

Annual Report and Accounts 2008-2009



shri
dinesh
mills ltd.

Shri Dinesh Mills Limited, Vadodara.



BOARD OF DIRECTORS

Shri Upendrabhai M. Patel (Chairman & Managing Director)
Shri Bharatbhai U. Patel (Managing Director)
Shri Nimishbhai U. Patel (Executive Director)
Shri Ranjitsinh P. Gaekwad
Shri Atulbhai G. Shroff
Shri Jal R. Patel
Shri H. N. Elavia
Shri Ambubhai T. Patel
Shri Tanujbhai M. Patel
Shri J. B. Sojitra

COMPANY SECRETARY

Shri J. B. Sojitra

BANKERS

Bank of Baroda
Central Bank of India
Indian Overseas Bank

AUDITORS

M/s. Dalal & Shah
Chartered Accountants
Mumbai

REGISTERED OFFICE

P.O.Box No. 2501
Padra Road,
Vadodara - 390 020.
Telephone : (0265) 2330060-65
Fax : (0265) 2336195
Email : dinesh@dineshmills.com

NOTICE

NOTICE is hereby given that 74th Annual General Meeting of the Members of Shri Dinesh Mills Ltd will be held at the Registered Office of the Company at Padra Road, Vadodara on Friday, 4th September, 2009 at 11.00 A.M to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009 and Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend for the year 2008-2009.
3. To appoint a Director in place of Shri T. M. Patel, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri J. B. Sojitra, who retires by rotation and being eligible, offers himself for re-appointment.
5. To re-appoint M/s. Dalal & Shah as Auditors and fix their remuneration.

SPECIAL BUSINESS:

6. TO CONSIDER & APPROVE RE-APPOINTMENT OF SHRI BHARATBHAI PATEL AS MANAGING DIRECTOR.

To consider and if thought fit, to pass with or without modification(s), the following Resolution as "SPECIAL RESOLUTION".

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956, Shri Bharatbhai U. Patel be and is hereby re-appointed as Managing Director of the Company for five years from 1st April, 2008 to 31st March, 2013 upon the following terms as to remuneration as recommended by the Remuneration Committee at their meeting held on 19th January, 2009 in accordance with Part II of Schedule XIII to The Companies Act, 1956 or any amendment thereto from time to time as set out hereafter subject to the re-consideration of the remuneration by the Remuneration Committee, the Board of Directors and Members of the Company.

PART : A

Period: 1st April, 2008 to 31st March, 2009

1. Salary : Rs.1,50,000/- per month.
2. Commission : 2% of the net profits or such sum as may be fixed by the Board within the limit of 2% from year to year subject to the overall ceiling laid down in section 198 and 309 of the Companies Act, 1956.
3. Allowances & Perquisites :
 - i) The Managing Director shall also be entitled to allowances & perquisites viz. House Rent Allowance @ 60% of the Salary, Furnishing Allowance @ 10% of the salary, Education Allowance @ 10% of the salary, reimbursement of Medical-cum-Leave travel expenses, club fees, insurance premium, electricity bills, gas bills etc. subject to the overall ceiling of his Annual salary.
 - ii) Use of Company's Car with driver and telephone at his residence shall not be included in the computation of the above ceiling of allowances & perquisites, use of car for private purpose and personal long distance calls on telephone shall be billed by the Company to the Managing Director.
 - iii) Company's contribution to provident fund and superannuation fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and encashment of leave at the end of tenure of the Managing Director shall not be included in the computation of the aforesaid limits of the remuneration.

PART : B

Period: 1st April, 2009 to 31st March, 2012

1. Salary : Rs.1,75,000/- per month.
2. Commission : 2% of the net profits or such sum as may be fixed by the Board within the limit of 2% from year to year subject to the overall ceiling laid down in section 198 and 309 of the Companies Act, 1956.
3. Allowances & Perquisites :
 - i) The Managing Director shall also be entitled to allowances & perquisites viz. House Rent



SHRI DINESH MILLS LTD.

Allowance @ 60% of the Salary, Furnishing Allowance @ 20% of the salary, Education Allowance @ 10% of the salary, reimbursement of Medical-cum-Leave travel expenses, club fees, insurance premium, electricity bills, gas bills etc. subject to the overall ceiling of his Annual salary.

- ii) Use of Company's Car with driver and telephone at his residence shall not be included in the computation of the above ceiling of allowances & perquisites, use of car for private purpose and personal long distance calls on telephone shall be billed by the Company to the Managing Director.
- iii) Company's contribution to provident fund and superannuation fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and encashment of leave at the end of tenure of the Managing Director shall not be included in the computation of the aforesaid limits of the remuneration.

RESOLVED FURTHER THAT the draft Agreement to be entered into with Shri Bharatbhai U. Patel, containing various terms & conditions of his re-appointment and remuneration as placed before the meeting duly initiated by the Chairman for the purpose of identification be and is hereby approved and the same be executed under the Common Seal of the Company pursuant to the provisions of Articles of Association of the Company."

7. TO CONSIDER & APPROVE REVISION IN MANAGERIAL REMUNERATION.

To consider and if thought fit, to pass with or without modification(s), the following Resolution as "SPECIAL RESOLUTION".

"**RESOLVED THAT** pursuant to Section 198, 309 and 310 read with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956 and in partial modification of earlier Resolutions passed by members of the Company, Shri Upendrabhai M. Patel, Chairman & Managing Director, Shri Bharatbhai U. Patel, Managing Director and Shri Nimishbhai U. Patel, Executive Director of the Company be and are hereby paid a revised remuneration for a further period not exceeding 3 years w.e.f. 1st April, 2009 or the balance unexpired period of office of the above referred Managerial Personnel whichever is earlier as set out in the draft Deed of Variation, copy whereof placed before the meeting and initialed by the Chairman for the purpose of identification be and is hereby approved and the same be executed under the Common Seal of the Company pursuant to the provisions of Articles of Association of the Company with liberty to the members of the Remuneration Committee and the Board of Directors to recommend increase/reduction in the remuneration, alter and vary such terms and conditions in accordance with Schedule XIII or any amendments to be made in Schedule XIII to the Companies Act, 1956 hereafter as may be agreed with Shri Upendrabhai M. Patel, Shri Bharatbhai U. Patel and Shri Nimishbhai U. Patel."

8. TO CONSIDER COMMENCEMENT OF NEW BUSINESS.

To consider and if thought fit, to pass with or without modification(s), the following Resolution as "SPECIAL RESOLUTION".

"**RESOLVED THAT** pursuant to Section 149(2A) of the Companies Act, 1956, the consent of the Company be and is hereby accorded for commencement of readymade garments business as stipulated in Clause 3(K) of the Memorandum of Association of the Company."

Regd. Office :
P.O. Box NO.2501
Padra Road
Vadodara - 390 020
Dated : 24th June, 2009

By Order of the Board
For SHRI DINESH MILLS LTD.,

J. B. SOJITRA
ASTT. VICE PRESIDENT &
COMPANY SECRETARY

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The information as per Clause - 49 of the Listing Agreement with Bombay Stock Exchange Ltd. is annexed hereto in respect of item No.3, 4 and 5 (Annexure : A).
3. The Explanatory statement as required under section 173(2) of the Companies Act, 1956 is annexed hereto in respect of item No. 6, 7 and 8. (Annexure: B).
4. The Register of Members and Share Transfer Books will remain closed from Thursday, 6th August, 2009 to Thursday, 13th August, 2009. (Both days inclusive).

5. The Company has already transferred unclaimed dividend to the Investor Education & Protection Fund for the Financial Year ended 31st March, 2001 pursuant to Section 205-A of the Companies Act, 1956.

| Dividend No. | Date of Declaration | For the year | Due for transfer on |
|--------------|---------------------|--------------|---------------------|
| 67 | 27-9-2002 | 2001-2002 | 2/11/2009 |
| 68 | 27-9-2003 | 2002-2003 | 2/11/2010 |
| 69 | 28-9-2004 | 2003-2004 | 3/11/2011 |
| 70 | 30-9-2005 | 2004-2005 | 5/11/2012 |
| 71 | 29-9-2006 | 2005-2006 | 4/11/2013 |
| 72 | 29-9-2007 | 2006-2007 | 4/11/2014 |
| 73 | 30-9-2008 | 2007-2008 | 5/11/2015 |

6. The Company will have to transfer dividend No.67 for the financial year 2001-2002 which remain unclaimed for a period of 7 years to the Investor Education & Protection Fund of the Central Govt. pursuant to Section 205-A of the Companies Act, 1956. Kindly note that once the unclaimed dividend is transferred to the Investor Education and Protection Fund, no claim shall lie in respect thereof.
7. Dividend as recommended by the Board, if sanctioned by the Members, will be paid after 15th September, 2009 to those shareholders whose names appear on the Register of Members of the Company on 13th August, 2009, whereas the dividend relating to the shares in dematerialized form will be paid to the beneficial owners as per details to be furnished by National Securities Depository Ltd and Central Depository Services (India) Ltd. by Electronic Clearing System. (ECS)
8. Shareholders are requested :
- not to bring their guests, relatives and children to the meeting as the entry is strictly restricted to the members and proxies only.
 - to bring their copy of the Annual Report as the same will not be distributed at the time of the meeting.



SHRI DINESH MILLS LTD.

**ANNEXURE TO THE NOTICE
ANNEXURE : A**

**THE INFORMATION AS PER CLAUSE 49 OF THE LISTING AGREEMENT WITH
BOMBAY STOCK EXCHANGE LTD (ITEM No. 3, 4 & 6).**

(1) Name : Shri T. M. Patel with Bombay Stock Exchange Ltd. the details in
Age : 55 years
Qualifications : B.S (U.S.A.)
Expertise : Wide expertise in Bearing Industry.
Tenure : Director of the Company since 26-12-1984
Shareholding in the Company : 1020 Equity Shares of Rs. 10/- each.

Other Directorships

| <u>Name of the Company</u> | <u>Position Held</u> | <u>Member/Chairman of Committee</u> |
|--|----------------------|--|
| 1. ABC Bearings Ltd. | Executive Director | Member - Investors' Grievance Committee |
| 2. Mipco Seamless Rings (Gujarat) Ltd. | Chairman | Chairman - Investors' Grievance Committee Member - Audit Committee Member - Remuneration Committee |
| 3. NSK-ABC Bearings Ltd. | Director | None |

Inter Relationship : He is not related to any Director of the Company.

(2) Name : Shri J. B. Sojitra
Age : 48 years
Qualifications : B.Com., LL.B., D.L.P., A.C.S.
Expertise : Adequate knowledge of Corporate Laws.
Tenure : Director of the Company since 28-11-1996
Shareholding in the Company : Nil.
Other Directorships : None.
Inter Relationship : He is not related to any Director of the Company.

(3) Name : Shri Bharatbhai U. Patel
Age : 55 years
Qualifications : B.Text., M.B.A. (U.S.A)
Expertise : Wide expertise in the overall management of Textile Company.
Tenure : Director of the Company since 12-05-1973
Shareholding in the Company : 530,722 Equity Shares of Rs. -10/- each.

Other Directorships

| <u>Name of the Company</u> | <u>Position Held</u> | <u>Member/Chairman of Committee</u> |
|--|----------------------|-------------------------------------|
| 1. Dinesh Remedies Ltd. | Director | Chairman - Audit Committee |
| 2. Gujarat Sheep & Wool Devp. Corp. Ltd. | Director | None. |

Inter Relationship : He is related to Shri Upendrabhai M. Patel (Father) and Shri Nimishbhai U. Patel (Brother)

ANNEXURE : B

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 (ITEM No. 6, 7 and 8)

ITEM NO.6 RE-APPOINTMENT OF SHRI BHARATBHAI U. PATEL AS MANAGING DIRECTOR.

Members are aware that Shri Bharatbhai Patel has been rendering his valuable services to the Company since 1973. He has very rich experience in textile industry. He has made significant contribution to the progress of the Company in consultation with other members of the Board from time to time. The term of Office of Shri Bharatbhai U. Patel as the Managing Director has been expired on 31st March, 2008. Members are requested to re-appoint Shri Bharatbhai Patel as the Managing Director, not liable to retire by rotation, for a further period of five years w.e.f. 1st April, 2008 with the remuneration and all other terms and conditions as given in the draft Agreement as recommended by the members of the Remuneration Committee and approved by the Board of Directors at their meeting held on 19th January, 2009 and 27th January, 2009 respectively.

Members are aware that our Company is a unique Composite Textile sector Company manufacturing suitings and Machine Clothings, comparative managerial remuneration being paid by other Companies are not available and therefore, the remuneration proposed hereunder is justifiable and the same be paid even as minimum remuneration in case the Company has no profits or has inadequate profits as per the relevant provisions of the Companies Act, 1956.

