduct of the business of the Company.

On behalf of the Board

Place : Mumbai  
Date : 28th May, 2011

**K. K. PATODIA**  
Chairman

**ANNEXURE "A" TO THE DIRECTORS' REPORT**

**ADDITIONAL INFORMATION AS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.**

**(A) CONSERVATION OF ENERGY :**

**(a) Energy Conservation Measures Taken:**

The Company has been taking continuous steps to conserve the energy and minimise energy cost at all levels. The Company is installing latest energy efficient equipments and motors in place of old ones to reduce energy consumption. The Company has taken the assistance of an expert team of SITRA (South India Textiles Research Association), Coimbatore for Energy Conservation.

**(b) Additional Investments and Proposal, if any, being implemented for reduction of consumption of energy:**

The Company as a policy takes necessary steps for investments in energy saving devices wherever applicable. The Company has conducted a comprehensive Energy Audit for the entire plant and as a result, has improved performance and has optimised consumption of energy.

**(c) Impact of measures as (a) and (b) for reduction of energy consumption and consequent impact on the cost of production of goods:**

With the above measures taken, the Company is endeavouring reduction in energy consumption.

**(d) Total energy consumption and consumption per unit of production in the prescribed Form "A" is attached.**

**(B) TECHNOLOGY ABSORPTION:**

**Efforts made in Technology Absorption :**

Details are provided in Form "B" annexed hereto.

**(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:**

**(a) 1) Activity relating to Exports:**

The Company is engaged in Raw cotton, Yarn and Fabric Exports.

**2) Initiative taken to increase Exports:**

The Company regularly explores possibility of developing new qualities to help increase its exports and find new buyers and new market for its high quality products.

**3) Development of new export markets for products and services:**

The Company keeps a close association with its traditional and new buyers and explores continuously the possibility of finding new export markets.

**4) Export Plan:**

The order books of the Company are sufficiently full at present.

**(b) Total Foreign Exchange used and earned:**

(Rs. in Lacs)

i) CIF Value of Imports	<b>572.73</b>
ii) Expenditure in Foreign Currency	<b>316.19</b>
iii) Foreign Exchange Earned (79% of the total sales)	<b>16401.75</b>

On behalf of the Board

Place : Mumbai  
Date : 28th May, 2011

**K. K. PATODIA**  
Chairman



## ANNEXURE "A" TO THE DIRECTORS' REPORT *(Contd.)*

### REPORT ON CONSERVATION OF ENERGY ETC., Forming part of the Directors' Report

<b>FORM A</b>			
<b>Form for Disclosure of Particulars with respect to Conservation of Energy</b>			
	Production Unit	Current Year	Previous Year
<b>A) POWER AND FUEL CONSUMPTION</b>			
<b>1) Electricity</b>			
a) Purchased Units	<b>4,41,56,010</b>	4,21,09,950	
Total Amount (Rs.)	<b>23,45,32,448</b>	18,56,74,247	
Rate/Unit (Rs.)	<b>5.31</b>	4.41	
b) Own Generation			
i) Through Diesel Generator Units	<b>4,93,230</b>	3,25,180	
Units per LTR. of Diesel/Furnace Oil	<b>3.70</b>	3.55	
Cost/Unit (Rs.)	<b>40.48</b>	50.14	
ii) Through Steam Turbine/Generator Units	-	-	
Units per LTR. of Fuel Oil/gas	-	-	
Cost/Unit (Rs.)	-	-	
<b>2) Coal</b>			
Quantity (in Tonnes)	-	-	
Total Cost	-	-	
Average Rate (Rs.)	-	-	
<b>3) Furnace Oil/L.S.H.S.</b>			
Quantity (in K. Ltrs.)	-	-	
Total Amount	-	-	
Average Rate	-	-	
<b>4) Others/Internal</b>			
Generation	-	-	
Quantity	-	-	
Total Cost	-	-	
Rate/Unit	-	-	
<b>B) CONSUMPTION PER UNIT OF PRODUCTION</b>			
	Per Kg.		
<b>1) Electricity (KWH)</b>			
Yarn	<b>6.08</b>	5.64	
<b>2) Furnace Oil/L.S.H.S.</b>			
	-	-	
<b>3) Coal (M.T.)</b>			
	-	-	
<b>4) Others</b>			
	-	-	
On behalf of the Board			
Place : Mumbai	<b>K. K. PATODIA</b>		
Date : 28th May, 2011	<i>Chairman</i>		

<b>FORM B</b>	
<b>Form for Disclosure of Particulars with respect to Technology Absorption</b>	
<b>RESEARCH AND DEVELOPMENT (R &amp; D)</b>	
<b>1) Specific areas in which R &amp; D carried out by the Company:</b>	
R & D activities are carried out continuously to produce good quality of Yarns and Fabrics for exports.	
<b>2) Benefits derived as a result of the above R &amp; D:</b>	
With the result of the R & D activities carried out, the Company has been able to produce quality yarns and fabrics to international standards.	
<b>3) Future Plan of Action:</b>	
The Company continues its efforts to maximise its productivity and at the same time enhance quality of its products.	
<b>4) Expenditure on R &amp; D:</b>	
Expenditure on R & D has been shown under respective heads of expenditure in the Profit and Loss Account as no separate account is maintained for the same.	
<b>TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION</b>	
<b>1) Efforts, in brief, made towards technology absorption and innovation:</b>	
The Company has not utilised any imported technology.	
<b>2) Benefit derived as a result of the above efforts:</b>	
N.A.	
<b>3) Details about import of technology during the last 5 years:</b>	
N.A.	
On behalf of the Board	
Place : Mumbai	<b>K. K. PATODIA</b>
Date : 28th May, 2011	<i>Chairman</i>

## ANNEXURE "B" TO THE DIRECTORS' REPORT

### PARTICULARS OF EMPLOYEES - THE INFORMATION REQUIRED UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 OF THE EMPLOYEES OF THE COMPANY IS AS UNDER:

Sr. No.	Name	Designation/ Nature of Duties	Age (Years)	Remuneration received (Rs.)	Qualification	Experience (Years)	Date of Joining	Previous Service before this and designation
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**A) Employees who worked throughout the accounting year and whose remuneration aggregating Rs.60 lacs or more per year:**

NIL

**B) Employees who worked during the part of the year and whose remuneration is not less than Rs. 5 Lacs or more per month**

NIL

On behalf of the Board

Place : Mumbai  
Date : 28th May, 2011

**K. K. PATODIA**  
*Chairman*

**Declaration regarding compliance with the code of conduct and ethics policy of the Company by Board Members and senior management personnel**

This is to confirm that the Company has adopted Code of Conduct and Ethics Policy for the Board of Directors and Associates of the Company, which is available at our website-[www.eurotexgroup.com](http://www.eurotexgroup.com).

I declare that the Board of Directors and senior management

personnel have affirmed compliance with the Code of Conduct and Ethics Policy of the Company.

Place : Mumbai  
Date : 28th May, 2011

**K. K. PATODIA**  
Chairman

**CHIEF EXECUTIVE OFFICER'S CERTIFICATION**

To,  
The Board of Directors  
Eurotex Industries And Exports Limited,

I, the undersigned, in my capacity as the Chief Executive Officer of Eurotex Industries And Exports Limited ("the Company"), to the best of my knowledge and belief, certify that:

- (a) I have reviewed financial statements and cash flow statement for the year ended 31st March, 2011 and to the best of my knowledge and belief, state that:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain 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) I further state that, to the best of my 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 as adopted by the Company.
- (c) I am responsible for establishing and maintaining internal

controls for financial reporting and I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.

- (d) I have indicated, based on my 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 have 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 a significant role in the Company's internal control system over financial reporting.

Place : Mumbai  
Date : 28th May, 2011

**K. K. PATODIA**  
Chairman

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

**a) Industry Structure and Development:**

The Company is having cotton spinning and knitted fabrics manufacturing unit. Textile is the oldest and most important industry with high employment potential. The textile industry provides jobs for semi-skilled and unskilled labourers, women in particular, on a large scale in the country.

Eurotex has a state of art modern spinning mills manufacturing and exporting cotton yarn all over the world.

**b) Opportunities and Threats:**

In the post quota regime, the Indian textile exporters have got very good opportunity for increasing their export of cotton yarn and value added products. Due to very good demand from domestic export oriented garment manufacturers, the cotton yarn manufacturers have got good opportunities in local markets also.

At the same time the Indian textile industry is facing threat from other textile exporting countries due to high power cost, cost of Raw materials and rigid labour laws of our country.

**c) Segment or productwise performance:**

The Company operates primarily in one business segment viz cotton yarn and knitted fabric and has its production facilities and assets located in India. Hence segment-wise or product-wise performance is not given.

**d) Outlook, Risks and Concern:**

The Company has invested substantially in modernization and upgradation of its production facilities and the Company is poised to take maximum advantage of demand in quality goods in post quota regime.

The exchange rate fluctuations, power cost increase due to increase in oil prices and state grid power rates are the risks and matters of concern and may adversely affect its profitability.

**e) Internal control systems and their adequacy:**

The Company has got adequate internal control systems commensurate with the size of all departments.

**f) Financial performance with respect to operational performance:**

The financial and operational performances are as elaborated in the Directors' Report.

**g) Development in Human Resources / Industrial Relations Front:**

The Company continued its endeavour in maintaining peace and harmony at all levels of employment in the organisation in the year under review.

**h) Cautionary Statement**

The statements in the report may be forward looking within the meaning of applicable laws or regulations. These statements are made on certain assumptions and expectations of future events. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the Countries in which the Company conducts business and other incidental factors.

The Company and its Directors assume no responsibility in respect of the forward looking statements herein which may undergo changes in the future on the basis of subsequent developments, information or events.

On behalf of the Board

**K. K. PATODIA**  
Chairman  
and Managing Director

Place : Mumbai  
Date : 28th May, 2011





## CORPORATE GOVERNANCE REPORT

### 1. PHILOSOPHY OF THE COMPANY ON CODE OF CORPORATE GOVERNANCE

The Company believes in highest standards of corporate governance and has put in place the systems to comply with all the rules, regulations and requirements mentioned in clause 49 of Listing Agreement. For us effective corporate governance is about commitment to values and ethical business conduct which alone can guarantee the business success in the long run.

We understand that Corporate Governance is a continuous journey and not a destination. The Company endeavors to achieve transparency, accountability, integrity and responsibility and continues to focus on good corporate governance.

#### Corporate Ethics:

The Company adheres to highest standards of business ethics, compliance with statutory and legal requirements and commitment to transparency in business dealings.