The Board recommends to pass the Special Resolution as set out in Item No.6 of the Notice. Except Shri Upendrabhai M. Patel, Shri Bharatbhai U. Patel and Shri Nimishbhai U. Patel, no other Director of the Company is in any way concerned or interested in this resolution.

The draft Agreement containing various terms & conditions of re-appointment to be executed between the Company and Shri Bharatbhai U. Patel is available for inspection by the members of the Company at its Registered Office between 11.00 a.m. to 01.00 p.m. on any working day before the date of the ensuing 74th Annual General Meeting.

The above statement may be treated as an abstract of the terms of contract with the Managing Director and the Memorandum of Interest as required u/s.302 of the Companies Act, 1956.

ITEM NO.7 REVISION IN MANAGERIAL REMUNERATION.

Members are aware that our Company is paying Managerial Remuneration to Shri Upendrabhai M. Patel, Chairman & Managing Director (CMD), Shri Bharatbhai U. Patel, Managing Director (MD) and Shri Nimishbhai U. Patel, Executive Director (ED) of the Company as per the Schedule XIII to the Companies Act, 1956 duly approved by the Members of the Remuneration Committee and Board of Directors of the Company at its meeting held on 16th January, 2006 and 31st January, 2006 respectively and Members of the Company at their Annual General Meeting held on 29th September, 2006 for a period not exceeding three years effective from 1st April, 2006. The period of three years has been expired on 31st March, 2009. It was therefore, necessary to decide Remuneration for further period not exceeding 3 years w.e.f. 1st April, 2009 or the balance unexpired period of the office of the above referred Managerial Personnel whichever is earlier in accordance with the Schedule XIII to the Companies Act, 1956.

The Remuneration Committee and Board of Directors of the Company had already considered and approved the revision in managerial remuneration as set out below, w.e.f. 1st April, 2009 at their meeting held on 19th January, 2009 and 27th January, 2009 respectively.

1. Salary : Rs.1,75,000/- per month.
2. Commission : 2% of the net profits or such sum as may be fixed by the Board within the limit of 2% from year to year subject to the overall ceiling laid down in section 198 and 309 of the Companies Act, 1956.
3. Allowances & Perquisites:
 - i) The CMD, MD and ED shall also be entitled to allowances & perquisites viz. House Rent Allowance @ 60% of the Salary, Furnishing Allowance @ 20% of the Salary, Education Allowance only to MD and ED @ 10% of the Salary, reimbursement of Medical-cum-Leave travel expenses, club fees, insurance premium, electricity bills, gas bills etc. subject to the overall ceiling of their Annual Salary.



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- ii) Use of Company's Car with driver and telephone at their residence shall not be included in the computation of the above ceiling of allowances & perquisites, use of car for private purpose and personal long distance calls on telephone shall be billed by the Company to the CMD, MD and ED.
- iii) Company's contribution to provident fund and superannuation fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and encashment of leave at the end of tenure of the CMD, MD and ED shall not be included in the computation of the aforesaid limits of the remuneration.

The Board recommends to pass the Special Resolution as set out in Item No.7 of the Notice. Except Shri Upendrabhai M. Patel, Shri Bharatbhai U. Patel and Shri Nimishbhai U. Patel, no other Director of the Company is in any way concerned or interested in this resolution.

The draft Deed of Variation containing various terms & conditions of revision in managerial remuneration to be executed between the Company and Shri Upendrabhai M. Patel, Shri Bharatbhai U. Patel and Shri Nimishbhai U. Patel are available for inspection by the members of the Company at its Registered Office between 11.00 a.m. to 01.00 p.m. on any working day before the date of the ensuing 74th Annual General Meeting.

The above statement may be treated as an abstract of the terms of contract with CMD, MD & ED and the Memorandum of Interest as required u/s.302 of the Companies Act, 1956.

ITEM NO.8 COMMENCEMENT OF NEW BUSINESS.

Members are aware that our Company is engaged in the business of woollen & worsted fabrics and paper makers felt (clothing). As the market of readymade garments has vast potential of growth, it is proposed to enter in this business activity initially by outsourcing readymade shirts under the brand name of the Company and to sell the readymade shirts on a "Direct To Retail" (DTR) basis through agents in the domestic market. As per Clause No. 3(K) of the Memorandum of Association of the Company, the Company is permitted to enter into the business of readymade garments for which approval of members of the Company is required pursuant to Section 149(2A) of the Companies Act, 1956.

The Board recommends to pass the Special Resolution as set out in Item No.8 of the Notice.

None of the Directors of the Company is in any way concerned or interested in this resolution.

Regd. Office :
P.O. Box NO.2501
Padra Road
Vadodara - 390 020
Dated : 24th June, 2009

By Order of the Board
For SHRI DINESH MILLS LTD.,

J. B. SOJITRA
ASTT. VICE PRESIDENT &
COMPANY SECRETARY

DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting their Report together with the Audited Accounts for the financial year.

FINANCIAL RESULTS :

| PARTICULARS | 2008-2009 | | 2007-2008 | |
|--|--------------------|---------------------|-------------|--------------|
| | Rs. | Rs. | Rs. | Rs. |
| SALES TURNOVER (NET) | | 78,90,41,821 | | 75,80,19,017 |
| GROSS PROFIT | | 18,61,19,193 | | 14,72,67,898 |
| Less: | | | | |
| A. Depreciation | 5,18,14,970 | | 4,49,35,211 | |
| B. Provision for Taxation | | | | |
| (i) Current Tax | 4,44,25,000 | | 4,17,18,308 | |
| (ii) Deferred Tax | 37,68,959 | 10,00,08,929 | (85,96,088) | 7,80,57,431 |
| NET PROFIT | | 8,61,10,264 | | 6,92,10,467 |
| Add : Previous Year's Surplus | | 2,01,60,840 | | 2,28,53,313 |
| Add: Adjustments relating to to earlier years | | 13,65,001 | | 4,45,882 |
| Profits available for Appropriation | | 10,76,36,105 | | 9,25,09,662 |
| Appropriating therefrom: | | | | |
| A. Proposed Dividend | | 1,05,55,000 | | 1,05,55,000 |
| B. Dividend Tax on above | | 17,93,822 | | 17,93,822 |
| C. General Reserve | | 7,00,00,000 | | 6,00,00,000 |
| D. Surplus carried to B/S | | 2,52,87,283 | | 2,01,60,840 |
| | | 10,76,36,105 | | 9,25,09,662 |

DIVIDEND

Your Directors have recommended for your consideration, a Dividend Rs 2/- per Equity share of Rs.10/- each (Previous year Rs.20/- per Equity share of Rs.100/- each) on 52,77,500 equity shares amounting to Rs. 1,05,55,000/- for the financial year ended 31st March, 2009.

MANAGEMENT DISCUSSION AND ANALYSIS:
A. OVERALL REVIEW OF OPERATIONS:

During the year under review, Sales Turnover and Net Profit have been increased to Rs. 7890 lacs and Rs. 861 lacs respectively as compared to Rs. 7580 lacs and Rs. 692 lacs respectively of the previous year.

During the year under review, our export was affected badly due to global slowdown. However, we could achieve marginal increase in the sales turnover of worsted suitings and profitability due to new product development, meeting the quality and delivery expectation of our Agents/Dealers and proper monitoring and controlling of various expenses. The Sales Turnover of Paper maker felt (clothing) has also reported better growth.



SHRI DINESH MILLS LTD.

B. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE.

| Highlights | (Rs. in Lacs) | | |
|--------------------------|---------------|---------|----------|
| Particulars | 2008-09 | 2007-08 | % change |
| Sales Turnover (Net) | 7890 | 7580 | 04 |
| Operating profit (PBDIT) | 2080 | 1660 | 25 |
| Depreciation | 518 | 449 | 15 |
| Interest | 219 | 187 | 17 |
| Profit before Tax | 1343 | 1023 | 31 |
| Tax | 482 | 331 | 46 |
| Net Profit | 861 | 692 | 24 |

C. OVERALL OUTLOOK

As per the policy of the Company, new machineries and equipments are added in a phased manner to upgrade the technology.

Despite recessionary environment being prevailed over the globe, our Company would make every effort to maintain Sales Turnover and profitability during the year 2009-2010.

D. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Internal Audit department conducts audit of all departments of the Company and places audit reports/plans before the Audit Committee which reviews adequacy of internal audit functions, audit procedures and its coverage periodically. The minutes of the Audit Committee meetings are placed at the meetings of the Board of Directors from time to time.

E. INDUSTRIAL RELATIONS

The industrial relations both at Baroda and Ankleshwar units have remained cordial. As on 31st March, 2009, there were 1117 employees in the Company.

FIXED DEPOSITS

As on 31st March, 2009, there were 50 Depositors, whose deposits were not claimed after the date on which the deposits were due for payment or renewal.

The amount due to such depositors was Rs. 4,58,000/- which remained unclaimed or unpaid. Subsequently, 02 Depositors have renewed and/or claimed the deposit amount of Rs.38,000/-.

INSURANCE

All the properties of the Company including buildings, plant and machinery and stocks have been insured.

DIRECTORS

Shri T. M. Patel and Shri J. B. Sojitra, Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment.

SUBSIDIARY COMPANY

As required by Accounting Standard 21 relating to Consolidation of Accounts, we have consolidated Accounts of our Subsidiary Company viz. Dinesh Remedies Ltd (DRL). The Audited Annual Accounts alongwith Directors' Reports and Auditors Reports thereon for the year ended 31st March, 2009 of DRL have been annexed with the Annual Accounts of the Company pursuant to Section 212 of the Companies Act, 1956.

AUDITORS

You are requested to appoint M/s. Dalal & Shah, Chartered Accountants as Auditors for the year 2009-10 and fix their remuneration as recommended by the Audit Committee and Board of Directors of the Company. The Auditors Report on the Accounts is self-explanatory and therefore, does not call for any explanation.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO.

Information pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 is given in the Annexure - A to this Report.

EMPLOYEES

The details of remuneration paid to employees as required under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended from time to time are given in the Annexure - B to this Report.

DIRECTORS RESPONSIBILITIES STATEMENT

Your Directors confirm that:

- I. In preparation of Accounts for the period ended 31st March, 2009, the applicable Accounting standards have been followed alongwith proper explanation relating material departures.
- II. The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the profit of the Company for that period.
- III. The Directors have taken proper and sufficient care for the maintenance of adequate Accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- IV. The directors have prepared the annual Accounts for the period ended 31st March, 2009 on a going concern basis.

CORPORATE GOVERNANCE

The Report on Corporate Governance pursuant to Clause: 49 of the Listing Agreement with Bombay Stock Exchange Ltd. alongwith the certificate of M/s. Dalal & Shah, Chartered Accountants, Auditors of the Company are attached herewith as Annexure No. 'C' and 'D' respectively.

APPRECIATION

Your Directors express their satisfaction for the services rendered by all our employees during the year under review.

Date : 24th June, 2009

For and on behalf of the Board of Directors

VADODARA

UPENDRA M. PATEL
CHAIRMAN

ANNEXURE : A

A. CONSERVATION OF ENERGY

(a) Details of energy conservation measures taken:

1. Nozzle system of Humidification plant with cellulose pads are replaced so as to reduce the power consumption in pumping.
2. DC drives in Japanese Ring frame are replaced with AC drives and motors.

(b) Energy conservation measures under consideration.

1. Re-schedulement of production planning for better co-ordination and optimum working of the machineries and Utility equipments so as to save energy
2. Installation of AC Drives in pumps so as to conserve water.

B. TECHNOLOGY ABSORPTION:

Efforts made in Technology absorption as per Form - B of the Annexure.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

1. During the year under review, the Company achieved lower exports as compared to that of the previous year.
2. Total foreign exchange used and earned: Rs. 2515/- lacs and Rs. 338/- lacs respectively.


SHRI DINESH MILLS LTD.
FORM 'A'
(A) POWER & FUEL CONSUMPTION

| SR. PARTICULARS NO. | CURRENT YEAR (2008-2009) | PREVIOUS YEAR (2007-2008) |
|-------------------------------------|-----------------------------|------------------------------|
| 1. Electricity .: | | |
| • Purchased Units | 29,16,564 | 39,88,784 |
| Total Amount (Rs.) | 1,96,53,811 | 2,24,56,118 |
| Rate per unit (Rs.) | 6.74 | 5.63 |
| • Own Generation | | |
| I. Through Diesel Generator (KWH) | 2,53,995 | 2,15,958 |
| Units per Litre of Diesel Oil | 3.13 | 3.07 |
| Cost per Litre (Rs.) | 10.72 | 8.91 |
| II. Through Steam Turbine Generator | Nil | Nil |
| III. Through Wind Mill (Units) | 56,03,969 | 47,54,093 |
| Total Amount (Rs.) | 1,91,80,415 | 1,92,39,007 |
| Rate per Unit (Rs.) | 3.42 | 4.05 |
| 2. Coal (Steam coal) | Nil | Nil |
| Lignite Qty. (Tonnes) | 2,262 | 2,012 |
| Total cost (Rs.) | 62,29,064 | 72,00,953 |
| Avg. Rate per Tonne (Rs.) | 2753.79 | 3579.00 |
| 3. Furnace Oil : | | |
| Qty. (Ltrs.) | 95,575 | 35,800 |
| Total amount (Rs.) | 29,85,324 | 7,62,448 |
| Avg. Rate per Litre (Rs.) | 31.24 | 21.30 |
| 4. Others (Natural Gas) : | | |
| Qty. (Nm3) | 10,84,399 | 10,47,910 |
| Total cost (Rs.) | 58,59,220 | 55,28,920 |
| Avg Rate (Rs.) | 5.40 | 5.28 |

(B) CONSUMPTION PER UNIT OF PRODUCTION

| Per Unit Productwise | Rs. | Rs. |
|----------------------------|-------|-------|
| • Woollen Fabrics (Mtr.) : | | |
| Electricity | 14.55 | 14.71 |
| Furnace Oil | - | - |
| Coal | - | - |
| Lignite | - | - |
| Gas | 4.83 | 4.59 |
| • Worsted Fabrics (Mtr.) : | | |
| Electricity | 15.34 | 16.22 |
| Furnace Oil | 1.89 | 0.47 |
| Coal | - | - |
| Lignite | 3.95 | 4.42 |
| Gas | 2.00 | 1.83 |
| • Felt (Clothing) (Kg.) : | | |
| Electricity | 26.74 | 30.20 |
| Furnace Oil | 0.38 | 0.11 |
| Coal | - | - |
| Lignite | 0.79 | 1.03 |
| Gas | 10.42 | 11.10 |

FORM "B"

RESEARCH & DEVELOPMENT

R & D has continued its efforts to assist concerned department of the Company in relation to product developments and in implementation of new products or technologies in bulk production. This is in addition to its efforts towards various manufacturing related Trouble Shooting Jobs and Standardization of incoming materials Control Authorities.

R & D efforts towards Statistical Data analysis of Routine test data have remained an input for Quality and Process development work.

Some of the R & D Studies are:

- a) Study of scouring Liquor Grease separation by Non - Acidic process to reduce pollution load.
- b) Study of new polyester and viscose dyes for one bath dyeing of PV yarn.
- c) Laboratory evaluation of a new set of Cost Economic Wool reactive dyes.

Due to above efforts of R&D, the Company has benefited through rationalization of incoming materials, rationalization of required process and pollution control measures

EXPENDITURE ON R & D: Recurring expenses Rs.18/-Lacs (0.23% of the Sales Turnover)

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

The Company is having a Technical License Agreement for paper makers felt (clothing). Under this Agreement, required technologies have been absorbed to evaluate and incorporate latest Textile Fibers in our Felts (clothing). Continued efforts are being made to improve seaming technology and Newer type of Dryer Fabrics.

The Company could continue its commitments towards continuous products & process development in the field of paper Makers Felts (clothing) due to above said technology absorption and adaptation.

The Company has to absorb/adapt all required technology in a phased manner pursuant to the Agreement. The work of absorption/adaptation is in progress as per the terms of Technical License Agreement.



ANNEXURE : B

STATEMENT UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AS AMENDED AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2009.

| Sr. No. | Name | Age (In Years) | Designation | Remuneration Rs. | Qualifications & experience | Date of Commencement of employment | Last employment before joining the Company with designation |
|---------|----------------------|----------------|------------------------------|------------------|---------------------------------------|------------------------------------|---|
| 1 | Patel Bharatbhai U. | 55 | Managing Director | 48,89,432 | B.Text, M.B.A (USA) (36) | 12/5/1973 | First Employment |
| 2 | Patel Nimishbhai U. | 43 | Executive Director | 49,27,273 | B.B.A., M.B.A (Finance) (U.S.A) (18) | 1/12/1990 | - Do - |
| 3 | Patel Upendrabhai M. | 81 | Chairman & Managing Director | 48,87,657 | B.Sc (Hons) Mumbai M.B.A (U.S.A) (58) | 28/8/1951 | - Do - |

Notes:

1. Remuneration received as shown in the statement includes salary, commission, allowances, perquisites, employer's contribution to provident fund, superannuation fund etc.
2. Managing Directors at Sr. No.1 & 3 above are related to each other and also to the Executive Director at Sr.No.2.
3. Nature of employment - Appointments of Managing Directors and Executive Director are contractual in nature. Other terms and conditions as per agreements executed with them.
4. No employee of the Company was in receipt of remuneration during the financial year at a rate which in the aggregate is in excess of that drawn by the Managing Directors and Executive Director of the Company and no employee except Managing Directors and Executive Director hold Equity Shares by himself or alongwith his spouse and dependent children in excess of 2% of equity shares of the Company.

ANNEXURE : C CORPORATE GOVERNANCE

A. COMPANY'S PHILOSOPHY

The code on Corporate Governance introduced by the Securities and Exchange Board of India (SEBI) has been implemented in terms of the Listing Agreement with the Bombay Stock Exchange Ltd. since the year 2001-2002.

Corporate Governance refers to a combination of voluntary practices adopted by a Company inter woven with laws, regulations, procedure and disclosures. It is aimed in the long run to maximize employees and shareholders value and fosters long-term partnership between the investors, employees and other stakeholders with the Company.

The Company firmly believes in good Corporate Governance. Given below is the report of Board of Directors of the Company on the Corporate Governance practices being followed by the Company.

B. BOARD OF DIRECTORS

The Board of Directors presently comprises two Managing Directors, one Executive Director and seven Non-Executive Directors. During the year, Six Board Meetings were held on 23/4/2008, 19/6/2008, 31/7/2008, 30/9/2008, 25/10/2008 and 27/1/2009.

The composition of the Board of Directors and their attendance at the Board Meetings during the year and at the last Annual General Meeting as also number of other directorship/membership of Committees of Directors are as follows :

| Name of Director | Category of Directorship | No. of Board Meetings attended | Attendance at last AGM | No. of other Directorship | No. of Other Memberships in Committees of Directors |
|--------------------|--------------------------|--------------------------------|------------------------|---------------------------|---|
| Shri U. M. Patel | CMD | 6 | YES | 4 | 1 |
| Shri B. U. Patel | MD | 6 | YES | 2 | 1 |
| Shri N. U. Patel | ED | 5 | NO | 2 | 1 |
| Shri R.P. Gaekwad | NED | 3 | YES | NIL | NIL |
| Shri A.G. Shroff | NED | 2 | YES | 6 | 2# |
| Shri H. N. Elavia | NED | 4 | YES | 1 | 1 |
| Shri Jal Patel | NED | 5 | NO | 6 | 7## |
| Shri A. T. Patel | NED | 5 | YES | NIL | NIL |
| Shri T. M. Patel | NED | 5 | YES | 3 | 4# |
| Shri J. B. Sojitra | NED | 6 | YES | NIL | NIL |

CMD - Chairman & Managing Director
MD - Managing Director
ED - Executive Director

NED - Non-Executive Director
Chairman in one Committee
Chairman in two Committees

C. AUDIT COMMITTEE

The Audit Committee constituted by the Board pursuant to Section 292-A of the Companies Act, 1956 read with Clause - 49 of the Listing Agreement with the Bombay Stock Exchange Ltd, with the required terms of reference as per the above referred statutory requirements, comprises 3 non-promoter, independent, non-executive Directors. The Committee met on 19/6/2008, 31/7/2008, 25/10/2008 and 27/1/2009 during the year and the attendance of the members at the meetings was as follows:

| Name of Members | Status | No. of Meetings attended |
|-------------------|----------|--------------------------|
| Shri H. N. Elavia | Chairman | 2 |
| Shri A. T. Patel | Member | 3 |
| Shri T. M. Patel | Member | 3 |

D. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The Committee constituted by the Board comprises 4 non-promoters, independent, non-executive Directors namely Shri A. G. Shroff, Shri Jal Patel, Shri A. T. Patel and Shri T. M. Patel. The Committee met on 23/4/2008 and 27/1/2009 which was attended by the Members as under:



SHRI DINESH MILLS LTD.

| Name of Members | Status | No. of Meetings attended |
|-------------------|----------|--------------------------|
| Shri A. G. Shroff | Chairman | NIL |
| Shri Jal Patel | Member | 2 |
| Shri A. T. Patel | Member | 1 |
| Shri T. M. Patel | Member | 2 |

As on 31/03/2009, there were no Investor Grievances remaining unattended/pending for more than 30 days.

E. DIRECTORS REMUNERATION COMMITTEE

The Committee constituted by the Board comprises 3 non-promoter, independent, non-executive directors viz. Shri A. G. Shroff, Shri A. T. Patel and Shri T. M. Patel, pursuant to Clause - 49 of the Listing Agreement read with Schedule XIII to the Companies Act, 1956 to review, assess and recommend revision of remuneration including appointment of Chairman & Managing Director(s) and Executive Director(s) from time to time. The Committee met on 19/1/2009 and considered re-appointment of Shri Bharatbhai U. Patel as Managing Director for five years effective from 1st April, 2008 upon following terms & conditions in accordance with the Schedule XIII to the Companies Act, 1956 which has also been approved by the Board, at its meeting held on 27/1/2009, subject to approval of members of the Company as per the details given hereunder.

PART : A

Period: 1st April, 2008 to 31st March, 2009

1. Salary : Rs.1,50,000/- per month.
2. Commission : 2% of the net profits or such sum as may be fixed by the Board within the limit of 2% from year to year subject to the overall ceiling laid down in section 198 and 309 of the Companies Act, 1956.
3. Allowances & Perquisites :
 - i) The Managing Director shall also be entitled to allowances & perquisites viz. House Rent Allowance @ 60% of the Salary, Furnishing Allowance @ 10% of the salary, Education Allowance @ 10% of the salary, reimbursement of Medical-cum-Leave travel expenses, club fees, insurance premium, electricity bills, gas bills etc. subject to the overall ceiling of his Annual salary.
 - ii) Use of Company's Car with driver and telephone at his residence shall not be included in the computation of the above ceiling of allowances & perquisites, use of car for private purpose and personal long distance calls on telephone shall be billed by the Company to the Managing Director.
 - iii) Company's contribution to provident fund and superannuation fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and encashment of leave at the end of tenure of the Managing Director shall not be included in the computation of the aforesaid limits of the remuneration.

PART : B

Period: 1st April, 2009 to 31st March, 2012

1. Salary : Rs.1,75,000/- per month.
2. Commission : 2% of the net profits or such sum as may be fixed by the Board within the limit of 2% from year to year subject to the overall ceiling laid down in section 198 and 309 of the Companies Act, 1956.
3. Allowances & Perquisites :
 - i) The Managing Director shall also be entitled to allowances & perquisites viz. House Rent Allowance @ 60% of the Salary, Furnishing Allowance @ 20% of the Salary, Education Allowance @ 10% of the Salary, reimbursement of Medical-cum-Leave travel expenses, club fees, insurance premium, electricity bills, gas bills etc. subject to the overall ceiling of his Annual Salary.
 - ii) Use of Company's Car with driver and telephone at his residence shall not be included in the computation of the above ceiling of allowances & perquisites, use of car for private purpose and personal long distance calls on telephone shall be billed by the Company to the Managing Director.
 - iii) Company's contribution to provident fund and superannuation fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and encashment

of leave at the end of tenure of the Managing Director shall not be included in the computation of the aforesaid limits of the remuneration.

The Remuneration Committee at its meeting held on 19th January, 2009 also considered revision of managerial remuneration in accordance with the Schedule XIII to the Companies Act, 1956 for the period not exceeding three years effective from 1st April, 2009 or the balance unexpired period of the office of the CMD, MD and ED of the Company whichever is earlier and the same has also been approved by the Board at its meeting held on 27th January, 2009 subject to approval of members of the Company as per the details given hereunder:

1. Salary : Rs.1,75,000/- per month.
2. Commission : 2% of the net profits or such sum as may be fixed by the Board within the limit of 2% from year to year subject to the overall ceiling laid down in section 198 and 309 of the Companies Act, 1956.
3. Allowances & Perquisites :
 - i) The CMD, MD and ED shall also be entitled to allowances & perquisites viz. House Rent Allowance @ 60% of the Salary, Furnishing Allowance @20% of the Salary, Education Allowance only to MD and ED @ 10% of the Salary, reimbursement of Medical-cum-Leave travel expenses, club fees, insurance premium, electricity bills, gas bills etc. subject to the overall ceiling of their Annual Salary.
 - ii) Use of Company's Car with driver and telephone at their residence shall not be included in the computation of the above ceiling of allowances & perquisites, use of car for private purpose and personal long distance calls on telephone shall be billed by the Company to the CMD, MD and ED.
 - iii) Company's contribution to provident fund and superannuation fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and encashment of leave at the end of tenure of the CMD, MD and ED shall not be included in the computation of the aforesaid limits of the remuneration.