#### a. Code of Conduct for Board Members and Senior Management:

The Board of Directors has adopted the Code of Conduct for its members and senior management. The Board highlights Corporate Governance as the cornerstone for sustained management performance, for serving all the stakeholders and for instilling pride in its business dealings.

The Code is applicable to all the directors and specified senior management executives. The Code impresses upon the directors and senior management executives to uphold the interest of the company and its stakeholders and endeavors to fulfill the fiduciary obligations towards them. The Code also mandates that Directors and Senior Management Executives would uphold highest standard of integrity, honesty, ethical conduct and fairness in their dealings and shall exercise utmost good faith, due care and integrity in performing their duties. The Code of Conduct is posted at Company's website at [www.eurotexgroup.com](http://www.eurotexgroup.com)

#### b. Code of Conduct for prevention of Insider Trading:

The Company has adopted a Code of Conduct for prevention of insider trading for its Directors and Senior management personnel. The Code lays down the guidelines and procedures to be followed, disclosures to be made while dealing with the shares of the Company. The Company Secretary has been appointed as the Compliance Officer, and is responsible for adherence to the Code.

### 2. BOARD OF DIRECTORS

The business of the Company is managed by the Board of Directors. The Board formulates the strategy, regularly reviews the performance of the Company and ensures that the previously agreed objectives are met on a consistent basis. The Managing Directors and the Executive Director manage the day to day operations of the Company.

The Board of Directors comprises of three Executive Directors and eight Non-Executive Directors. Six of the Directors are independent Directors.

Name of the Director	Position
----------------------	----------

Shri Krishan Kumar Patodia	Chairman and Managing Director
Shri Narayan Patodia	Managing Director
Shri Rajiv Patodia	Executive Director

#### Non Executive

Shri H. P. Siotia  
Shri Gopal Patodia  
Shri Gurmukh J. Mirchandani (till 21.01.2011)

#### Non-Executive & Independent

Shri A. R. Garde  
Shri Dharam Paul  
Shri Pratap Padamshi Dundh  
Shri D. K. Patel  
Shri V. K. Gupta  
Shri M. L. Bagaria

**Total No. of Directors = 11**

### A. Board Procedure

Board members are given appropriate documents and information in advance of each Board and Committee meeting to enable the Board to discharge its responsibilities effectively by taking well informed decisions. To enable the Board to discharge its responsibilities effectively, the Managing Director reviews Company's overall performance. The functions performed by the Board includes, in addition to the legal matters compulsorily required to be performed by it, review of:

- Strategy and business plan
- Annual operating and capital expenditure budgets
- Investment and exposure limits
- Compliance with statutory/regulatory requirements and review of major legal issues
- Approval of quarterly results/annual results
- Review of the minutes of the Audit Committee, Shareholders and Investors Grievance Committee and Board Committees
- Matters relating to Foreign Exchange Exposure.

### B. Board Meetings and Attendance

During the Financial Year 2010-11 Four Board Meetings were held on 29th May, 2010; 31st July, 2010; 30th October, 2010 & 3rd February, 2011. Details of attendance at the Board Meetings, Directorship in other Companies and Membership in Committees thereof of each Director are as follows:

Name of the Director	Attendance at the Board Meeting	Attendance at last AGM	Directorship of other Companies	Committee Memberships	
				*Mem-ber	*Chairman
Shri K. K. Patodia Chairman & Managing Director	4	No	10	1	-
Shri H. P. Siotia	3	No	6	3	1
Shri Gopal Patodia	-	No	6	-	-
Shri Narayan Patodia Managing Director	1	No	5	1	-
Shri Rajiv Patodia Executive Director	4	Yes	4	2	-
Shri G.J.Mirchandani	1	No	-	-	-
Shri A. R. Garde	4	No	-	-	-
Shri Dharam Paul	4	Yes	1	2	2
Shri Pratap P. Dundh	4	Yes	2	-	-
Shri Dilip K. Patel	4	Yes	7	-	-
Shri Vinod K. Gupta	4	No	-	1	-
Shri M. L. Bagaria	4	Yes	2	-	-

### 3. AUDIT COMMITTEE

Board of Directors has formed an Audit Committee which has the following powers:

- To investigate into any matter referred to it by the Board and for that purpose to have full access to the information contained in the records of the Company and external professional advice, if necessary.
- To investigate any activity within its terms of reference.
- To oversee the Company's Financial Reporting process and the disclosure of its financial statement to ensure that the financial statement is correct, sufficient and credible.
- To recommend the appointment and removal of external auditor, fixation of audit fee and also approval for payment of any other services.
- Reviewing with management the annual financial statements before submission to the Board.

- f. Reviewing with management, external and internal auditors, the adequacy of internal control systems.
- g. Reviewing the Company's financial and risk management policies.
- h. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- i. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussions to ascertain any areas of concern.

MEMBERS: Shri Dharam Paul, Shri H P Siotia and Shri V. K. Gupta.

**CHAIRMAN: Shri Dharam Paul**

The Company Secretary acts as the Secretary to the Committee. The Statutory Auditors, Internal Auditors and Cost Auditors attend the Audit Committee Meeting by invitation.

Amongst the Board of Directors two independent Directors are members of Audit Committee Meeting. The Committee has members with sound knowledge of finance, accounting and law. The Committee deals with all matters of financial reporting, internal controls, risk management etc. The power and role of the audit committee is as per guidelines set out in the amended Listing Agreement. It meets at least four times in a year and reviews the quarterly and annual financial statements before they are submitted to the Board. The Committee monitors any proposed change in accounting policy, accounting implications of major transactions, etc. The Committee also closely reviews the adequacy of internal controls, formulates and monitors the annual audit plan.

Four Audit Committee meetings were held during the financial year 2010-11. These meetings were held on 29th May, 2010, 31st July, 2010, 30th October, 2010, and 3rd February, 2011.

The attendance at the meeting is as under:

NAME OF MEMBERS	NO. OF MEETINGS ATTENDED
Shri Dharam Paul	4
Shri H. P. Siotia	3
Shri V. K. Gupta	4

Chairman of the Meeting attended the Annual General Meeting held on Saturday, 4th September 2010.

**4. REMUNERATION COMMITTEE**

MEMBERS : Shri Dharam Paul, Shri H P Siotia, Shri G. J. Mirchandani (till 21.01.2011) and Shri Rajiv Patodia (from 03.02.2011)

CHAIRMAN : Shri Dharam Paul

NAME OF MEMBERS	NO. OF MEETINGS ATTENDED
Shri Dharam Paul	1
Shri H. P. Siotia	1
Shri G. J. Mirchandani	-
Shri Rajiv Patodia	1

**(a) Remuneration Policy :**

The Remuneration Committee is responsible for devising policy for compensation and benefits for Executive Directors. The remuneration of Managing Directors and Executive Directors has been approved under Section 269 read with Schedule XIII of the Companies Act, 1956. The remuneration paid to Managing Director and Executive Directors are in line with the standards of Textile Industry.

The Executive Directors are paid remuneration in terms of resolution passed by the members at the General Meeting.

**(b) Remuneration paid to Non-Executive Directors for the year ended 31st March, 2011**

The Non Executive Directors have been paid sitting fees for attending Board / Committee Meetings, at the rate of Rs.5000/- per meeting. No sitting fee is paid for attending Shareholders' / Investors' Grievance Committee Meeting.

The details of fees paid for attending Board Meeting and Audit Committee for the year ended 31st March, 2011 to the Directors are as follows:

(Amount in Rs.)

Sr.	Name of Director	Board Meeting	Audit Committee
1	Shri H. P. Siotia	15,000	15,000
2	Shri G. J. Mirchandani	5,000	-
3	Shri Dharam Paul	20,000	20,000
4	Shri D. K. Patel	20,000	-
5	Shri V. K. Gupta	20,000	20,000
6	Shri A. R. Garde	20,000	-
7	Shri P. P. Dundh	20,000	-
8	Shri M. L. Bagaria	20,000	-

**(c) Remuneration paid to Executive Directors for the year ended 31st March, 2011:**

Name	Shri K K Patodia Chairman and Managing Director	Shri Narayan Patodia Managing Director	Shri Rajiv Patodia Executive Director
Salary (Rs.)	21,00,000	15,00,000	9,00,000
Others (Rs.)	24,24,911	8,30,813	11,87,193
Appointment valid upto	30/09/2012	31/12/2012	30/09/2012
Stock Option Details	NIL	NIL	NIL

**5. SHAREHOLDERS/ INVESTORS GRIEVANCE COMMITTEE**

Members : Shri K. K. Patodia, Shri H. P. Siotia, Shri Narayan Patodia, Shri G. J. Mirchandani (till 21.01.2011) and Shri Rajiv Patodia (from 31.07.2010)

**Chairman: Shri H. P. Siotia**

The Company Secretary acts as the Secretary to the Committee. The functions of the Committee include redressal of investors' grievance pertaining to:

- Transfer/transmission of shares.
- Issue of duplicate share certificates.
- Review of shares dematerialised.
- Dividend
- All other matters related to shareholders

During the year 2010- 2011, four meetings were held.

Total number of service requests, enquiries, queries received during the year was thirty nine and all of them were resolved.

Total number of investor complaints received during the year was four and all of them have been resolved.

Total number of meetings attended by members :

Members	Meetings Attended
Shri K. K. Patodia	4
Shri H. P. Siotia	4
Shri G. J. Mirchandani	2
Shri Narayan Patodia	Nil
Shri Rajiv Patodia	2



## 6. GENERAL BODY MEETINGS :

Details of Annual General Meetings held during the last three years:

Year	AGM/EGM	Location	Date	Time
2010	AGM	"The Residence" An Apartment Hotel Saki Vihar Road Before Nitie, Powai, Mumbai 400 087	04.09.10	9.30 AM
2009	AGM	"The Residence" An Apartment Hotel Saki Vihar Road Before Nitie, Powai, Mumbai 400 087	26.09.09	9.30 AM
2008	AGM	"The Residence" An Apartment Hotel Saki Vihar Road Before Nitie, Powai, Mumbai 400 087	27.09.08	9.30 AM

Whether special Resolutions :

- |   |       |
|---|-------|
| (a) Were put through Postal Ballot last year -          | No    |
| (b) Details of Voting pattern -                         | N. A. |
| (c) Person who conducted the Postal Ballot Exercise-    | N. A. |
| (d) Are proposed to be conducted through Postal Ballot- | No    |
| (e) Procedure for Postal Ballot -                       | N. A. |

## 7. DISCLOSURES

There are no materially significant related party transactions i.e., transactions material in nature, with its promoters, the Directors or the Management having potential conflict with the interest of Company at large.

There has not been any non-compliance by the Company and no penalties or strictures imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority, or any matter related to Capital Markets, during the last three years.

**Compliance with the Clause 49 of the Listing Agreement:**  
Pursuant to sub-clause VII of clause 49, the Company confirms that it has complied with all mandatory requirement prescribed in Clause 49 of the Listing Agreement. As regards non mandatory requirement the Company has complied with the requirement of Remuneration Committee.

## 8. MEANS OF COMMUNICATION:

The Company generally publishes the quarterly, half-yearly, nine months and annual audited financial results in *FREE PRESS JOURNAL (National)* and *NAV SHAKTI (Regional - Marathi) news papers*.

All material information about the Company is promptly sent through facsimile to Stock Exchanges where the Company's shares are listed and released to the press

As required by sub-clause IV (F) of clause 49 of the Listing Agreement, Management Discussion and Analysis is provided elsewhere in the Annual Report.

## 9. SHAREHOLDERS' INFORMATION

### 1. Annual General Meeting:

- Date and Time      Saturday 10th September, 2011  
at 9.30 a.m.
- Venue                'The Shalimar Hotel',  
August Kranti Marg,  
Mumbai - 400 036.

### 2. Financial Calendar (tentative)

- Annual General Meeting: 10th September, 2011
- Results for quarter ending 30th June, 2011: Last week of July, 2011
- Results for quarter ending 30th September, 2011: Last week of October, 2011
- Results for quarter ending 31st December, 2011: Last week of January, 2012
- Results for quarter ending 31st March, 2012: Last week of May, 2012

### 3. Book closure Date

29th August, 2011 to 10th September, 2011 (Both days inclusive)

### 4. Registered Office

**EUROTEX INDUSTRIES AND EXPORTS LTD.**  
809, Raheja Chambers, 8th Floor  
213, Nariman Point,  
Mumbai 400 021.

### 5. Listing Details of Equity Shares

- a) Bombay Stock Exchange Ltd.  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai 400 001.
- b) National Stock Exchange of India Ltd.  
Exchange Plaza, 5th Floor,  
Plot No. C/1, G Block, Bandra  
Kurla Complex, Bandra (E),  
Mumbai 400 051.

Listing fees for the Financial Year 2011-12 has been paid to the Stock Exchanges where the shares of the Company are listed

### 6. Stock Code

1.521014 at Bombay Stock Exchange  
2.EUROTIND at National Stock Exchange of India Ltd.

### 7. Depositories for Equity Shares

National Securities Depository Ltd.      ISIN  
Central Depository Services (India) Ltd.      INE022C01012

### 8. Stock Performance

Stock price Data:

Bombay Stock Exchange (BSE)		(In Rs.)
Year	High	Low
April 2010	33.65	27.00
May 2010	29.75	23.00
June 2010	39.50	23.45
July 2010	44.00	30.10
August 2010	43.80	33.15
September 2010	50.00	34.50
October 2010	42.70	36.50
November 2010	45.00	27.40
December 2010	35.00	28.80
January 2011	36.00	26.15
February 2011	33.20	25.50
March 2011	30.40	25.45
National Stock Exchange (NSE)		(In Rs.)
Year	High	Low
April 2010	34.90	26.05
May 2010	29.95	20.30
June 2010	39.70	23.75
July 2010	45.00	29.80
August 2010	44.00	30.00
September 2010	47.85	34.00
October 2010	42.50	37.00
November 2010	43.00	26.30
December 2010	34.90	27.00
January 2011	36.35	26.35
February 2011	32.90	24.10
March 2011	29.65	24.00

**EUROTEX  
INDUSTRIES AND EXPORTS  
LIMITED**

9. Comparison of Share Prices with broad based index like BSE SENSEX: Since the company is in the textile industry which does not have proper representation in the BSE SENSEX, the comparison of share prices with BSE SENSEX movement is not given.

10. Registrar & Transfer Agents: Datamatics Financial Services Ltd.  
Plot No. A-16/17,  
MIDC, Part B, Marol, Andheri (E)  
Mumbai 400 093  
Phone No.: 022 - 66712156  
Fax No.: 022 - 66712161

11. Share Transfer System:

Shares sent for transfer in physical form are registered by Registrar and Share Transfer Agents within 21 days of receipt of the documents, if found in order. Shares under objection are returned within two weeks. All requests for dematerialisation of Shares are processed and the confirmation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) within 15 days.

12. Distribution of shareholding as on March 31, 2011:

No. of Equity Shares	No. of Shareholders	No. of Shares held	% of Share holding
Upto 500	7,383	10,25,204	11.72
501 to 1000	389	3,19,935	03.66
1001 to 2000	154	2,29,429	02.62
2001 to 3000	71	1,78,535	02.04
3001 to 4000	30	1,04,356	01.19
4001 to 5000	29	1,33,203	01.52
5001 to 10,000	25	1,84,515	02.11
10,001 to 50,000	18	3,63,999	04.16
50,001 and above	10	62,10,689	70.98
<b>Total</b>	<b>8,109</b>	<b>87,49,865</b>	<b>100.00</b>

13. Categories of shareholding as on March 31, 2011:

Category	No. of Shares held	% of Shareholding
Promoters	52,49,109	59.99
Indian Financial Institutions, Banks, Mutual Funds	53,880	00.62
NRIs/OCBs	66,543	00.76
Others	33,80,333	38.63
<b>Total</b>	<b>87,49,865</b>	<b>100.00</b>

14. Dematerialisation of Shares and Liquidity:

42.32% of total Equity Capital is held in dematerialised form with NSDL and CDSL as on 31st March, 2011. Trading in Equity Shares of the Company is permitted only in dematerialised form w.e.f. April 28, 2001 as per notification issued by Securities and Exchange Board of India (SEBI)

15. The Company promotes ethical behaviour in all business activities and has put in place Whistle Blower Policy.

16. The CEO and CFO of the Company give certification on financial reporting and internal controls to the Board in terms of Clause 49.

17. Plant Locations : Plot E-23 and Plot E-1, MIDC, Gokulshirgaon, Taluka - Karveer, Kolhapur, 416234, Maharashtra.

18. Address for correspondence : Eurotex Industries And Exports Limited  
809, Raheja Chambers, 8th Floor  
213, Nariman Point  
Mumbai 400 021  
Phone : 022-22041408  
Fax : 022-22044139  
Email: eurotex@bom3.vsnl.net.in

19. Compliance Officer : G. S. Ramakrishnan  
Company Secretary  
809, Raheja Chambers, 8th Floor  
213, Nariman Point  
Mumbai 400 021  
Phone : 022-22041408  
Fax : 022-22044139

For and on behalf of the Board of Directors

**K. K. Patodia**  
Chairman

Mumbai  
Date : 28th May, 2011

and Managing Director

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To

The Members of

**M/s. Eurotex Industries And Exports Ltd.**

We have examined the compliance of conditions of Corporate Governance by **M/s. Eurotex Industries And Exports Limited ("The Company")**, for the year ended on 31st March 2011, as stipulated in clause 49 of the Listing Agreement of the Company with Stock Exchanges of India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations

**CERTIFICATE**

given by the management of the Company, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned 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 LODHA & CO**  
Chartered Accountants

**(A. M. HARIHARAN)**  
Partner

Mumbai  
Date : 28th May, 2011

(M. No. 38323  
Firm No. 301051E)



## AUDITORS' REPORT

TO  
THE MEMBERS OF  
EUROTEX INDUSTRIES AND EXPORTS LIMITED

1. We have audited the attached Balance Sheet of EUROTEX INDUSTRIES AND EXPORTS LIMITED as at 31st March, 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
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, 2003 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956 (hereinafter referred to as the "Act"), we enclose in the Annexure a statement on the matters specified in the paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards prescribed by Companies (Accounting Standards) Rules 2006, to the extent applicable;
  - e) On the basis of the written representations received from directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director of the Company in term of clause (g) of sub-section (1) of section 274 of the Act;
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with 'Significant Accounting Policies and Notes to Accounts' in Schedule No.18 and other notes appearing elsewhere in the accounts, 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:
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
    - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
    - (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **LODHA & COMPANY**  
Chartered Accountants  
Firm Registration No. 301051E

**(A. M. HARIHARAN)**  
Partner  
(M. No. 38323)

Mumbai  
Dated : 28th May, 2011

**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2011 OF EUROTEX INDUSTRIES AND EXPORTS LIMITED**

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we state that:

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
(b) As explained to us, the assets have been physically verified by the management at reasonable intervals in accordance with the phased programme of verification which, in our opinion, is reasonable considering the size of the Company and the nature of its fixed assets. According to the information and explanation given to us, no material discrepancies have been noticed on such physical verification.  
(c) During the year, no substantial part of the fixed assets has been disposed off.
2. (a) The inventory has been physically verified by the management at reasonable intervals during the year. Inventory in transit has been verified by the management with reference to confirmations or statement of accounts or subsequent receipt of goods.  
(b) The procedures for physical verification of inventory 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. There were no discrepancies noticed on verification between the physical stock and book records.
3. During the year, the Company has not granted / taken any loans, secured or unsecured to / from Companies, firms or other parties covered in register maintained under section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased and sold are of the special nature and suitable alternative source does not exist for obtaining comparable quotations, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system.
5. (a) According to the information and explanations given to us, we are of the opinion that particulars of contracts or arrangements referred to in the Section 301 of the Act have been entered in the register required to be maintained under that section.  
(b) In our opinion, having regard to our comments in para 4 above, the transactions of purchase of inventory and services and sale of inventory/ fixed assets made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and aggregating during the year to Rs. 5 lacs or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such inventory/ services or the prices at which transactions for similar inventory/ services have been made with other parties.
6. No deposits within the meaning of Section 58A and 58AA or any other relevant provisions of the Act and rules framed there under have been accepted by the company.
7. In our opinion, the Company has an adequate internal audit system commensurate with the size of the Company and nature of its business.
8. We have broadly reviewed the cost records 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 Act and are of the opinion that, prima facie, the prescribed records have been made and maintained. We are, however, not required to make a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) The Company is regular in depositing with appropriate authorities the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it. No undisputed amount payable in respect of the aforesaid statutory dues were outstanding as at the last day of the financial year for a period of



more than six months from the date they become payable.