The details of the remuneration paid during the year 2008-2009 are as under.

(a) Chairman & Managing Directors and Executive Director.

| Name & Designation | Rs. |
|------------------------|-------------|
| Shri U. M. Patel - CMD | 48,87,657/- |
| Shri B. U. Patel - MD | 48,88,432/- |
| Shri N. U. Patel - ED | 49,27,273/- |

(b) Non-executive Directors:

Remuneration by way of sitting fees has been paid to the following non-executive directors for attending the meetings of the Board and Committee thereof during the year 2008-2009.

| Name of the Directors | Rs. |
|-----------------------|---------|
| Shri R. P. Gaekwad | 7500/- |
| Shri A. G. Shroff | 7500/- |
| Shri H. N. Elavia | 15000/- |
| Shri Jal Patel | 17500/- |
| Shri A. T. Patel | 25000/- |
| Shri T. M. Patel | 25000/- |
| Shri J. B. Sojitra | 15000/- |

F. GENERAL BODY MEETINGS :

The details of Annual General Meetings (AGM) held in last 3 years are as under :

| Annual General Meetings | Day, Date, & Time | Venue | No. of Special Resolution passed |
|-------------------------|-----------------------------------|-------------------|----------------------------------|
| 71st AGM | Friday, 29/9/2006 At 11.00 A.M. | Registered Office | 01 |
| 72nd AGM | Saturday, 29/9/2007 At 11.00 A.M. | Registered Office | 01 |
| 73rd AGM | Tuesday, 30/9/2008 At 11.00 A.M. | Registered Office | 02 |

During the year 2008-2009, there was no need to hold an Extra-Ordinary General Meeting of shareholders of the Company.



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G. DISCLOSURES

- a) There are no materially significant transactions with the related parties viz, Promoters, Directors and their relatives, Subsidiary Company conflicting with Company's interest. The transactions with related parties are disclosed in note No. 11 of Schedule 16 to the Accounts in the Annual Report.
- b) No penalties or strictures have been imposed on the Company by Bombay Stock Exchange Ltd. or SEBI or any Statutory Authority on any matter related to capital markets.
- c) The declaration by CEO for compliance of Code of Conduct by all Board members and Senior Management personnel of the Company is as under:

"I, Bharat Patel, Managing Director - CEO of the Company hereby declare that all Board Members and Senior Management personnel of the Company have affirmed the compliance of the Code of Conduct during the financial year ended 31st March, 2009.

This declaration is given pursuant to Clause 49(l)(D) of the Listing Agreement with Bombay Stock Exchange Limited."

- d) The non-mandatory requirements given in Annexure - I D of the Clause 49 of the Listing Agreement have not been adopted by the Company, except the requirements relating to the Remuneration Committee.

H. MEANS OF COMMUNICATION

The quarterly, half-yearly and yearly financial results of the Company are sent to the Bombay Stock Exchange Ltd. immediately after the same are approved by the Board and the said results are published in financial and non-financial newspapers.

I. GENERAL SHAREHOLDERS INFORMATION

- a) Registered Office : Padra Road, Vadodara - 390 020, Gujarat
- b) Plant Locations : 1. Padra Road, Vadodara -390 020, Gujarat
2. Village : Bhadkocra, Ankleshwar, District Bharuch, Gujarat
- c) The Company has appointed : M/s. MCS Ltd, 88, Sampatrao Colony, Aikapuri, Vadodara as Registrar and Share Transfer Agent w.e.f. 1st April, 2003.
- d) 74th Annual General Meeting : Date: 4th September, 2009. Time: 11.00A.M
Venue: Registered Office: Padra Road, Vadodara - 390 020, Gujarat.
- e) Book Closure : 6th August, 2009 to 13th August, 2009.
- f) Dividend payment Date : Around third week of September, 2009
- g) Listing of Equity Shares : Name of Stock Exchange : Bombay Stock Exchange Ltd.
Stock Code : 503804, ISIN: INE204C01024
- h) Listing Fees : The Company has paid listing fees for the financial year 2009-2010 to the Bombay Stock Exchange Ltd.

i) Month wise Stock-market price and BSE Sensex data for the year 2008-2009.

Share price on the Bombay Stock Exchange Ltd. and BSE Sensex

| Month | Price (Rs.) | | Sensex | |
|-----------------|-------------|---------|----------|----------|
| | High | Low | High | Low |
| April, 2008 | 1744.40 | 1216.00 | 17480.74 | 15297.96 |
| May, 2008 | 1535.00 | 1205.00 | 17735.70 | 16196.02 |
| June, 2008 | 1774.00 | 1200.05 | 16632.72 | 13405.54 |
| July, 2008 | 1301.30 | 1098.35 | 15130.09 | 12514.02 |
| September, 2008 | 1222.00 | 1100.00 | 15578.78 | 14002.43 |
| October, 2008 | 985.00 | 592.70 | 13203.86 | 7697.39 |
| November, 2008* | 924.00 | 67.40 | 10945.41 | 8316.39 |
| December, 2008 | 74.00 | 56.20 | 10188.54 | 8467.43 |
| January, 2009 | 66.80 | 50.10 | 10469.72 | 8631.60 |
| February, 2009 | 62.40 | 50.75 | 9724.87 | 8619.22 |
| March, 2009 | 61.60 | 49.55 | 10127.09 | 8047.17 |

* Note: Face value of Equity shares of the Company has been sub-divided from Rs.100/- per share to Rs.10/- per share w.e.f. 28th November, 2008.

J. Distribution of shareholding as on 31st March, 2009

| Sr. No. | Nominal value of equity shares (Rs.) | No. of Shareholders | % of Total | Nominal value of shares (Rs.) | % of Total |
|--------------|--------------------------------------|---------------------|------------|-------------------------------|------------|
| 1 | Upto 5000 | 14343 | 99.43 | 20854060 | 39.52 |
| 2 | 5001-10,000 | 32 | 0.22 | 2360940 | 4.47 |
| 3 | 10,001-20,000 | 9 | 0.06 | 1259300 | 2.39 |
| 4 | 20,001-30,000 | 9 | 0.06 | 2261300 | 4.28 |
| 5 | 30,001-40,000 | 9 | 0.06 | 3091160 | 5.86 |
| 6 | 40,001-50,000 | 5 | 0.03 | 2330080 | 4.42 |
| 7 | 50,001-1,00,000 | 13 | 0.09 | 9078560 | 17.2 |
| 8 | 1,00,001&Above | 6 | 0.04 | 11539600 | 21.87 |
| Total | | 14426 | 100 | 5,27,75,000 | 100 |

K. Shareholding pattern as on 31st March, 2009

| Category | No. of Shares held | % Shareholding |
|-----------------------------------|--------------------|----------------|
| Directors & Relatives (Promoters) | 2287394 | 43.34 |
| Mutual Funds (UTI) | 10 | 0 |
| Banks | 3880 | 0.07 |
| Institutions (GIC) | Nil | 0 |
| Foreign Institutional Investors | Nil | 0 |
| Non-resident Indians | 33278 | 0.33 |
| Others | 2952938 | 55.96 |
| Total | 5277500 | 100 |



SHRI DINESH MILLS LTD.

L. Dematerialization of Shares as on 31st March, 2009

46.84% of total equity shares are held in dematerialized form with NSDL and CDSL.

M. As the Company has not issued GDRS/ADRS/Warrants or any convertible instruments, the details relating to outstanding position etc, are not applicable to the Company.

N. Share Transfer System :

Shares lodged for transfer upto 31st March 2009 in physical form are processed and duly transferred share certificates are sent within 30 days of receipt of the valid documents. The shares are transferred at an interval of 15 days by M/s. MCS Ltd.

O. Financial Calendar for the year 2009-2010

| | |
|--|----------------------------|
| First quarterly results | By end of July, 2009. |
| Dividend payment, if any | By end of September, 2009. |
| Half Yearly results | By end of October, 2009. |
| Third quarterly results | By end of January, 2010. |
| Annual Results for the year ending 31/3/2010. | By end of June, 2010. |
| Annual General Meeting for the year ending 31st March, 2010. | By end of September, 2010. |

P. Address for Correspondence

Shareholders correspondence should be addressed to the R & T Agent at the following address:-
MCS Ltd.

Unit : Shri Dinesh Mills Ltd.

Nilam Apartment, 88, Sampatrao Colony, Alkapuri, Vadodara, Gujarat - 390 007

Phone Nos. : (0265) 2339397

Fax No. : (0265) 2341693

E-mail : mcsbaroda@iqara.net

Shareholders holding shares in electronic mode should address their correspondence to their Depository Participants (DP).

Q. COMPLIANCE OFFICER

Name : Shri J.B. Sojitra

Designation : Asst. Vice President & Company Secretary

Address : Shri Dinesh Mills Limited

Post Box No. 2501, Padra Road, Baroda - 390 020

Phone Nos. (0265) 2330060/61/62/63/64/65

Fax No. (0265) 2336195

Email : sojitra@dineshmills.com

ANNEXURE: D
AUDITOR'S CERTIFICATE
TO THE MEMBERS OF SHRI DINESH MILLS LIMITED

We have examined the compliance of the conditions of Corporate Governance by Shri Dinesh Mills Ltd. for the year ended 31st March 2009 as stipulated in Clause 49 of the Listing Agreement of the said Company, with the Bombay Stock Exchange Ltd.

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We 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 and on behalf of
DALAL & SHAH
Chartered Accountants

Ashish Dalal
Partner
Membership No. 033596

Mumbai
24th June, 2009



SHRI DINESH MILLS LTD.

REPORT OF THE AUDITOR TO THE MEMBERS

We have audited the attached Balance Sheet of Shri Dinesh Mills Limited as at 31st March, 2009 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.

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.

- 1) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- 2) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books ;
- 3) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- 4) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- 5) On the basis of written representations received from the Directors, as on 31st March, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 ;
- 6) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
 - (b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement of the Cash Flow for the year ended on that date.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and in terms of the information and explanations given to us and on the basis of such checks as we considered appropriate, we further state that:

- i.
 - (a) The Company has generally maintained proper records showing particulars including quantitative details and situation of fixed assets. Said records are in process of being updated.
 - (b) As explained to us, fixed assets, according to the practice of the Company, are physically verified by the management at reasonable intervals, in a phased verification-programme, which, in our opinion, is reasonable, looking to the size of the Company and the nature of its business. Reconciliation of assets, we are informed, is under progress. The discrepancy, if any, will be adjusted on completion of updating of fixed assets records.
 - (c) The Company has not disposed off any substantial part of its fixed assets so as to affect its going concern status.
- ii.
 - (a) As explained to us, inventories have been physically verified during the year by the management.
 - (b) The procedures explained to us, which are followed by the management for physical verification of inventories, are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business;

- (c) On the basis of our examination of the inventory records of the Company, we are of the opinion that, the Company is maintaining proper records of its inventory. Discrepancies, which were noticed on physical verification of inventory as compared to book records, have been properly dealt with in the books of account;
- iii. (a) The Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) According to the information and explanations given to us, the Company has taken unsecured loan from eight parties listed in the register maintained under Section 301 of the Companies Act 1956. The maximum amount involved during the year was Rs.31,895,000/- and the year end balance of loan taken from such parties was Rs.30,495,000/-. The Company has not taken any loan, secured or unsecured, from the companies and firms covered in the register maintained under Section 301 of the Companies Act.1956.
- (c) In our opinion, the rate of interest and other terms and conditions on which loan has been taken
- (d) The Company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.
- iv. In our opinion and according to the information and explanations given to us, there are generally adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for sale of goods and services. During the course of our previous assessment, no major weakness in internal control system, had come to our notice;
- v. On the basis of the audit procedures performed by us, and according to the information, explanations and representations given to us, there are no transactions or arrangements with the parties in which directors were interested and which were required to be entered in the register maintained under Section 301 of the Companies Act, 1956.;
- vi. In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India and the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, and its rules. Since the Company has not defaulted in repayments of deposits, compliance of Section 58AA or obtaining any order from the National Company Law Tribunal or Reserve Bank of India or any court or any Tribunal does not arise;
- vii. In our opinion the Company has an adequate internal audit system commensurate with the size of the Company and the nature of its business;
- viii. We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of the Company's products to which the said rules are made applicable, and are of the opinion that, prima-facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate;
- ix. (a) According to the records of the Company, it has been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Sales tax, Wealth tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues with the appropriate authorities. According to the explanation given to us there are no arrears of statutory dues which has remained outstanding at the last date of financial year, for a period of more than six month from the date they became payable.
- (b) In our opinion and according to the information and explanation given to us, the dues in respect of *Excise duty*, *Service tax*, that has not been deposited with the appropriate authorities on account of dispute and the forum where dispute is pending are given below:-



SHRI DINESH MILLS LTD.

| Name of the Statute | Nature of Disputé | Amount * Rs. | Period | Forum where dispute is pending |
|--|--|-----------------|-----------------------|---|
| Service tax under Finance Act ,1994 | Service tax on Technical Know-how, Penalty & Interest. | 1,071,720/- | 1997-98 to 2001-02 | Commissioner of Central Excise (Appeal), Baroda |
| | Demand of interest on reversal of input service tax credit | 117,843/- | 2005-06 | Commissioner (Appeals) Vadodara |
| The Central Excise Act, 1944 | Disallowed modvat credit taken on capital goods | 493,740/- | 1998-99 | Joint-Commissioner of Central Excise, Surat-II |
| | Excise duty on blended yarn | 273,346/- | 1998-99 | Dy. Commissioner of Central Excise and Custom, Ankleshwar |
| | | 767,086/- | | |

* Net of amount deposited

- x. The Company has neither accumulated losses at the end of the financial year nor it has incurred cash losses, both, in the financial year under report and the preceding financial year;
- xi. On the basis of the records examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions, banks, or debenture holders;
- xii. As explained to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or any other securities;
- xiii. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xiv. The Company is not dealing or trading in shares, securities, debentures and other investment;
- xv. According to the information and explanations given to us, and the representations made by the management, the Company has not given any guarantee for loans taken by others from any bank or financial institution;
- xvi. In our opinion, on the basis of information and explanation given to us, the term loans were applied for the purposes for which the loans were obtained.
- xvii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956;
- xix. On the basis of the records and documents examined by us, the Company has not issued any debentures during the year;
- xx. The Company has not raised any money by public issue, during the year;
- xxi. According to the information and explanations given to us, and to the best of our knowledge and belief, no fraud on or by the Company, has been noticed or reported by the Company during the year.

For and on behalf of
DALAL & SHAH
Chartered Accountants

(Ashish Dalal)
Partner
Membership No. 033596

Mumbai
24th June, 2009

BALANCE SHEET AS AT 31ST MARCH, 2009

| | Schedule | Rs. | As at 31st March, 2009 Rs. | As at 31st March, 2008 Rs. |
|--|-----------|--------------------|----------------------------------|----------------------------------|
| I. Sources of Funds : | | | | |
| (1) Shareholders' Funds: | | | | |
| (a) Share Capital | 1 | 52,775,000 | | 52,775,000 |
| (b) Reserves and Surplus | 2 | 748,860,779 | | 673,734,336 |
| | | | 801,635,779 | 726,509,336 |
| (2) Loan Funds: | | | | |
| (a) Secured Loans | 3 | 228,273,517 | | 183,410,111 |
| (b) Unsecured Loans | 4 | 50,189,746 | | 46,354,797 |
| | | | 278,463,263 | 229,764,908 |
| (3) Deferred Tax Liability (net) (See note 7) | | | 72,349,115 | 68,580,156 |
| | Total Rs. | | 1,152,448,157 | 1,024,854,400 |
| II. Application of Funds : | | | | |
| (1) Fixed Assets: | | | | |
| (a) Gross Block | | 1,391,673,117 | | 1,275,367,828 |
| (b) Less: Depreciation | | 906,133,450 | | 856,991,659 |
| (c) Net Block | 5 | 485,539,667 | | 418,376,169 |
| (d) Capital work in Progress, cost to date | | 20,556,652 | | - |
| (e) Capital advances | | 25,815,075 | | - |
| | | | 531,911,394 | 418,376,169 |
| (2) Investments | 6 | | 306,265,904 | 234,371,391 |
| (3) Current Assets, | | | | |
| Loans and Advances: | 7 | | | |
| (a) Inventories | | 298,775,351 | | 270,046,579 |
| (b) Sundry Debtors | | 83,526,818 | | 67,666,319 |
| (c) Cash and Bank Balances | | 119,627,616 | | 212,208,187 |
| (d) Other Current Assets | | 13,925,666 | | 12,112,371 |
| (e) Loans and Advances | | 45,124,065 | | 49,375,532 |
| | | 560,979,516 | | 611,408,988 |
| Less: Current Liabilities and Provisions : | 8 | | | |
| (a) Liabilities | | 212,599,632 | | 209,727,563 |
| (b) Provisions | | 34,109,025 | | 29,574,585 |
| | | 246,708,657 | | 239,302,148 |
| Net Current Assets | | | 314,270,859 | 372,106,840 |
| | Total Rs. | | 1,152,448,157 | 1,024,854,400 |
| Notes forming part of the Accounts | 16 | | | |

As per our attached report of even date.

For and on behalf of
Dalal & Shah
 Chartered Accountants
 (Ashish Dalal)
 Partner
 (Membership No.033596)
 Mumbai, 24th June, 2009

For and on behalf of Board of Directors

J. B. Sojitra
 Company Secretary & Director

B. B. Patel
 Vice President (Finance)

Upendra M. Patel
 Chairman & Managing Director

N. U. Patel
 Executive Director

Vadodara, 24th June, 2009



SHRI DINESH MILLS LTD.

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

| | Schedule | Rs. | Rs. | Previous Year Rs. |
|---|----------|--------------------|-----|----------------------|
| Income: | | | | |
| Sales (Including Excise Duty) | | 819,492,555 | | 790,860,369 |
| Less : Returns | | 703,955 | | 339,722 |
| | | <u>818,788,600</u> | | <u>790,520,647</u> |
| Less : Excise Duty | | 29,746,779 | | 32,501,630 |
| | | <u>789,041,821</u> | | <u>758,019,017</u> |
| Other Income | 9 | 32,515,320 | | 38,959,046 |
| | | <u>821,557,141</u> | | <u>796,978,063</u> |
| Expenditure: | | | | |
| Raw Materials consumed | 10 A | 203,676,807 | | 199,916,591 |
| Purchase Finished Goods | | 121,487 | | 261,087 |
| (Increase)/ Decrease in stocks | 10 B | (15,721,719) | | (23,917,800) |
| Manufacturing Expenses | 11 | 106,725,241 | | 125,416,229 |
| Employees' Emoluments | 12 | 174,802,059 | | 164,941,655 |
| Interest and Finance charges | 13 | 21,883,610 | | 18,715,807 |
| Selling and Other expenses | 14 | 156,362,561 | | 162,857,967 |
| Depreciation & amortisation | 15 | 51,814,970 | | 44,935,211 |
| | | <u>699,665,016</u> | | <u>693,126,747</u> |
| Profit before Taxation & Exceptional Items: | | 121,892,125 | | 103,851,316 |
| Exceptional Item : | | | | |
| Compensation for shortfall in Guaranteed Windmill Power Generation Units | | 12,412,098 | | - |
| Profit before Taxation | | <u>134,304,223</u> | | <u>103,851,316</u> |
| Tax Expenses | | | | |
| Current Tax | | 43,000,000 | | 40,318,308 |
| Deferred Tax (See note 7) | | 3,768,959 | | (8,596,088) |
| Fringe Benefit Tax | | 1,425,000 | | 1,400,000 |
| | | <u>48,193,959</u> | | <u>33,122,220</u> |
| Profit for the year | | <u>86,110,264</u> | | <u>70,729,096</u> |
| Tax adjustments relating to earlier years | | 1,282,253 | | (1,072,747) |
| Excess Depreciation written back | | 82,748 | | - |
| | | <u>1,365,001</u> | | <u>(1,072,747)</u> |
| | | <u>87,475,265</u> | | <u>69,656,349</u> |
| As per last Account | | <u>20,160,840</u> | | <u>22,853,313</u> |
| | | <u>107,636,105</u> | | <u>92,509,662</u> |
| General Reserve | | 70,000,000 | | 60,000,000 |
| Proposed Dividend | | 10,555,000 | | 10,555,000 |
| Corporate Dividend Tax on above | | 1,793,822 | | 1,793,822 |
| | | <u>12,348,822</u> | | <u>12,348,822</u> |
| Balance Carried to Balance Sheet | | <u>25,287,283</u> | | <u>20,160,840</u> |
| Notes forming part of the Accounts | 16 | | | |
| Basic /diluted Earning Per Share (See Note 8) | | 16.58 | | 13.20 |

As per our attached report of even date,

For and on behalf of Board of Directors

For and on behalf of

J. B. Sojitra

Upendra M. Patel

Dalal & Shah
Chartered Accountants
(Ashish Dalal)
Partner

Company Secretary & Director

Chairman & Managing Director

(Membership No.033596)
Mumbai, 24th June, 2009

B. B. Patel
Vice President (Finance)

N. U. Patel
Executive Director

Vadodara, 24th June, 2009

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2008-2009

| | 2008-2009 Rs. | 2007-2008 Rs. |
|--|----------------------|---------------------|
| A. Cash Flow From Operating Activities : | | |
| Profit before Tax and extraordinary Items | <u>121,892,125</u> | <u>103,851,316</u> |
| Adjustments For : | | |
| Adjustment on account of transitional liability | - | (3,878,519) |
| Compensation for shortfall in Guaranteed Windmill Power Generation Units | 12,412,098 | - |
| Depreciation | 51,806,010 | 44,926,251 |
| Amount written off against Leasehold land | 8,960 | 8,960 |
| Surplus/Loss on sale of Assets (net) | (128,910) | (269,572) |
| Assets Discarded / Demolished | 123 | - |
| Interest | 21,883,610 | 18,715,807 |
| Dividend Income | (4,191,347) | (7,341,426) |
| Interest received on Loans and deposits | (16,902,857) | (18,490,150) |
| (Profit)/Loss on sale/redemption of investments | - | (2,162,967) |
| | <u>64,887,687</u> | <u>31,508,384</u> |
| Operating Profit Before Working Capital Changes | <u>186,779,812</u> | <u>135,359,700</u> |
| Adjustment For : | | |
| Trade and Other Receivables | (4,969,193) | (8,163,847) |
| Inventories | (28,728,772) | (38,713,919) |
| Trade Payables | 5,168,353 | 9,758,723 |
| | <u>(28,529,612)</u> | <u>(37,119,043)</u> |
| Cash Generated from Operations | <u>158,250,200</u> | <u>98,240,657</u> |
| Direct Taxes Paid | (41,266,554) | (38,436,424) |
| Net Cash flow from Operating Activities before Extra Ordinary Items | <u>116,983,646</u> | <u>59,804,233</u> |
| Extra Ordinary Items | - | - |
| Net Cash flow from Operating Activities | <u>116,983,646</u> | <u>59,804,233</u> |
| B. Cash Flow from Investing Activities : | | |
| Purchase of Fixed Assets | (165,995,688) | (27,018,726) |
| Sale of Fixed Assets | 857,028 | 631,348 |
| Purchase of investments | (61,562,613) | (52,613,093) |
| Sales of Investments | 5,409,100 | 32,867,901 |
| Investment in Subsidiary | (15,741,000) | - |
| Dividend and Income from Units Received | 4,191,347 | 7,526,318 |
| Interest received on investments | 8,449,723 | 18,489,151 |
| | <u>(224,392,103)</u> | <u>(20,117,101)</u> |
| Net Cash Used in Investing Activities | <u>(224,392,103)</u> | <u>(20,117,101)</u> |
| Carried over | <u>(107,408,457)</u> | <u>39,687,132</u> |



SHRI DINESH MILLS LTD.

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2008-2009

| | 2008-2009 Rs. | 2007-2008 Rs. |
|--|------------------|------------------|
| Brought Over | (107,408,457) | 39,687,132 |
| C. Cash Flow From Financing activities : | | |
| Total Proceeds From Borrowings (Net of repayments) | 48,698,355 | (9,486,071) |
| Interest paid | (21,878,095) | (18,766,727) |
| Dividend Paid | (10,198,552) | (10,313,682) |
| Corporate Dividend Tax | (1,793,822) | (1,793,822) |
| Net Cash flow from / (used in) Financing Activities | 14,827,886 | (40,360,302) |
| Net Change in Cash and Cash Equivalents | (92,580,571) | (673,170) |
| Cash and Cash Equivalents As At 1.4.2008 (Opening Balance) | 212,208,187 | 212,881,357 |
| Cash and Cash Equivalents As At 31.3.2009 (Closing Balance) | 119,627,616 | 212,208,187 |

Note :

1. The Cash Flow statement has been prepared in accordance with the requirement of AS - 3 " Cash flow statement" issued by the Institute of Chartered Accountants of India.
2. Cash & cash equivalents includes balances with Schedule Bank on Dividend accounts Rs. 1,017,916 (Previous year Rs.1,152,088), on Interest on Fixed Deposits Rs.1,800,543 (Previous year Rs.1,704,510) in margin money Rs.64,200 (Previous year Rs.64,195) which are not available for use by the Company.
3. Previous year's figures have been regrouped wherever necessary to confirm to this year's classification.