- (b) According to the records of the Company, there are no dues of Income Tax, Sales Tax, Service Tax, Custom Duty, Wealth Tax, Excise Duty, Cess which have not been deposited on account of any dispute except the following:

Particulars	Forum where the dispute is pending	Year	Amount (in Rs.)
Custom Duty	Custom, Excise and Service Tax Appellate Tribunal (CESTAT)	2000, 2001, 2004 & 2005	8,24,943
Excise Duty	Custom, Excise and Service Tax Appellate Tribunal (CESTAT)	2000 2002 & 2006	13,90,28,284
	Supreme Court of India	2002	2,00,827
Income Tax	Commissioner of Income Tax (Appeals)	A. Y. 2005-06	30,71,506
	Income Tax Appellate Tribunal	A. Y. 2003-04	27,23,737
	High Court, Mumbai	A. Y. 1997-98 2004-05	35,14,911
Sales Tax	Joint Commissioner of Sales Tax (Appeal)	2004 to 2005	3,82,20,374
	Deputy Commissioner (Appeal)	2002 to 2003	63,89,639
	Sales Tax Tribunal	1998 to 2000	11,23,056

10. The Company has no accumulated losses as at 31st March 2011 and has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. In respect of loan restructuring accepted by the lenders in the previous year, the Company has not defaulted in repayment of dues to banks and financial institutions.
12. During the year, the Company has not granted

any loans and advances on the basis of security by way of pledge of shares and other securities.

13. The Company is not a dealer or trader in shares, securities, debentures and other investments.
14. 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 Order are not applicable to the Company.
15. During the year, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
16. According to the information and explanations given to us, in our opinion, the term loans were applied for the purpose for which they were obtained.
17. According to the information and explanations given to us and on an overall examination of the cash flow statements and balance sheet of the Company, in our opinion, the funds raised on short-term basis have, prima facie, not been used for long-term investment.
18. During the year or in the recent past, the Company has not made any preferential allotment of shares to parties and companies covered and recorded in the Register maintained under section 301 of the Act.
19. During the year or in the recent past, the Company has not raised any money by way of issue of debentures.
20. The Company has not raised any money by way of public issue during the year or in the recent past.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practice 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 year, nor have we been informed of such cases by the management.

For **LODHA & COMPANY**  
Chartered Accountants  
Firm Registration No. 301051E

**(A. M. HARIHARAN)**

Mumbai  
Dated : 28th May, 2011

Partner  
(M. No. 38323)

## BALANCE SHEET

As at 31st March, 2011

	Schedule	As at 31st March, 2011 Amount in ₹	As at 31st March, 2010 Amount in ₹
<b>SOURCES OF FUNDS :</b>			
SHAREHOLDERS' FUNDS			
Share Capital	1	8,74,01,835	8,74,01,835
Reserves and Surplus	2	49,38,76,501	44,64,24,120
		<b>58,12,78,336</b>	53,38,25,955
LOAN FUNDS			
Secured Loans	3	1,03,58,21,880	1,00,69,65,799
Unsecured Loans (Promoter's Contribution)		3,00,000	3,00,000
NET DEFERRED TAX LIABILITIES		<b>18,17,80,018</b>	18,17,80,018
<b>TOTAL</b>		<b>1,79,91,80,234</b>	1,72,28,71,772
<b>APPLICATION OF FUNDS :</b>			
FIXED ASSETS			
Gross Block	4	2,20,74,05,273	2,20,81,65,013
Less : Depreciation		1,22,15,92,623	1,12,52,41,958
Net Block		98,58,12,650	1,08,29,23,055
Capital Work-in-Progress		38,48,443	39,72,289
		<b>98,96,61,093</b>	1,08,68,95,344
ASSETS HELD FOR DISPOSAL		<b>26,25,000</b>	29,00,000
INVESTMENTS	5	<b>3,18,26,600</b>	3,18,26,600
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	6	76,94,88,514	54,88,26,069
Sundry Debtors	7	9,84,80,464	5,17,35,174
Cash and Bank Balances	8	78,36,344	1,17,60,546
Other Current Assets	9	8,13,45,779	9,85,02,142
Loans and advances	10	8,10,73,951	7,41,95,587
		<b>1,03,82,25,052</b>	78,50,19,518
Less: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	11	25,72,58,846	18,55,46,958
Provisions	12	58,98,665	52,31,679
		<b>26,31,57,511</b>	19,07,78,637
NET CURRENT ASSETS		<b>77,50,67,541</b>	59,42,40,881
PROFIT AND LOSS ACCOUNT (Loss)		-	70,08,947
<b>TOTAL</b>		<b>1,79,91,80,234</b>	1,72,28,71,772
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS			
Schedules referred to above form an integral part of the Financial Statements			

As per our attached report of even date

**For LODHA & COMPANY**

Chartered Accountants

**(A. M. HARIHARAN)**

Partner

(M. No. 38323

Firm No. 301051E)

Mumbai, 28th May, 2011

**G. S. RAMAKRISHNAN**

Company Secretary

**K. K. PATODIA**

**NARAYAN PATODIA**

**RAJIV PATODIA**

**H. P. SIOTIA**

**DHARAM PAUL**

**V. K. GUPTA**

**D. K. PATEL**

**M. L. BAGARIA**

Chairman and Managing Director (CEO)

Managing Director

Executive Director

Director

Director

Director

Director

Director

Mumbai, 28th May, 2011





## PROFIT AND LOSS ACCOUNT

For the year ended 31st March, 2011

	<u>Schedule</u>	<b>For the Year ended 31st March, 2011</b>	For the Year ended 31st March, 2010
		Amount in ₹	Amount in ₹
<b>INCOME</b>			
Sales		<b>2,07,62,96,653</b>	1,75,10,63,810
Less: Excise Duty		<b>50,829</b>	1,69,712
		<b>2,07,62,45,824</b>	1,75,08,94,098
Other Income	13	<b>5,29,75,911</b>	9,97,09,492
Increase / (Decrease) in Stocks	14	<b>26,75,10,807</b>	(9,82,34,900)
		<b>2,39,67,32,542</b>	1,75,23,68,690
<b>EXPENDITURE</b>			
Cost of Materials	15	<b>1,49,75,20,818</b>	1,04,63,80,393
Manufacturing, Administrative, Selling and Other Expenses	16	<b>63,14,94,172</b>	51,04,99,903
Interest and Finance Charges	17	<b>11,07,86,692</b>	10,38,14,000
Depreciation		<b>10,21,53,836</b>	10,24,96,262
Amount withdrawn from Revaluation Reserve		<b>(29,17,856)</b>	(29,27,547)
		<b>2,33,90,37,662</b>	1,76,02,63,011
<b>PROFIT/(LOSS) FOR THE YEAR</b>			
Exceptional Items		-	(78,94,321)
(Electricity Duty Liability relating to earlier years written back on receiving favourable High Court Order)		-	2,81,81,142
<b>PROFIT/(LOSS) BEFORE TAX (after Exceptional Items)</b>			
Provision for Taxation		<b>5,76,94,880</b>	2,02,86,821
Deferred Tax Liabilities		<b>63,61,000</b>	-
MAT Credit Entitlement		<b>(61,01,000)</b>	-
<b>PROFIT/(LOSS) FOR THE YEAR AFTER TAX</b>			
Surplus / (Deficit) brought forward from previous year		<b>5,74,34,880</b>	2,02,86,821
		<b>(70,08,947)</b>	(2,72,95,768)
<b>PROFIT / (LOSS) AVAILABLE FOR APPROPRIATION</b>			
		<b>5,04,25,933</b>	(70,08,947)
<b>APPROPRIATIONS :</b>			
Balance of Profit / (Loss) carried to Balance Sheet		<b>5,04,25,933</b>	(70,08,947)
		<b>5,04,25,933</b>	(70,08,947)
Earnings per Share (of the face value of Rs.10 per equity share)			
Basic / Diluted before Exceptional Items		<b>6.59</b>	(0.90)
Basic / Diluted after Exceptional Items		<b>6.56</b>	2.32

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS 18

Schedules referred to above form an integral part of the Financial Statements

As per our attached report of even date

**For LODHA & COMPANY**

Chartered Accountants

**(A. M. HARIHARAN)**  
Partner

(M. No. 38323  
Firm No. 301051E)

Mumbai, 28th May, 2011

**G. S. RAMAKRISHNAN**  
Company Secretary

**K. K. PATODIA**  
**NARAYAN PATODIA**  
**RAJIV PATODIA**  
**H. P. SIOTIA**  
**DHARAM PAUL**  
**V. K. GUPTA**  
**D. K. PATEL**  
**M. L. BAGARIA**

*Chairman and Managing Director (CEO)*  
*Managing Director*  
*Executive Director*  
*Director*  
*Director*  
*Director*  
*Director*  
*Director*

Mumbai, 28th May, 2011

## CASH FLOW STATEMENT

For the year ended 31st March, 2011

(₹ in Lacs)

	2010-2011	2009-2010
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit / (Loss) before Tax	<b>576.95</b>	202.87
<b>Adjustments for:</b>		
- Depreciation	<b>992.36</b>	995.69
- Provision for Dimunation of Fixed Assets (held for disposal)	<b>2.75</b>	-
- Interest & Finance Charges paid	<b>1,107.87</b>	1,038.14
- (Profit)/Loss on Sale of Fixed Assets	<b>(7.45)</b>	2.43
- Dividend earned	<b>(31.97)</b>	(0.27)
- Provision for wealth-tax	<b>1.83</b>	1.72
<b>Operating Profit before working capital changes</b>	<b>2,642.34</b>	2,240.58
<b>Adjustments for:</b>		
- Decrease/(Increase) in Trade and other receivables	<b>(404.57)</b>	(28.32)
- Decrease/(Increase) in Inventories	<b>(2,206.62)</b>	(251.92)
- Increase/(Decrease) in Trade payables	<b>725.89</b>	(820.08)
Cash generated from operations	<b>757.04</b>	1,140.26
Direct Taxes paid	<b>(11.65)</b>	(11.80)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>745.39</b>	1,128.46
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	<b>(55.20)</b>	(58.16)
Sale of Fixed Assets	<b>12.89</b>	1.18
Dividend received	<b>31.97</b>	0.27
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(10.34)</b>	(56.71)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
- Allotment Money / Securities premium received	-	-
- Proceeds from long term borrowings (Net)	<b>288.57</b>	43.74
- Interest and Finance Charges	<b>(1,107.87)</b>	(1,038.14)
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(819.30)</b>	(994.40)
<b>NET CASH INFLOW</b>	<b>(84.25)</b>	(10,619.86)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(84.25)</b>	77.35
Cash and cash equivalents (Opening)	<b>111.97</b>	34.62
Cash and cash equivalents (Closing)	<b>27.72</b>	111.97

Note:1. Cash and Cash equivalents include:

Cash in hand	<b>0.93</b>	0.61
Balance with Scheduled Banks in Current Account	<b>26.79</b>	111.36
	<b>27.72</b>	111.97

2. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard- 3 on "Cash Flow Statements" issued by the Institute of Chartered Accountants of India.