As per our attached report of even date,

For and on behalf of
Dalal & Shah
Chartered Accountants
(Ashish Dalal)
Partner
(Membership No.033596)
Mumbai, 24th June, 2009

For and on behalf of Board of Directors

J. B. Sojitra
Company Secretary & Director

Upendra M. Patel
Chairman & Managing Director

B. B. Patel
Vice President (Finance)

N. U. Patel
Executive Director

Vadodara , 24th June, 2009

Schedule '1' to '16' annexed to and forming part of the Balance Sheet as at and Profit and Loss Account for the year ended 31st March, 2009.

| | As at 31st March, 2009 Rs. | As at 31st March, 2008 Rs. |
|--|---|---|
| Schedule - '1' - Share Capital | | |
| Authorised : | | |
| 9,500,000 (950,000) Equity Shares of Rs.10/- (Previous year Rs.100/-) each | 95,000,000 | 95,000,000 |
| 50,000 Unclassified Shares of Rs. 100/- each | 5,000,000 | 5,000,000 |
| | <u>100,000,000</u> | <u>100,000,000</u> |
| Issued & Subscribed : | | |
| 5,277,500 (527,750) Equity Shares of Rs. 10/- (Previous year Rs.100/-) each fully paid (See Notes below) | 52,775,000 | 52,775,000 |
| Total Rs. | <u>52,775,000</u> | <u>52,775,000</u> |
| Notes : | | |
| 1 30,780 (Previous year 3,078) Equity Shares allotted to Shareholders of Platewel Processes and Chemicals Ltd. as fully paid without payment being received in cash in terms of amalgamation scheme sanctioned by Gujarat High Court, as per order dated 20th March, 1981. | | |
| 2 4,775,420 (Previous year 4,77,542) Equity Shares are issued as Bonus Shares by way of capitalisation of Reserves and Share premium Account. | | |
| 3 During the year, the Company has split the paid up value of its equity shares of the face value of Rs.100 each into 10 equity shares of Rs.10 each. | | |
| Schedule - '2' - Reserves and Surplus : | | |
| Capital Reserve | 2,447,747 | 2,447,747 |
| General Reserve : | | |
| As per last Account | 651,125,749 | 593,685,960 |
| Less : Transitional liability pertaining to Gratuity | | 3,878,519 |
| As per AS-15 "Employees Benefits", adjusted | | 1,318,308 |
| Less : Tax Benefits on above | | <u>2,560,211</u> |
| Add : Set aside this year | <u>70,000,000</u> | <u>60,000,000</u> |
| | 721,125,749 | 651,125,749 |
| Surplus as per annexed Account | <u>25,287,283</u> | <u>20,160,840</u> |
| Total Rs. | <u>748,860,779</u> | <u>673,734,336</u> |
| Schedule - '3' - Secured Loans : | | |
| From Banks, against hypothecation of Raw Materials, Stores, Spare parts, Finished Goods and Work-in-Progress | | 787,076 |
| Term loan under TUF, Secured by way of hypothecation of machineries purchased there from | 228,057,682 | 182,555,824 |
| Interest accrued and due | 215,835 | 67,211 |
| | <u>228,273,517</u> | <u>182,623,035</u> |
| Total Rs. | <u>228,273,517</u> | <u>183,410,111</u> |
| Schedule - '4' - Unsecured Loans : | | |
| From Directors | 19,500,000 | 18,400,000 |
| Fixed Deposits : | | |
| From Shareholders | 19,365,000 | 17,420,000 |
| From Public | 10,538,000 | 10,041,719 |
| Interest accrued and due on above | 786,746 | 493,078 |
| | <u>30,689,746</u> | <u>27,954,797</u> |
| Total Rs. | <u>50,189,746</u> | <u>46,354,797</u> |

Schedule - '5' - Fixed Assets

| Fixed Asset | GROSS BLOCK(a) | | | DEPRECIATION | | | | | NET BLOCK | |
|---|---------------------------|------------------|------------------------------------|---------------------------|---------------------------|-----------------|------------------------|---------------------------|---------------------------|---------------------------|
| | As on 31.3.2008 Rs. | Additions Rs. | Deductions & Adjustments Rs. | As on 31.3.2009 Rs. | Up To 31.3.2008 Rs. | Recouped Rs. | For the Year Rs. | Up To 31.3.2009 Rs. | As on 31.3.2009 Rs. | As on 31.3.2008 Rs. |
| Land, Freehold | 32,125,344 | - | - | 32,125,344 | - | - | - | - | 32,125,344 | 32,125,344 |
| Land, Leasehold | 645,159 | - | 8,960 | 636,199 | - | - | - | - | 636,199 | 645,159 |
| Buildings (b) | 44,928,641 | 3,102,905 | - | 48,031,546 | 29,047,073 | - | 1,287,702 | 30,334,775 | 17,696,771 | 15,881,568 |
| Drainage Installation | 13,749 | - | - | 13,749 | 12,783 | - | 48 | 12,831 | 918 | 966 |
| Tubewell & Water Works | 740,649 | - | - | 740,649 | 518,281 | - | 11,006 | 529,287 | 211,362 | 222,368 |
| Plant & Machinery | 1,145,927,959 | 112,114,225 | 1,207,719 (c) | 1,256,834,465 | 790,343,918 | 980,963 | 47,471,127 | 836,834,082 | 420,000,383 | 355,584,041 |
| Electrical Installations | 9,499,011 | - | - | 9,499,011 | 7,778,842 | - | 75,700 | 7,854,542 | 1,644,469 | 1,720,169 |
| Furniture & Fixures | 21,403,508 | 1,020,437 | 156,850 | 22,267,095 | 17,392,193 | 119,727 | 665,806 | 17,938,272 | 4,328,823 | 4,011,315 |
| Vehicles | 20,083,808 | 3,386,394 | 1,945,143 | 21,525,059 | 11,898,569 | 1,563,529 | 2,294,621 | 12,629,661 | 8,895,398 | 8,185,239 |
| Total Rs. | 1,275,367,828 | 119,623,961 | 3,318,672 | 1,391,673,117 | 856,991,659 | 2,664,219 | 51,806,010 | 906,133,450 | 485,539,667 | 418,376,169 |
| Previous Year's Total Rs. | 1,252,269,588 | 27,018,726 | 3,920,486 | 1,275,367,828 | 815,615,158 | 3,549,750 | 44,926,251 | 856,991,659 | 418,376,169 | |
| <p>(a) at cost except (1) leasehold land which is at cost less amounts written off and (2) Furniture and Fixtures which is at Book Value.</p> <p>(b) Includes Rs.750/- being the cost of shares in Co-operative Society (Previous year Rs. 750/-)</p> <p>(c) Net of Capital Subsidy of Rs.281,200/- (Previous year Rs.NIL)</p> | | | | | | | | | | |



| | Rs. | As at 31st March, 2009 Rs. | As at 31st March, 2008 Rs. | |
|--|-------------------------|----------------------------------|----------------------------------|--------------------|
| Schedule - '6' - Investments, at Cost (unless other wise stated): | | | | |
| In Governments and Trust Securities | | | | |
| Quoted : | | | | |
| -(54,091) 6.75% Tax Free US 64 Bonds of Rs.100/- each of Unit Trust of India | - | | 5,409,100 | |
| 6,78,000 6.60% Tax free ARS Bond of Rs.100 each of Unit Trust of India | <u>72,030,775</u> | <u>72,030,775</u> | <u>72,030,775</u> | |
| | | <u>72,030,775</u> | <u>77,439,875</u> | |
| 50,000 (-) 11.50% GOI Securities - 2015 (See note below) | | <u>5,590,000</u> | - | |
| | | <u>77,620,775</u> | <u>77,439,875</u> | |
| Long Term Investments: | | | | |
| In fully paid Shares : | | | | |
| Quoted : Others: | | | | |
| 120,020 Equity Shares of Rs 10/- each in Kamron Laboratories Ltd. | <u>1,200,200</u> | | 1,200,200 | |
| Less: Provision for Diminution in value | <u>1,200,199</u> | | <u>1,200,199</u> | |
| | <u>1</u> | | <u>1</u> | |
| Unquoted: | | | | |
| Trade : | | | | |
| 50 Equity Shares of Rs.100/- each in Gujarat Sheep & Wool Development Corporation Ltd. | <u>5,000</u> | | 5,000 | |
| Others : | | | | |
| 400 Shares of Rs.25/- each in Co-operative Bank of Baroda Ltd. | <u>10,000</u> | | 10,000 | |
| 144,946 Equity Shares of Rs.10/- each in Bharuch Eco Aqua Infrastructure Ltd. | <u>1,449,460</u> | | 1,449,460 | |
| 9,444,095 (7,869,995) fully paid Equity shares of Rs. 10/- each in Dinesh Remedies Ltd.-Subsidiary | <u>94,440,950</u> | | 78,699,950 | |
| | | <u>95,905,411</u> | <u>80,164,411</u> | |
| Quoted : | | | | |
| In units of mutual Funds (units of Rs. 10/- each) : | | | | |
| 10,24,762.718 (922,769.778) Units of HDFC Prudence | <u>30,786,086</u> | | 29,267,105 | |
| 7,66,251.243 Units of SBI Balance Fund | <u>22,500,000</u> | | 22,500,000 | |
| 4,36,220.847 Units of FT India Balance Fund | <u>12,500,000</u> | | 12,500,000 | |
| 2,32,001.127 Units of Tata Balance Fund | <u>12,500,000</u> | | 12,500,000 | |
| 44,31,404.287 (-) Units of HDFC.Cash Management Fund* | <u>44,453,632</u> | | - | |
| 8,64,095.120 (-) Units of HDFC High Interest Fund | <u>10,000,000</u> | | - | |
| | | <u>132,739,718</u> | <u>76,767,105</u> | |
| | | <u>306,265,904</u> | <u>234,371,391</u> | |
| Total Rs. | | | | |
| | | <u>306,265,904</u> | <u>234,371,391</u> | |
| | Book Value | | Market Value | |
| | as on 31st March | | as on 31st March | |
| | 2009 | 2008 | 2009 | 2008 |
| | Rs. | Rs. | Rs. | Rs. |
| Quoted | <u>210,360,493</u> | <u>154,206,981</u> | <u>172,042,727</u> | <u>137,821,813</u> |
| Unquoted | <u>95,905,411</u> | <u>80,164,410</u> | | |
| Total | <u>306,265,904</u> | <u>234,371,391</u> | | |

Note : As at 31.03.2009, 15000 Bonds are in process of being transferred in the name of the company.(Since transferred).



SHRI DINESH MILLS LTD.

| | Rs. | As at 31st March, 2009 Rs. | As at 31st March, 2008 Rs. |
|--|------------|----------------------------------|----------------------------------|
| Schedule - '7' - Current Assets, Loans and Advances : | | | |
| | Rs. | | |
| (a) Inventories : | | | |
| Stores, Spares, Coal, etc., at Cost or net realisable value, whichever is lower | | 36,350,825 | 38,448,680 |
| Stock-in-Trade, at cost or net realisable value whichever is lower : | | | |
| Raw Materials | 68,185,729 | | 51,223,098 |
| Work-in-Process | 94,052,120 | | 96,790,408 |
| Finished Goods | 95,104,847 | | 77,198,073 |
| | | 257,342,696 | 225,211,579 |
| Materials in Transit, at cost to date | | 5,081,830 | 6,386,320 |
| As per Inventories taken, valued and Certified by a Managing Director | | 298,775,351 | 270,046,579 |
| (b) Sundry Debtors, Unsecured, Good: | | | |
| (i) Over Six Months | 5,570,896 | | 3,151,544 |
| (ii) Other | 77,955,922 | | 64,514,775 |
| | | 83,526,818 | 67,666,319 |
| (c) Cash and Bank Balances : | | | |
| Cash on hand | 220,212 | | 399,839 |
| Bank Balances: | | | |
| with Scheduled Banks: | | | |
| In Current Account | 30,715,773 | | 35,779,218 |
| In Fixed Deposit | 925,000 | | 820,000 |
| In Margin Deposit | 64,200 | | 64,195 |
| In Short Term Deposits | 70,600,000 | | 136,300,000 |
| In Liquid Deposits | 13,920,000 | | 33,809,612 |
| Interest Accrued on Short Term Deposits | 3,182,431 | | 5,035,323 |
| | | 119,407,404 | 211,808,348 |
| | | 119,627,616 | 212,208,187 |
| (d) Other Current Assets : | | | |
| Interest & Dividend Receivable on Investments | 13,925,666 | | 12,055,430 |
| Other Receivables | | | 56,941 |
| | | 13,925,666 | 12,112,371 |
| (e) Loans and Advances, Unsecured, Good, unless otherwise stated: | | | |
| Due from the Subsidiary | 14,779 | | 20,863 |
| Advances recoverable in cash or in kind or for value to be received | 43,052,561 | | 48,081,506 |
| Balances with Custom and excise etc. | 2,056,725 | | 1,273,163 |
| | | 45,124,065 | 49,375,532 |
| Total Rs. | | 560,979,516 | 611,408,988 |

| | Rs. | As at 31st March, 2009 Rs. | As at 31st March, 2008 Rs. |
|--|--------------------|----------------------------------|----------------------------------|
| Schedule - '8' - Current Liabilities and Provisions : | | | |
| (a) Liabilities : | | | |
| Sundry Creditors | | | |
| (i) Due to Micro Small Medium Enterprises (See Note 12) | | | |
| (ii) Others | <u>207,509,349</u> | | 206,640,843 |
| Directors' Remuneration Payable | | <u>207,509,349</u> | 206,640,843 |
| | | <u>3,007,940</u> | 974,340 |
| <i>Investors Education and Protection Fund shall be Credited by the following (See Note below)</i> | | | |
| Unclaimed Dividends | 1,508,899 | | 1,152,451 |
| Unpaid Matured Fixed Deposits | <u>436,000</u> | | 828,000 |
| | | <u>1,944,899</u> | 1,980,451 |
| Interest accrued but not due on loans | | <u>137,444</u> | 131,929 |
| | | <u>212,599,632</u> | 209,727,563 |
| (b) Provisions : | | | |
| Provision for Leave Encashment | 12,024,540 | | 9,366,293 |
| Provision for taxation, net of advance tax paid | 9,735,663 | | 7,859,470 |
| Provision for Dividend Tax | 1,793,822 | | 1,793,822 |
| Proposed Dividend | <u>10,555,000</u> | | 10,555,000 |
| | | <u>34,109,025</u> | 29,574,585 |
| Total Rs. | | <u>246,708,657</u> | <u>239,302,148</u> |

Note: There is no amount due and outstanding to be credited to Investor Education and Protection fund as at 31st March, 2009.

Schedule - '9' Other Income :

| | | | |
|--|-------------------|-------------------|-------------------|
| Dividend | | 4,191,347 | 7,341,426 |
| Interest (Gross, Tax deducted at source Rs.2,309,741/-(Previous Year Rs. 2,994,111/-) On Government Securities | | | |
| On Bonds | 4,535,320 | | 4,840,914 |
| Other | <u>15,500,734</u> | | 15,675,208 |
| | | <u>20,036,054</u> | 20,516,122 |
| Export Incentives | | 1,699,896 | 2,272,587 |
| Exchange Rate Difference, (net) | | 1,820,251 | 189,127 |
| Miscellaneous Receipts | | 2,471,026 | 4,170,816 |
| Profit on Sale of Investments | | - | 2,162,967 |
| Surplus on sale of Assets | | 178,412 | 327,770 |
| Provisions no longer required | | 1,935,932 | 1,518,629 |
| Sundry Credit Balances appropriated | | <u>182,402</u> | 459,602 |
| Total Rs. | | <u>32,515,320</u> | <u>38,959,046</u> |



SHRI DINESH MILLS LTD.

| | Rs. | Rs. | Previous Year Rs. |
|--|-------------------|---------------------|----------------------|
| Schedule - '10' A - Raw Materials Consumed : | | | |
| Stocks at Commencement | 51,223,098 | | 39,233,169 |
| Less: Transferred to Work-in-process stock on reclassification of Inventories | <u>1,144,441</u> | | - |
| | | 50,078,657 | 39,233,169 |
| Purchases | | <u>222,607,916</u> | <u>212,657,871</u> |
| | | 272,686,573 | 251,891,040 |
| Less : Waste Sales | | <u>824,037</u> | <u>751,351</u> |
| | | 271,862,536 | 251,139,689 |
| Less : Stocks at Close | | <u>68,185,729</u> | <u>51,223,098</u> |
| Total Rs. | | <u>203,676,807</u> | <u>199,916,591</u> |
| Schedule - '10' B - (Increase) / Decrease in Stocks : | | | |
| Stocks at Close: | | | |
| Work-in-Process | 94,052,120 | | 96,790,408 |
| Finished Goods | <u>95,104,847</u> | | <u>77,198,073</u> |
| | | 189,156,967 | 173,988,481 |
| Less: Stocks at Commencement : | | | |
| Work-in-Process | 96,790,408 | | 80,334,833 |
| Add: Transferred from Raw material stock on reclassification of Inventories | <u>1,144,441</u> | | - |
| | | 97,934,849 | 80,334,833 |
| Finished Goods | <u>77,198,073</u> | | <u>70,052,499</u> |
| | | 175,132,922 | 150,387,332 |
| | | <u>(14,024,045)</u> | <u>(23,601,149)</u> |
| Excise duty variations on opening/closing stocks | | <u>(1,697,674)</u> | <u>(316,651)</u> |
| Total Rs. | | <u>(15,721,719)</u> | <u>(23,917,800)</u> |
| Schedule - '11' - Manufacturing Expenses : | | | |
| Stores and Spares Consumed | | 32,871,037 | 31,762,630 |
| Processing Charges | | 2,197,043 | 1,386,971 |
| Power, Fuel and Water | | 38,420,459 | 38,586,823 |
| Machinery Repairs | | 25,912,825 | 46,200,914 |
| Building Repairs | | 6,655,855 | 6,618,409 |
| Other Repairs | | 668,022 | 860,482 |
| Total Rs. | | <u>106,725,241</u> | <u>125,416,229</u> |
| Schedule - '12' - Employees' Emoluments: | | | |
| Salaries, Wages, Bonus, etc. | | 142,790,555 | 132,643,065 |
| Contribution to Provident and Other Funds | | 18,265,340 | 18,739,805 |
| Employees' State Insurance Scheme | | 2,874,412 | 2,847,351 |
| Welfare Expenses | | 10,871,752 | 10,711,434 |
| Total Rs. | | <u>174,802,059</u> | <u>164,941,655</u> |

| | Rs. | Previous Year Rs. |
|---|--------------------------|--------------------------|
| Schedule - '13' - Interest and Finance Charges : | | |
| Interest : | | |
| *On Fixed Loans | 14,630,823 | 10,381,915 |
| Others | <u>7,252,787</u> | <u>8,333,892</u> |
| | 21,883,610 | 18,715,807 |
| Total Rs. | <u>21,883,610</u> | <u>18,715,807</u> |

* Includes Rs.1,824,465/- (Previous year Rs 1,693,401/-) being the interest paid to Managing Directors and Executive Director.

* Net of Subsidy under TUFS Rs.10,767,607/- (Previous year Rs.10,828,751/-)

Schedule - '14' - Selling and Other Expenses :

| | | |
|--|---------------------------|---------------------------|
| Rent | 228,060 | 199,000 |
| Rates and Taxes | 2,813,494 | 2,708,221 |
| Insurance | 2,107,735 | 2,243,572 |
| Freight, Coolie & Cartage | 787,163 | 1,540,522 |
| Commission & Discount | 57,781,653 | 55,431,378 |
| Travelling & Conveyance | 10,512,606 | 10,100,356 |
| Miscellaneous Expenses | 18,278,060 | 16,030,788 |
| Advertisement & Publicity | 44,206,076 | 58,687,037 |
| Excise Duty Expense | 33,414 | 73,846 |
| Legal and Professional Charges | 9,673,437 | 7,189,206 |
| Auditors' Remuneration | 482,037 | 468,977 |
| Directors' Fees and Travelling Expenses | 112,500 | 100,000 |
| Donations | 2,000,000 | 2,000,000 |
| Technical Fees | 7,261,045 | 5,955,335 |
| Loss on assets sold, discarded or demolished | 49,625 | 58,198 |
| Sundry Debit Balances Written off | 35,656 | 71,531 |
| Total Rs. | <u>156,362,561</u> | <u>162,857,967</u> |

Schedule - '15' -Depreciation etc. :

| | | |
|---|--------------------------|--------------------------|
| Amount written off against Leasehold Land | 8,960 | 8,960 |
| Depreciation | 51,806,010 | 44,926,251 |
| Total Rs. | <u>51,814,970</u> | <u>44,935,211</u> |



SHRI DINESH MILLS LTD.

| | 2008-2009 | | 2007-2008 | | |
|---|--|--------------------|----------------|--------------------|---------------|
| | Rs. | | Rs. | | |
| Schedule - '16' - Notes forming part of the Accounts | | | | | |
| 1 | Contingent Liabilities not provided for in respect of : | | | | |
| (a) | Bills discounted, since realised | | - | 405,592 | |
| (b) | Workers' demands - matter under appeal | | 3,027,352 | 3,118,664 | |
| (c) | Claims against the Company not acknowledged as debts. | | 302,396 | 302,396 | |
| (d) | Service tax matter under appeal. | | 1,189,563 | 312,365 | |
| (e) | Excise matter under appeal. | | 767,086 | 859,100 | |
| (f) | Guarantees given by Company's Bankers. | | 1,241,203 | 1,407,910 | |
| Note : | | | | | |
| Future cash outflows in respect of above are determinable on receipt of judgements/decisions pending with various forums / authorities. | | | | | |
| 2 | Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances): | | 149,313,224 | 67,369,590 | |
| 3 | Payments to Auditors : | | | | |
| (a) | Statutory Auditors : | | | | |
| (i) | As Auditor | | 303,325 | 308,990 | |
| (ii) | In other Capacity- Certificates. | | 126,453 | 112,926 | |
| (iii) | For Expenses | | 21,927 | 18,971 | |
| | | | <u>451,705</u> | <u>440,887</u> | |
| (b) | Cost Auditors : | | | | |
| (i) | As Auditors | | 30,332 | 28,090 | |
| | | | <u>482,037</u> | <u>468,977</u> | |
| 4 | C.I.F. Value of Imports, Expenditure and Earnings in Foreign Currency: | | | | |
| (a) | C.I.F. Value of Imports: | | | | |
| | Raw Materials | | 142,723,590 | 118,870,583 | |
| | Capital Goods | | 96,156,839 | 2,763,140 | |
| (b) | Expenditure in Foreign Currencies : | | | | |
| | Technical Fees, net of tax | | 6,512,272 | 5,320,905 | |
| | Commission | | 1,637,485 | 2,126,156 | |
| | Travelling Expenses | | 3,882,297 | 3,211,840 | |
| | Other matters | | 567,476 | 1,070,091 | |
| (c) | Earnings in Foreign Currencies : | | | | |
| | F.O.B. Value of Exports | | 33,482,906 | 42,985,138 | |
| | Others | | 309,211 | 223,029 | |
| 5 | Details of Raw Materials Consumption : | | | | |
| | 2008-09 | | 2007-08 | | |
| (a) | Raw Materials Consumed : | | | | |
| | Kgs. | Rs. | Kgs. | Rs. | |
| | Wool | 131172 | 46,142,596 | 185109 | 60,247,394 |
| | Synthetic Fibre | 520779 | 72,189,369 | 544632 | 65,995,505 |
| | Yarn | 304358 | 82,916,313 | 283867 | 69,772,091 |
| | Others | | 2,428,529 | | 3,901,601 |
| | Total Rs. | <u>203,676,807</u> | | <u>199,916,591</u> | |
| (b) | Goods - traded - in : | | | | |
| | Ready made garments | 563 Nos | 121,487 | 1147 Nos | 261,087 |
| (c) | Imported and Indigenous Raw Materials Consumed: | | | | |
| | | Rs. | Percentage | Rs. | Percentage |
| | Imported | 131,377,987 | 64.50 | 127,746,648 | 63.90 |
| | Indigenous | 72,298,820 | 35.50 | 72,169,943 | 36.10 |
| | Total | <u>203,676,807</u> | <u>100.00</u> | <u>199,916,591</u> | <u>100.00</u> |

Schedule - '16' - Notes forming part of the Accounts : (contd.) :

6. Licensed & Installed Capacity, Production, Stocks & Turnover:

(A) LICENSED & INSTALLED CAPACITY AND PRODUCTION.

| Class of goods | | Licensed Capacity | | Installed Capacity-as certified by a Managing Director & accepted by the Auditors being a technical matter | | | | Production meant for (Including Job Work) | |
|-----------------|-----|-------------------|-----------------|--|-----------------|-----------------|-------------|---|--|
| | | 2008 - 2009 | | 2007-2008 | | 2008 - 2009 | | 2008 - 2009 | |
| | | 2008 - 2009 | 2007-2008 | 2008 - 2009 | 2007-2008 | 2008 - 2009 | 2008 - 2009 | 2008 | |
| Woollen Fabrics | (a) | 80 Power Looms | 80 Power Looms | 80 Power Looms | 80 Power Looms | 33,346 Mtrs. | 9 Mtrs. | | |
| Worsted Fabrics | (a) | 20 Looms | 20 Looms | 30 Looms | 30 Looms | 1,523,071 Mtrs. | 1,57 Mtrs. | | |
| Woollen Yarn | (a) | 3,100 Spindles | 3,100 Spindles | 3,100 Spindles | 3,100 Spindles | (C) |) | | |
| Felt | (a) | 250 M.T | 250 M.T | 250 M.T | 250 M.T | 253 M.T | 4 M.T. | | |
| Wool Tops | (b) | 10,00,000 Lbs. | 10,00,000 Lbs. | 10,00,000 Lbs. | 10,00,000 Lbs. | (C) |) | | |
| Worsted Yarn | (b) | 10,908 Spindles | 10,908 Spindles | 13,476 Spindles | 13,476 Spindles | (C) |) | | |

Notes :-

- (a) Licensed and Installed Capacity on three shift per annum basis.
- (b) Licensed and Installed Capacity on Maximum Utilisation basis.
- (c) Captive consumption only.