3. Previous Year's figures have been regrouped/rearranged wherever necessary.

As per our attached report of even date

**For LODHA & COMPANY**

Chartered Accountants

**(A. M. HARIHARAN)**  
Partner

(M. No. 38323

Firm No. 301051E)

Mumbai, 28th May, 2011

**G. S. RAMAKRISHNAN**  
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**K. K. PATODIA**  
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Chairman and Managing Director (CEO)

Managing Director

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Director

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Director

Mumbai, 28th May, 2011



## SCHEDULES

Forming Part of the Balance Sheet as at 31st March, 2011

	As at 31st March, 2011	As at 31st March, 2010
	Amount in ₹	Amount in ₹
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised :</b>		
a) 1,00,00,000 Equity Shares of Rs. 10 each	<b>10,00,00,000</b>	10,00,00,000
b) 3,00,00,000 Preference Shares of Rs. 10 each	<b>30,00,00,000</b>	30,00,00,000
	<b>40,00,00,000</b>	40,00,00,000
<b>Issued, Subscribed and Paid-up :</b>		
a) 87,49,865 Equity Shares of Rs. 10 each	<b>8,74,98,650</b>	8,74,98,650
Less : Allotment money receivable (Other than from directors)	<b>96,815</b>	96,815
	<b>8,74,01,835</b>	8,74,01,835
<b>SCHEDULE - 2</b>		
<b>RESERVES AND SURPLUS</b>		
a) <b>Revaluation Reserve</b>		
As per last Balance Sheet	<b>1,44,07,445</b>	1,73,34,992
Less : Adjustment on account of revalued assets sold	<b>55,696</b>	-
Transferred to Profit and Loss Account on account of depreciation on revalued amount	<b>29,17,856</b>	29,27,547
	<b>29,73,552</b>	29,27,547
	<b>1,14,33,893</b>	1,44,07,445
b) <b>Capital Reserve</b> (Special Capital Incentive) As per last Balance Sheet	<b>40,00,000</b>	40,00,000
c) <b>Capital Redemption Reserve</b> As per last Balance Sheet	<b>32,75,10,000</b>	32,75,10,000
d) <b>Securities Premium Account</b> As per last Balance Sheet	<b>10,05,06,675</b>	10,05,06,675
e) <b>Profit and Loss Account</b> (Surplus as per annexed account)	<b>5,04,25,933</b>	-
	<b>49,38,76,501</b>	44,64,24,120

## SCHEDULES

Forming Part of the Balance Sheet as at 31st March, 2011

	<b>As at 31st March, 2011</b>	<b>As at 31st March, 2010</b>
	<b>Amount in ₹</b>	<b>Amount in ₹</b>
<b>SCHEDULE - 3</b>		
<b>SECURED LOANS</b>		
a) Term Loan from Financial Institutions	<b>5,27,93,036</b>	5,27,93,036
b) Term Loan from Banks	<b>50,75,50,909</b>	50,96,12,313
c) Vehicle Loan from Banks	<b>1,60,477</b>	3,18,185
d) Working Capital Facilities from Banks	<b>47,53,17,458</b>	44,42,42,265
	<b><u>1,03,58,21,880</u></b>	<u>1,00,69,65,799</u>

Notes: Loans in (a) and (b) above are secured by way of first mortgage on all immovable properties of the Company, both present and future and a first charge by way of hypothecation of all movable properties of the Company (save and except book debts), both present and future, ranking pari passu interse, subject to prior charges created in respect of borrowings from banks as referred for (c) and (d) below.

Loans in (c) above are secured by way of hypothecation of Vehicles purchased thereagainst.

Facilities in (d) above and non-fund limits of Rs.1000.56 lacs (Previous year Rs.Nil) are secured by way of hypothecation of, both present and future, inventories and book debts and by way of second charge created on Company's immovable and other movable assets.

## SCHEDULE - 4

### FIXED ASSETS

(Amount in ₹)

PARTICULARS	GROSS BLOCK (At Book Value)				DEPRECIATION				NET BLOCK	
	As at 1-4-2010	Add./Adj. during the year	Ded./Adj. during the year	As at 31-03-2011	Upto 01-04-2010	During the year	Ded./Adj. during the year	Upto 31-03-2011	As at 31-03-2011	As at 31-03-2010
1	2	3	4	5	6	7	8	9	10	11
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land : Freehold	4,23,14,107	-	-	4,23,14,107	-	-	-	-	4,23,14,107	4,23,14,107
Land : Leasehold	1,83,91,212	-	-	1,83,91,212	15,27,218	1,90,673	-	17,17,891	1,66,73,321	1,68,63,994
Buildings	39,69,04,684	-	-	39,69,04,684	13,75,31,049	1,06,06,209	-	14,81,37,258	24,87,67,426	25,93,73,635
Plant & Machinery	1,58,02,60,297	43,91,992	54,67,697	1,57,91,84,592	88,02,39,643	8,35,22,000	49,87,032	95,87,74,611	62,04,09,981	70,00,20,654
Electrical Installations	11,55,12,686	-	-	11,55,12,686	6,55,47,162	51,81,607	-	7,07,28,769	4,47,83,917	4,99,65,524
Office Equipment	1,59,12,238	10,21,561	11,393	1,69,22,406	1,25,61,614	7,51,303	7,279	1,33,05,638	36,16,768	33,50,624
Furniture & Fittings	2,86,46,920	1,82,432	-	2,88,29,352	2,10,07,793	13,29,274	-	2,23,37,067	64,92,285	76,39,127
Vehicles	1,02,22,869	47,800	9,24,435	93,46,234	68,27,479	5,72,770	8,08,860	65,91,389	27,54,845	33,95,390
<b>Total</b>	<b><u>2,20,81,65,013</u></b>	<b><u>56,43,785</u></b>	<b><u>64,03,525</u></b>	<b><u>2,20,74,05,273</u></b>	<b><u>1,12,52,41,958</u></b>	<b><u>10,21,53,836</u></b>	<b><u>58,03,171</u></b>	<b><u>1,22,15,92,623</u></b>	<b><u>98,58,12,650</u></b>	<b><u>1,08,29,23,055</u></b>
Previous Year	<u>2,20,40,07,766</u>	<u>51,07,042</u>	<u>9,49,795</u>	<u>2,20,81,65,013</u>	<u>1,02,33,33,705</u>	<u>10,24,96,262</u>	<u>5,88,009</u>	<u>1,12,52,41,958</u>	<u>1,08,29,23,055</u>	

### Capital Work-in-Progress includes:

- i) Advances for Plant & Machinery (Unsecured, considered good) **38,48,443**  
(Include Rs.34,71,570; Previous Year Rs.23,52,964) being advances for Capital Expenditure 39,72,289
- a) Leasehold Land and Buildings include Rs.6,77,766; Previous Year Rs.6,77,766 and Rs.11,08,380; Previous Year Rs.11,08,380, respectively being cost of premises in a Co-operative Society held in the name of Managing Director on behalf of the Company.
- b) Buildings include Rs.500; Previous Year Rs.500 being the value of ten Shares in a Co-operative Society.



## SCHEDULES

Forming Part of the Balance Sheet as at 31st March, 2011

	As at <b>31st March, 2011</b>	As at 31st March, 2010
	Amount in ₹	Amount in ₹
<b>SCHEDULE - 5</b>		
<b>INVESTMENTS</b>		
<b>LONG TERM :</b>		
<b>QUOTED</b>		
a) <b>Trade:</b> 15,82,347 Equity Shares of Rs.10 each fully paid up in PBM Polytex Ltd.	<b>3,09,55,600</b>	3,09,55,600
b) <b>Non-Trade:</b> 10,720 Equity Shares of Rs. 10 each fully paid up in IDBI Limited.	<b>8,71,000</b>	8,71,000
	<b>3,18,26,600</b>	3,18,26,600
Notes: Aggregate Market value of quoted investments Rs.7,67,67,664 (Previous Year Rs.4,31,64,996)		
<b>SCHEDULE - 6</b>		
<b>INVENTORIES</b>		
(As taken, valued and certified by the management)		
a) Stores, Spares and Fuel (Including Goods-in-transit Rs.2,16,218; Previous Year Rs.10,19,069)	<b>2,29,10,071</b>	2,61,27,533
b) Packing Materials (Including Goods-in-transit Rs. Nil; Previous Year Rs.88,749)	<b>49,13,902</b>	38,59,008
c) Raw Materials (Including Goods-in-transit Rs.Nil; Previous Year Rs.98,89,421)	<b>32,60,06,280</b>	37,06,92,074
d) Finished Goods	<b>32,89,17,048</b>	10,43,37,262
e) Stock-in-Process	<b>7,34,54,135</b>	3,91,75,870
f) Waste	<b>1,32,87,078</b>	46,34,322
	<b>76,94,88,514</b>	54,88,26,069
<b>SCHEDULE - 7</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured, Considered good):		
a) Debts Outstanding for a period exceeding six months	-	-
b) Others	<b>9,84,80,464</b>	5,17,35,174
	<b>9,84,80,464</b>	5,17,35,174
<b>SCHEDULE - 8</b>		
<b>CASH AND BANK BALANCES</b>		
a) Cash in hand	<b>93,289</b>	61,489
b) Balances with Scheduled Banks in:		
i) Current Account	<b>26,78,555</b>	1,11,35,938
ii) Unpaid Dividend Account	<b>4,12,800</b>	5,63,119
iii) Fixed Deposit Account (Receipts lodged with banks as security against issue of letter of credit)	<b>46,51,700</b>	-
	<b>78,36,344</b>	1,17,60,546

## **SCHEDULES**

**Forming Part of the Balance Sheet as at 31st March, 2011**

	<b>As at 31st March, 2011</b>	<b>As at 31st March, 2010</b>
	<b>Amount in ₹</b>	<b>Amount in ₹</b>
<b>SCHEDULE - 9</b>		
<b>OTHER CURRENT ASSETS</b>		
a) Export Incentive Receivable	<b>83,12,028</b>	3,49,41,209
b) MVAT Refund / Set Off Refund Receivable	<b>3,25,85,289</b>	1,82,51,275
c) Load Factor Incentives / Other Refund Receivable	<b>1,78,06,295</b>	2,32,98,051
d) Interest Rebate Receivable	<b>1,65,66,315</b>	1,69,26,861
e) Interest and Other Income Receivable	<b>33,77,736</b>	33,33,740
f) Cenvat Credit Refundable / Receivable	<b>26,98,116</b>	17,51,006
	<b>8,13,45,779</b>	9,85,02,142
<b>SCHEDULE - 10</b>		
<b>LOANS AND ADVANCES</b>		
<b>Unsecured and Considered good</b>		
a) Advances Recoverable in cash or in kind or for value to be received	<b>3,05,70,480</b>	2,28,98,593
b) Advance Tax / Tax Deducted at Source (Net of provision for Taxation Rs.4,30,17,495; Previous Year Rs.3,66,56,495)	<b>1,97,76,651</b>	2,51,55,257
c) Deposits	<b>3,07,26,820</b>	2,61,41,737
	<b>8,10,73,951</b>	7,41,95,587
<b>SCHEDULE - 11</b>		
<b>CURRENT LIABILITIES</b>		
a) Sundry Creditors		
i) Micro, Small and Medium Enterprises	<b>18,31,936</b>	11,82,471
ii) Other than Micro, Small and Medium Enterprises	<b>24,56,42,767</b>	15,21,95,011
	<b>24,74,74,703</b>	15,33,77,482
b) Deposits and Credit balance of customers	<b>17,73,449</b>	2,63,50,382
c) Investor Education and Protection Fund shall be credited by the following amounts namely:*		
Unclaimed Dividend	<b>4,12,800</b>	5,63,119
d) Other Liabilities	<b>74,15,650</b>	50,73,731
e) Interest accrued but not due	<b>1,82,244</b>	1,82,244
	<b>25,72,58,846</b>	18,55,46,958
* There is no amount due and outstanding as at Balance Sheet date to be credited to Investor Education and Protection Fund.		
<b>SCHEDULE - 12</b>		
<b>PROVISIONS</b>		
a) For Wealth Tax	<b>5,45,872</b>	7,56,075
b) Provision for Leave Entitlement	<b>53,52,793</b>	44,75,604
	<b>58,98,665</b>	52,31,679



## SCHEDULES

Forming Part of the Profit and Loss Account for the year ended 31st March, 2011

	For the year ended		For the year ended
	31st March, 2011		31st March, 2010
	Amount in ₹	Amount in ₹	Amount in ₹
<b>SCHEDULE - 13</b>			
<b>OTHER INCOME</b>			
a) Export Incentives		<b>3,04,31,684</b>	8,79,15,642
b) Dividend on Long Term Trade Investments		<b>31,97,304</b>	26,800
c) Profit on Sale of Fixed Assets		<b>7,44,507</b>	-
d) Job Work Processing Charges		<b>1,10,16,660</b>	9,81,138
e) Miscellaneous Income		<b>75,85,756</b>	1,07,85,912
		<b>5,29,75,911</b>	9,97,09,492

## SCHEDULE - 14

### INCREASE/(DECREASE) IN STOCKS

Stocks as at close :

a) Finished Goods	<b>32,89,17,048</b>	10,43,37,262
b) Stock-in-process	<b>7,34,54,135</b>	3,91,75,870
c) Waste	<b>1,32,87,078</b>	46,34,322
	<b>41,56,58,261</b>	14,81,47,454

Less : Stocks as at commencement :

a) Finished Goods	<b>10,43,37,262</b>	18,71,65,389
b) Stock-in-process	<b>3,91,75,870</b>	5,29,56,028
c) Waste	<b>46,34,322</b>	62,60,937
	<b>14,81,47,454</b>	24,63,82,354
	<b>26,75,10,807</b>	(9,82,34,900)

## SCHEDULE - 15

### COST OF MATERIALS

a) Raw Materials Consumed		
Opening Stock	<b>37,06,92,074</b>	24,63,80,701
Add: Purchases	<b>1,06,96,20,005</b>	89,42,61,926
	<b>1,44,03,12,079</b>	1,14,06,42,627
Less : Sales	-	21,08,990
: Closing stock	<b>32,60,06,280</b>	37,06,92,074
	<b>1,11,43,05,799</b>	76,78,41,563
b) Purchase of Traded Goods	<b>38,32,15,019</b>	27,85,38,830
	<b>1,49,75,20,818</b>	1,04,63,80,393

## **SCHEDULES**

**Forming Part of the Profit and Loss Account for the year ended 31st March, 2011**

	<b>For the year ended 31st March, 2011</b>	<b>For the year ended 31st March, 2010</b>
	<b>Amount in ₹</b>	<b>Amount in ₹</b>
<b>SCHEDULE - 16</b>		
<b>MANUFACTURING, ADMINISTRATIVE, SELLING AND OTHER EXPENSES</b>		
Stores and Spares Consumed	<b>4,73,64,845</b>	2,74,79,504
Packing Materials Consumed	<b>2,67,71,445</b>	2,34,80,742
Power and Fuel	<b>23,89,60,774</b>	18,81,01,994
Payments to and Provisions for Employees:		
a) Salary, Wages and Bonus	<b>13,58,01,356</b>	12,16,61,328
b) Contribution to Provident and other Funds	<b>1,26,64,651</b>	1,04,22,517
c) Welfare expenses	<b>27,08,947</b>	27,16,070
	<b>15,11,74,954</b>	13,47,99,915
Freight and Forwarding	<b>7,07,02,422</b>	5,38,08,162
Rent	<b>26,18,366</b>	21,27,340
Repairs and Maintenance :		
a) Plant and Machinery	<b>33,25,461</b>	23,44,324
b) Buildings	<b>33,67,087</b>	29,61,564
c) Others	<b>10,46,336</b>	11,03,200
	<b>77,38,884</b>	64,09,088
Insurance	<b>65,64,752</b>	66,86,452
Rates and Taxes	<b>22,49,555</b>	17,15,863
Travelling and Conveyance	<b>69,66,143</b>	61,10,238
Brokerage and Commission on sales	<b>2,98,19,821</b>	3,09,63,738
Directors' sitting Fees	<b>1,95,000</b>	2,45,000
Miscellaneous Expenses	<b>4,03,67,211</b>	2,85,71,867
	<b>63,14,94,172</b>	51,04,99,903

## **SCHEDULE - 17**

### **INTEREST AND FINANCE CHARGES**

a) Interest:		
On Fixed Loans	<b>4,89,12,443</b>	4,84,88,811
Others	<b>5,66,32,644</b>	4,91,73,427
	<b>10,55,45,087</b>	9,76,62,238
Less: Interest Received (Tax Deducted at Source Rs.2,94,892; Previous year Rs.1,09,439)	<b>14,70,821</b>	10,98,629
	<b>10,40,74,266</b>	9,65,63,609
b) Finance Charges	<b>67,12,426</b>	72,50,391
	<b>11,07,86,692</b>	10,38,14,000





## SCHEDULES

Forming Part of the Accounts for the year ended 31st March, 2011

### SCHEDULE - 18

#### SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

##### (I) SIGNIFICANT ACCOUNTING POLICIES

1. **Basis of Accounting:**

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention (except for certain revalued fixed assets) on the accounting principles of a going concern and the Company follows mercantile system of accounting and recognizes income and expenditure on accrual basis except those with significant uncertainties. GAAP comprises mandatory accounting standards issued by the Institute of Chartered Accountants of India ("ICAI"), the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in accounting policy hitherto in use.

2. **Revenue Recognition:**

Sale is recognised on the basis of date of dispatch / Bill of lading and as and when significant risks and rewards of ownership are transferred to the customers.

Sales include excise duty and freight, wherever applicable. Claims and Rebates are excluded therefrom.

3. **Use of estimates:**

The presentation of financial statements in conformity with generally accepted accounting principles (GAAP), requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent liabilities on the date of financial statements. Actual results may differ from these estimates. Any revision to accounting estimates is recognised prospectively.

4. **Fixed Assets:**

a) Buildings, Plant and Machinery and Electrical Installations acquired up to 31st March, 1993 were revalued on 1st April, 1993 and are stated at updated book value less depreciation. Other assets are stated at cost less accumulated depreciation.

b) Expenditure during construction period is included under Capital Work-in-Progress and the same is allocated to the respective Fixed Assets on the completion of its construction.

5. **Depreciation / Amortisation and Impairment loss:**

a) Depreciation (including on revalued assets) is provided on Straight Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. Depreciation on the amounts capitalised during the year on account of foreign exchange fluctuation is provided prospectively over the residual life of the assets.

b) Leasehold premium is being amortised over the remaining period of lease after the commencement of production.

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

6. **Investments:**

Long-Term Investments are carried at cost and provision is made to recognize any decline, other than temporary, in the value of such Investments.

7. **Valuation of Inventories:**

a) Inventories are valued at the lower of the cost and net realisable value.

b) Cost of raw materials is determined on specific identification basis.

c) Cost of stores, spares, packing materials and fuel is determined on weighted average basis.

d) Finished goods and work-in-progress include conversion and other costs incurred in bringing the inventories to their present location and condition.

## SCHEDULES

Forming Part of the Accounts for the year ended 31st March, 2011

### SCHEDULE - 18 (contd.)

#### SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

**8. Employee benefits:**

Employee Benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.

Gratuity liability under the Payment of Gratuity Act, 1972 is a defined benefit obligation and is provided for on the basis of the actuarial valuation made at the end of each financial year.

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation.

Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

**9. Transaction of Foreign Currency Items:**

Transaction in Foreign Currency is recorded at the rate of exchange in force at the date of transaction. Foreign Currency assets and liabilities are stated at the rate of exchange prevailing at the year end and resultant gains / losses are recognised in the Profit and Loss Account. Premium / Discount in respect of forward foreign exchange contracts is recognised over the life of the contracts.

**10. Government Grants:**

Capital grants relating to specific assets are reduced from the gross value of the Fixed Assets and Capital grants for Project Capital Subsidy are credited to Capital Reserve. Other revenue grants are credited to Profit & Loss account or deducted from the related expenses.

**11. Borrowing Costs:**

Interest and other costs in connection with the borrowing of the funds to the extent related/attribution to the acquisition/construction of qualifying fixed assets are capitalised upto the date when such assets are ready for its intended use and other borrowing costs are charged to Profit & Loss Account.

**12. Taxation:**

Provision for current tax is made on the basis of the estimated taxable income for the current accounting year 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 enacted or substantively enacted as of the balance sheet date. Deferred tax assets arising from timing differences are recognised to the extent there is reasonable/virtual certainty that these would be realised in future and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

**13. Provisions, Contingent Liabilities and Contingent Assets:**

A provision is made based on a reliable estimate when it is probable that an outflow of resources embodying economic benefits will be required to settle an obligation.

Contingent Liabilities in respect of showcause notices received are considered only when they are converted into demands. Contingent Liabilities under various fiscal laws include those in respect of which the Company / Department is in appeal. Contingent Liabilities are disclosed by way of notes to accounts.

Contingent assets are not recognised or disclosed in the financial statement.



## SCHEDULES

Forming Part of the Accounts for the year ended 31st March, 2011

### SCHEDULE - 18 (contd.)

#### (II) NOTES TO ACCOUNTS

1. **Contingent liabilities :**

Contingent liabilities not provided for in respect of :

- a) Amount outstanding in respect of Bills discounted under Export Letter of Credit (Since realised Rs.1548.98 lacs; Previous Year Rs.1037.25 lacs)
- b) Disputed Statutory claims / levies, including, those pending in court and other claims not acknowledged as debts (excluding interest where not ascertained / demanded) in respect of:

**24,09,97,631**      25,26,10,434

(Amount in Rs. Lacs)

Sr. No.	Particulars	Current Year	Previous Year
a	Sales Tax	461.13	461.13
b	Income tax	284.54	284.54
c	Excise Duty	1411.79	1411.79
d	Custom Duty	9.25	9.25

2. a) The Company's case in the matter of Electricity Charges wrongly claimed by Maharashtra State Electricity Distribution Company Ltd. (MSEDCL) from November, 1998 to June, 2008 has been decided favourably by Maharashtra Electricity Regulatory Commission (MERC) and Appellate Tribunal, New Delhi. MSEDCL has filed an appeal before the Supreme Court.

b) Similarly the High Court of Mumbai has in the matter of Electricity duty on Captive Power Generation has decided in Company's favour and the Government has filed an appeal before the Supreme Court.

c) The Management foresees only a remote possibility of an outflow of/adjustments to the resources embodying economic benefits, in view of the expert legal opinion obtained by the Company in the matters mentioned in para (a) & (b).

3. Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances of Rs.34,71,570; Previous Year Rs.23,52,964).

**2,19,11,120**      2,11,76,676

4. Deferred Tax Liability / (Assets) at the year end comprises of timing differences on account of :

Depreciation

**19,18,03,777**      20,33,09,748

Expenditure / Provisions allowable

**(1,00,23,759)**      (2,15,29,730)

Net Deferred Tax Liability

**18,17,80,018**      18,17,80,018

As a matter of prudence, Net Deferred Tax Assets has been recognised to the extent of reversal of liability thereagainst.

5. a) In the opinion of management, 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. The provision for depreciation and other known liabilities is adequate and not in excess of what is required.

b) The account of certain debtors, loans and advances given / received, creditors and bank accounts are however subject to confirm and reconciliation, if any. The management, however is confident that the impact thereof on the current year's financial statements will not be material.

## SCHEDULES

Forming Part of the Accounts for the year ended 31st March, 2011

	As at <b>31st March, 2011</b>	As at 31st March, 2010
	Amount in ₹	Amount in ₹
<b>SCHEDULE - 18 (contd.)</b>		
6. Buildings, Plant & Machinery and Electrical Installations were revalued as on 1st April, 1993 on the basis of reports of approved valuer on market value / replacement cost basis using standard indices after considering the obsolescence and age of individual assets. 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 are :		
Buildings	<b>7,63,85,599</b>	7,63,85,599
Plant & Machinery	<b>11,45,99,039</b>	11,71,41,050
Electrical Installations	<b>1,29,99,743</b>	1,29,99,743
7. Loans & Advances include amount receivable from employees against interest free loan given to them in the ordinary course of business and as per rules of the Company. No repayment schedule or repayment is beyond seven years. (Maximum amount due at any time during the year)	<b>5,45,534</b>	7,99,336
Number of Equity Shares of the Company held by such employees	<b>9,56,026</b>	12,27,303
	<b>408</b>	408
8. Rates and Taxes (Schedule 16) include :		
Provision for Wealth Tax	<b>1,82,981</b>	1,72,350
9. a) Foreign Exchange difference (net) credited/(debited) to Profit and Loss Account (Included in Sales Rs.238.50 lacs; Previous Year Rs.405.50 lacs in respect of Packing Credit Facilities / Export bill discounting)	<b>2,45,93,660</b>	4,47,93,743
b) Foreign Exchange difference (net) in respect of Foreign Exchange contracts to be Credited / (Debited) to subsequent year's Profit and Loss Account.	<b>28,89,619</b>	33,32,913
c) Derivative Instruments		
i) Details of foreign currency balances hedged:		
	Current Year	Previous Year
Particulars	Foreign Currency Denomi- nation Amount in Lacs	Foreign Currency Rupees Equivalent in Lacs
Assets		
(Trade Receivable)	USD 15.69	700.00
	EURO -	-
	6.22	280.41
	-	-
ii) Details of foreign currency balances not hedged:		
Particulars	Foreign Currency Denomi- nation Amount in Lacs	Foreign Currency Rupees Equivalent in Lacs
Advances to Venders		
	USD 0.01	0.26
	EURO 0.68	42.64
	JPY 15.54	8.39
	CHF 0.05	2.23
	0.05	0.52
10. i) Auditors' Remuneration:		
Audit Fees	<b>1,65,000</b>	1,50,000
Tax Audit Fees	<b>35,000</b>	30,000
Certification Fees	<b>94,999</b>	1,13,000
Reimbursement of out of pocket expenses (Including Service Tax Rs.32,631, Previous year Rs.30,180)	<b>54,442</b>	92,533
	<b>3,49,441</b>	3,85,533
(ii) Cost Auditors' Remuneration:		
Cost Audit Fees	<b>90,000</b>	90,000
Certification Fees	<b>97,500</b>	76,500
Reimbursement of out of pocket expenses (Including Service Tax Rs.20,085, Previous year Rs.17,157)	<b>27,577</b>	26,257
	<b>2,15,077</b>	1,92,757



## SCHEDULES

Forming Part of the Accounts for the year ended 31st March, 2011

### SCHEDULE - 18 (contd.)

#### 11. Employee Benefits:

Defined Benefit Plans as per actuarial valuations as on 31.03.2011

Details of Gratuity plan are as follows:

Description	₹ in Lacs	₹ in Lacs
<b>1. Reconciliation of opening and closing balances of obligation</b>		
a. Obligation as at 01.04.2010	<b>321.82</b>	265.40
b. Current Service Cost	<b>30.54</b>	17.70
c. Interest Cost	<b>25.55</b>	20.88
d. Actuarial (Gain) / Loss	<b>(17.17)</b>	26.53
e. Benefits Paid	<b>(4.87)</b>	(8.69)
f. Obligation as at 31.03.2011	<b>355.87</b>	321.82
<b>2. Change in Plan Assets (Reconciliation of opening and closing balances)</b>		
a. Fair Value of plan assets as at 01.04.2010	<b>296.36</b>	247.59
b. Actual Company Contributions	-	-
c. Expected return on plan assets	<b>23.55</b>	19.46
d. Benefits Paid	<b>(4.87)</b>	(8.69)
e. Actuarial Gain / (Loss)	<b>(5.28)</b>	38.00
f. Fair Value of plan assets as at 31.03.2011	<b>310.23</b>	296.36
<b>3. Reconciliation of fair value of assets and obligations</b>		
a. Present value of obligation as at 31.03.2011	<b>355.87</b>	321.82
b. Fair Value of plan assets as on 31.03.2011	<b>310.23</b>	(296.36)
c. Net liability recognized in the Balance Sheet	<b>(45.64)</b>	25.46
<b>4. Expense recognized in the period</b>		
a. Current service cost	<b>30.54</b>	17.70
b. Interest cost	<b>25.55</b>	20.88
c. Expected return on plan assets	<b>(23.55)</b>	(19.46)
d. Actuarial (Gain) / Loss	<b>(11.89)</b>	(11.47)
e. Expense recognized till 31.03.2011	<b>20.65</b>	7.65
<b>5. Investment Details</b>		
The full amount has been invested in cash accumulation scheme of Insurer Managed Funds		
<b>6. Assumptions</b>	<b>31/03/2011</b>	31/03/2010
a. Discount rate (per annum)	<b>8.30%</b>	8.00%
b. Estimated rate of return on plan assets (per annum)	<b>8.00%</b>	8.00%
c. Rate of escalation in salary (per annum)	<b>5.00%</b>	5.00%

12. The amount of Research and Development expenses is not ascertainable separately, the same having been included under various heads of expenditure in the Profit and Loss Account.

13. The Company has been advised that it is eligible to setoff lower of business loss/Unabsorbed depreciation even though adjusted with general reserves in the earlier years. The Company has, however provided MAT Tax Liability for Rs. 63.61 Lacs and correspondingly MAT Credit (excluding interest) has been accounted for.

## **SCHEDULES**

**Forming Part of the Accounts for the year ended 31st March, 2011**

### **SCHEDULE - 18 (contd.)**

14. Related Party disclosures pursuant to Accounting Standard '18':

1. Name of the Parties:

(i) Key Management Personnel:

Shri Krishan Kumar Patodia (Chairman and Managing Director)

Shri Narayan Patodia (Managing Director)

Shri Rajiv Patodia (Executive Director)

(ii) Other Related Parties (Associates), where transactions have taken place during the year:

PBM Polytex Limited

Patodia Syntex Limited

Eurospin Industries Limited

2. Transactions with Related Parties :

(₹ in Lacs)

<b>Sr. No.</b>	<b>NAME OF PARTIES</b>	<b>2010-11</b>	<b>2009-10</b>
<b>1</b>	<b>KEY MANAGERIAL PERSONNEL :</b>		
	<b>DIRECTORS REMUNERATION</b>		
	Shri Krishan Kumar Patodia	<b>45.25</b>	44.22
	Shri Narayan Patodia	<b>23.31</b>	28.86
	Shri Rajiv Patodia	<b>20.87</b>	21.49
<b>2</b>	<b>OTHER RELATED PARTIES (ASSOCIATES) :</b>		
	<b>PURCHASE OF GOODS &amp; MATERIAL</b>		
	PBM Polytex Ltd.	<b>1,919.56</b>	1,188.04
	Patodia Syntex Ltd.	-	1.43
	<b>SALE OF GOODS AND MATERIAL</b>		
	PBM Polytex Ltd.	<b>12.05</b>	1.42
	Patodia Syntex Ltd.	<b>76.52</b>	217.76
	<b>RENT PAID / (RECEIVED)</b>		
	PBM Polytex Ltd.	<b>(0.36)</b>	(0.36)
	Eurospin Industries Ltd.	<b>(0.60)</b>	(0.60)
	<b>PRESSING CHARGES PAID</b>		
	Patodia Syntex Ltd.	<b>33.16</b>	26.99
	<b>JOB WORK CHARGES RECEIVED</b>		
	Patodia Syntex Ltd.	<b>12.28</b>	3.02
	<b>REIMBURSEMENT OF EXPENSES</b>		
	Eurospin Industries Ltd.	<b>2.68</b>	3.18
	<b>DIVIDEND RECEIVED</b>		
	PBM Polytex Ltd.	<b>31.65</b>	-
	<b>PROMOTER'S CONTRIBUTION RECEIVED</b>		
	Patodia Syntex Ltd.	-	3.00



## SCHEDULES

Forming Part of the Accounts for the year ended 31st March, 2011

### SCHEDULE - 18 (contd.)

(₹ in Lacs)

Sr. No	CLOSING BALANCE OF RELATED PARTIES	2010-11	2009-10
	<b>PAYABLE :</b>		
	PBM Polytex Ltd.	<b>0.09</b>	237.96
	Patodia Syntex Ltd.	<b>5.91</b>	2.18
	Eurospin Industries Ltd.	<b>0.09</b>	0.13
	Patodia Syntex Ltd. (promoter's Contribution)	<b>3.00</b>	3.00
	<b>RECEIVABLE :</b>		
	Patodia Syntex Ltd.	<b>0.08</b>	0.19
	<b>INVESTMENT :</b>		
	PBM Polytex Ltd.	<b>309.56</b>	309.56

Note : 1. Related party relationship is as identified by the Company and relied upon by the Auditors.

2. No amounts in respect of related parties have been written off / written back during the year, nor any provision has been made for doubtful debts/receivables.

15. In terms of Accounting Standard 17, the Company operates primarily only in one business segment Viz. Cotton yarn and has its production facilities and all other assets located in India. Sales comprises exports sales of Rs.16,818.30 lacs (Previous year Rs.12,639.38 lacs) and Domestic sales of Rs.3,944.67 lacs (Previous year Rs.4,871.26 lacs).

	<b>As at 31st March, 2011</b>	<b>As at 31st March, 2010</b>
	<b>Amount in ₹</b>	<b>Amount in ₹</b>

16. Earnings per share (EPS) is calculated as under:

a) Basic / Diluted before Exceptional Items

Numerator:

Net Profit /(Loss) before Exceptional Items as disclosed  
in Profit & Loss account

	<b>5,76,94,880</b>	(78,94,321)
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Denominator:

Average No. of Equity Shares outstanding during the year

	<b>87,49,865</b>	87,49,865
--	------------------	-----------

Earnings Per Share (EPS)

	<b>6.59</b>	(0.90)
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b) Basic / Diluted after Exceptional Items

Numerator:

Net Profit /(Loss) after Exceptional Items & taxation as disclosed in  
Profit & Loss account

	<b>5,74,34,880</b>	2,02,86,821
--	--------------------	-------------

Denominator:

Average No. of Equity Shares outstanding during the year

	<b>87,49,865</b>	87,49,865
--	------------------	-----------

Earnings Per Share (EPS)

	<b>6.56</b>	2.32
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The nominal value per Equity Share is Rs.10

## SCHEDULES

Forming Part of the Accounts for the year ended 31st March, 2011

### SCHEDULE - 18 (contd.)

#### 17. Additional Information pursuant to Part II of Schedule VI to the Companies Act, 1956:

	As at 31st March, 2011		As at 31st March, 2010		
	Nos.		Nos.		
a) Capacities					
i) Licensed Capacity (Since delicensed)					
ii) Installed Capacity (As certified by the Management and relied upon by the auditors being a technical matter)					
Spindles		61,632		61,632	
Knitting Machines		24		24	
	<b>Kgs.</b>	<b>Amount in ₹</b>	<b>Kgs.</b>	<b>Amount in ₹</b>	
b) Yarn Production, Purchase and Stock					
Opening Stock	5,25,230	10,41,15,522	8,88,122	18,57,51,951	
Production	71,33,125	-	73,19,307	-	
Purchase	20,32,375	35,35,28,980	19,07,079	27,65,32,592	
Closing Stock	14,18,039	31,44,81,073	5,25,230	10,41,15,522	
c) Fabric Production and Stock					
Opening Stock	1,011	2,21,740	7,095	14,13,438	
Production	2,11,279	-	2,20,152	-	
Closing Stock	60,854	1,44,35,975	1,011	2,21,740	
d) Raw Cotton & Cotton Waste Purchases (Trading Division)					
Indian Cotton Purchase	48,860	60,86,610	24,599	20,06,238	
Cotton Waste Purchase	3,34,443	2,35,99,429	-	-	
e) Sales (Refer Note No.9(a) of Notes to Accounts (II) of Schedule 18 :					
Yarn	82,72,691	1,82,40,08,229	95,89,278	1,57,32,59,843	
Fabric	1,51,436	3,84,38,105	2,26,236	3,90,35,401	
Raw Cotton (Export)	48,860	67,70,601	24,599	21,69,399	
Cotton Waste	37,05,470	20,50,70,727	32,76,273	13,41,98,798	
Others	-	20,08,991	-	24,00,369	
	<b>1,21,78,457</b>	<b>2,07,62,96,653</b>	<b>1,31,16,386</b>	<b>1,75,10,63,810</b>	
	As at 31st March, 2011		As at 31st March, 2010		
f) Consumption of Raw Material (Indigenous)	Percentage	Kgs.	Percentage	Kgs.	Amount in ₹
Cotton	90.80	1,02,35,112	84.81	98,05,665	65,11,77,201
Cotton Yarn	1.89	89,824	1.89	67,728	1,44,74,559
Cotton (Imported)	7.31	8,24,877	13.30	10,21,242	10,21,73,171
Yarn (Imported)	0.00	-	0.00	17	16,632
	<b>100.00</b>	<b>1,11,49,813</b>	<b>100.00</b>	<b>1,08,94,652</b>	<b>76,78,41,563</b>
g) Stores, Spares and Packing Material Consumed:					
Imported	18.96	1,40,55,944	14.82		75,53,092
Indigenous	81.04	6,00,80,346	85.18		4,34,07,154
	<b>100.00</b>	<b>7,41,36,290</b>	<b>100.00</b>		<b>5,09,60,246</b>
h) Value of Imports Calculated on CIF basis :					
Raw Materials		4,76,60,819			15,17,35,287
Components and spare parts		96,12,350			59,31,217
Capital Goods		-			13,97,712
		<b>5,72,73,169</b>			<b>15,90,64,216</b>
i) Earnings in Foreign Exchange : F.O.B. value of goods exported		1,64,01,75,247			1,23,57,10,307
j) Expenditure in Foreign Currency : Commission		2,79,09,621			2,87,01,307
Others		37,09,240			41,51,537
		<b>3,16,18,861</b>			<b>3,28,52,844</b>





## SCHEDULES

Forming Part of the Accounts for the year ended 31st March, 2011

### SCHEDULE - 18 (contd.)

	As at 31st March, 2011 Amount in ₹	As at 31st March, 2010 Amount in ₹
18. a) As no commission is being paid to directors, computation of profit u/s 349 read with section 350 is not given.		
b) Managerial remuneration paid/provided; (excluding gratuity and leave entitlement since the same have been determined as a whole)		
- Salary	45,00,000	45,00,000
* - Perquisites	33,17,917	38,31,683
- Contribution to Provident and other Funds	11,25,000	11,25,000
	<b>** 89,42,917</b>	94,56,683

\* Evaluated as per Income Tax Rules, 1962, where applicable.

\*\* Within the limits prescribed under the provisions of Schedule XIII to the Companies Act, 1956.

19. Disclosure in accordance with Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

(Amount in ₹)			
Sr.No.	Particulars	2010-11	2009-10
a)	Principal amount remaining unpaid	<b>18,31,936</b>	11,82,471
b)	Interest paid in terms of Section 16	-	-
c)	Interest due and payable for the period of delay in payment	-	-
d)	Interest accrued and remaining unpaid	-	-
e)	Interest due and payable even in succeeding years	-	-

The Company has compiled the above information based on verbal/written confirmations from suppliers. As at the year end, no supplier has intimated the Company about its status as a Micro or Small Enterprise or its registration under the Micro, Small and Medium Enterprises Development Act, 2006.

20. Previous years' figures have been regrouped / rearranged wherever necessary to conform with current year's presentation.

Signatures to Schedules '1' to '18'

**G. S. RAMAKRISHNAN**  
Company Secretary

**K. K. PATODIA**  
**NARAYAN PATODIA**  
**RAJIV PATODIA**  
**H. P. SIOTIA**  
**DHARAM PAUL**  
**V. K. GUPTA**  
**D. K. PATEL**  
**M. L. BAGARIA**

*Chairman and Managing Director (CEO)*  
*Managing Director*  
*Executive Director*  
*Director*  
*Director*  
*Director*  
*Director*  
*Director*

Mumbai, 28th May, 2011

Mumbai, 28th May, 2011

**Additional information pursuant to part IV of Schedule VI to the Companies Act, 1956.**

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

I. Registration Details :

a. Registration No.	: 42598	b. State code	: 11
c. Balance Sheet Date	: 31st March, 2011		

II. Capital Raised during the year : (Amount in ₹ Thousands)

a. Public Issue	: NIL	b. Rights Issue	: NIL
c. Bonus Issue	: NIL	d. Private Placement	: NIL

III. Position of Mobilisation and Deployment of Funds : (Amount in ₹ Thousands)

a. Total Liabilities	: 17,99,180	b. Total Assets	: 17,99,180
c. Sources of funds	:		
- Paid Up Capital	: 87,402	- Reserves & Surplus	: 4,93,877
- Secured Loans	: 10,35,822	- Net of Deferred Tax	
- Unsecured Loans	: 300	Liabilities	: 1,81,780
d. Application of funds	:		
- Net Fixed Assets	: 9,92,286	- Investments	: 31,827
- Net Current Assets	: 7,75,068	- Misc. Expenditure	: NIL

IV. Performance of Company : (Amount in ₹ Thousands)

a. Turnover (Sales)	: 20,76,297	b. Total Expenditure	: 23,38,763
c. Profit before tax	: 57,695	d. Profit after tax	: 57435
e. Earning per share in Rs.	: 6.56	f. Dividend rate	: 0 %

V. Generic Names of Two Principal Products / Services of Company :  
(as per monetary terms)

Sr. No.	Product Description	ITC Code Number
a.	Cotton Yarn	52-05
b.	Fabric	60-02

Signatures to Schedules '1' to '18'

**G. S. RAMAKRISHNAN**  
Company Secretary

**K. K. PATODIA**  
**NARAYAN PATODIA**  
**RAJIV PATODIA**  
**H. P. SIOTIA**  
**DHARAM PAUL**  
**V. K. GUPTA**  
**D. K. PATEL**  
**M. L. BAGARIA**

*Chairman and Managing Director (CEO)*  
*Managing Director*  
*Executive Director*  
*Director*  
*Director*  
*Director*  
*Director*

Mumbai, 28th May, 2011

Mumbai, 28th May, 2011