(B) STOCKS AND TURNOVER :

| Class of goods | Unit | Stocks at Commencement | | | | Stocks at Close | | | | Turnover | | | |
|---------------------|-------|------------------------|------------|-----------|------------|-----------------|------------|-----------|------------|-------------|-------------|-------------------|-----|
| | | 2008 - 2009 | | 2007-2008 | | 2008 - 2009 | | 2007-2008 | | 2008 - 2009 | | 2008 | |
| | | Qty. | Rs. | Qty. | Rs. | Qty. | Rs. | Qty. | Rs. | Qty. | Rs. | Qt | Rs. |
| Woollen Fabrics | Mtrs. | 6,599 | 295,560 | 2,486 | 232,934 | 23,158 | 766,225 | 6,599 | 295,560 | 16,216 | 2,322,753 | 31,142,869,506 | |
| Worsted Fabrics | Mtrs. | 404,755 | 49,592,089 | 382,389 | 44,347,109 | 515,703 | 64,634,907 | 404,755 | 49,592,089 | 1,392,744 | 363,778,599 | 1,499,037,103,579 | |
| Felt | M. T. | 40 | 27,197,087 | 41 | 25,415,831 | 49 | 29,670,009 | 40 | 27,197,087 | 226 | 452,414,699 | 20,245,749 | |
| Ready Made Garments | Nos. | 478 | 113,337 | 195 | 56,625 | 148 | 33,706 | 478 | 113,337 | 893 | 272,549 | 8 301,813 | |
| Total : | | | 77,198,073 | | 70,052,499 | | 95,104,847 | | 77,198,073 | | 818,788,600 | 0,520,647 | |



SHRI DINESH MILLS LTD.

Schedule - '16' - Notes forming part of the Accounts : (contd.) :

| | As on 31.03.2008 Rs. | Charge/(Credit) During the year Rs. | As on 31.03.2009 Rs. |
|--|----------------------------|---|----------------------------|
| 7 Deferred Taxation : | | | |
| Deferred Tax Liability on account of : | | | |
| (i) Depreciation | 74,180,274 | 4,737,799 | 78,918,073 |
| | <u>74,180,274</u> | <u>4,737,799</u> | <u>78,918,073</u> |
| Deferred Tax Asset on account of : | | | |
| (i) Expenses allowable for tax purpose when paid | 2,168,368 | (564,664) | 1,603,704 |
| (ii) Unencashed Leave | 3,007,116 | 1,471,073 | 4,478,189 |
| (iii) Gratuity | 382,494 | 76,477 | 458,971 |
| (iv) Amalgamation Expenses | 42,140 | (14,046) | 28,094 |
| | <u>5,600,118</u> | <u>968,840</u> | <u>6,568,958</u> |
| Net Deferred Tax Liability/Assets | <u>68,580,156</u> | <u>3,768,959</u> | <u>72,349,115</u> |
| 8 Earning Per Share : | | 31.03.2009 | 31.03.2008 |
| Basic / Weighted average number of Equity Shares out standing during the year. | Nos. | 5,277,500 | 5,277,500 |
| Nominal value of Equity Share | Rs. | 10 | 10 |
| Profit for the year attributable to equity share holders | Rs. | 87,475,265 | 69,656,349 |
| Basic / diluted earning per share | Rs. | 16.58 | 13.20 |
| Note: | | | |
| During the year, the Company has split the paid up value of its equity shares of the face value of Rs.100 each into 10 equity shares of Rs.10 each. Accordingly, EPS for the pervious year has been restated as per the AS-20 "Earning per share". | | | |
| 9 (A) Calculation of Executive Director's and Managing Directors' Commission : | | | |
| Profit as per Profit and Loss Account. | | | 86,110,264 |
| Add : Managing Directors' Remuneration (including perquisites) | | 9,776,089 | |
| Executive Director's Remuneration (including perquisites) | | 4,927,273 | |
| Depreciation | | 51,814,970 | |
| Provision for Taxation | | <u>48,193,959</u> | |
| | | | 114,712,291 |
| | | | 200,822,555 |
| Less : Depreciation u/s 350 | | | 51,814,970 |
| Profit on which commission is payable | | | <u>149,007,585</u> |
| Total Remuneration payable @10% on Rs.149,007,585/- | | | 14,900,759 |
| Less : Remuneration already drawn before Commission | | | 12,903,362 |
| Balance available for payment of Commission | | | <u>1,997,397</u> |
| Commission to Managing Directors | | | |
| (a) Shri U M Patel | | | |
| Commission @ 2% on Rs.149,007,585/- | | 2,980,152 | |
| (b) Shri B U Patel | | | |
| Commission @ 2% on Rs.149,007,585/- | | <u>2,980,152</u> | |
| | | | 5,960,304 |
| Maximum payable as determined by the Board of Directors | | | |
| (a) Shri U M Patel | | 600,000 | |
| (b) Shri B U Patel | | <u>600,000</u> | |
| | | | 1,200,000 |
| Commission to the Executive Director | | | |
| Shri N U Patel | | | |
| Commission @ 2% on Rs.149,007,585/- | | | 2,980,152 |
| Maximum payable as determined by the Board of Directors | | | <u>600,000</u> |

Schedule - '16' - Notes forming part of the Accounts : (contd.) :
(B) Profit and Loss Account includes Payments and Provision on account of Managerial Personnel as under :

| | Managing Directors | | Executive Director | Total | Total |
|----------------------|--------------------|------------------|--------------------|-------------------|-------------------|
| | Shri U M Patel | Shri B U Patel | Shri N U Patel | 2008-2009 | 2007-2008 |
| | Rs. | Rs. | Rs. | Rs. | Rs. |
| Salary | 1,800,000 | 1,800,000 | 1,800,000 | 5,400,000 | 5,400,000 |
| Leave encashment | 173,077 | 173,077 | 173,077 | 519,231 | 519,231 |
| Education Allowance | | 180,000 | 180,000 | 360,000 | 360,000 |
| Furnishing Allowance | 180,000 | 180,000 | 180,000 | 540,000 | 540,000 |
| House Rent Allowance | 1,080,000 | 1,080,000 | 1,080,000 | 3,240,000 | 3,240,000 |
| Commission | 600,000 | 600,000 | 600,000 | 1,800,000 | - |
| Gratuity | 75,000 | 75,000 | 75,000 | 225,000 | 225,000 |
| Contribution to : | | | | | |
| Provident Fund | 216,000 | 216,000 | 216,000 | 648,000 | 648,000 |
| Superannuation Fund | 225,000 | 225,000 | 225,000 | 675,000 | 675,000 |
| Perquisites | 538,580 | 359,355 | 398,196 | 1,296,131 | 1,259,078 |
| Total Rs. | 4,887,657 | 4,888,432 | 4,927,273 | 14,703,362 | 12,866,309 |

(C) Profit and Loss Account, also includes payments and provisions on account of Director in capacity of Company's Secretary as under :

| | Rs. | 2008-2009 Rs. | 2007-2008 Rs. |
|---------------------|--------|------------------|------------------|
| Salary & Allowances | | 745,437 | 728,722 |
| Contribution to : | | | |
| Provident Fund | 67,963 | | 67,838 |
| Superannuation Fund | 67,294 | | 59,218 |
| | | 135,257 | 127,056 |
| Perquisites | | 150,000 | 100,000 |
| Total Rs. | | 1,030,694 | 955,778 |

10 Employee Benefits
**(A) Defined Benefit Plans:
Expenses recognised :**
(included in schedule 12 of Profit and Loss Account)

| Sr. No | Particular | Gratuity Funded | |
|---|---|--------------------|--------------------|
| | | 2008-09 | 2007-08 |
| 1 | Current Service Cost | 3,142,681 | 2,684,900 |
| 2 | Interest Cost | 4,399,648 | 4,226,496 |
| 3 | Expected Return on Plan Assets | (4,203,926) | (4,169,569) |
| 4 | Actuarial Losses (Gains) | (408,306) | 1,327,331 |
| | Expenses Recognised in Profit & Loss A/c | 2,930,098 | 4,069,158 |
| Net Asset/ (Liability) recognised in the Balance Sheet | | | |
| 1 | Present value of Defined Benefit Obligation | 56,408,798 | 47,190,317 |
| 2 | Fair Value of Plan Assets | 53,478,700 | 47,190,317 |
| 3 | Funded Status (Surplus/ (Deficits)) | 2,930,098 | 7,947,677 |
| | Net Assets/ (Liability) | (2,930,098) | (7,947,677) |



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Schedule - '16' - Notes forming part of the Accounts:(contd.) :

Reconciliation of Net Assets/ (Liability) recognised in the Balance Sheet

| Sr. No | Particular | Rs. | |
|--------|---|----------------------------|------------------|
| | | Gratuity Funded 2008-09 | 2007-08 |
| 1 | Net Assets/ (Liability) at Beginning of year | (7,947,677) | (8,033,182) |
| 2 | Employer Expenses | (2,930,098) | (4,069,158) |
| 3 | Employer Contribution | 7,947,677 | 4,154,663 |
| | Net Assets/ (Liability) at the end of the year | (2,930,098) | (7,947,677) |
| | Actual Return on Plan Assets | 3,518,552 | 2,869,955 |
| | Acturial Assumptions | | |
| 1 | Discount Rates | 7.90% | 7.90% |
| 2 | Expected Rate of Return on Plan Asset | 8.00% | 9.00% |
| 3 | Expected Rate of Salary Increase | 5.00% | 5.00% |
| 4 | Mortality Post- Retirement | LIC(1994-96) | LIC(1994-96) |

Major Category of Plan Asset as a percentage of total plan

| | | | |
|---|--------------------------------|--------|--------|
| 1 | Government of India Securities | 49.00% | 49.00% |
| 2 | High quality corporate bonds | 51.00% | 51.00% |

(B) Defined Contribution Plan:

Amount of Rs.18,209,654/- (Previous Year Rs. 17,517,998/-) is recognised as expense and included in the Schedule 12 " Contribution to Provident & Other Funds" in the Profit & Loss Account.

- (C) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and deemed in the employment market. Mortality rates are obtained from the relevant data.
- (D) Amount recognised as an expense in respect of Compensated Leave Absences is Rs. 7,696,452/- (Previous year Rs.4,096,490/-)

11. Related Party Information :

A. Name of related party and nature of relationship

| Sr. | Name of the related party | Description of relationship |
|-----|---|--------------------------------|
| 1. | Dinesh Remedies Ltd. | Subsidiary |
| 2. | Key Management Personnel : | |
| | Mr. U. M. Patel | Chairman and Managing Director |
| | Mr. B. U. Patel | Managing Director |
| | Mr. N. U. Patel | Executive Director |
| 3. | Relatives of Key Management Personnel : | |
| | Mrs. R. B. Patel | Wife of Mr. B. U. Patel |
| | Mrs. A. N. Patel | Wife of Mr. N. U. Patel |
| | Mrs. J. B. Patel | Daughter of Mr. B. U. Patel |
| | Mr. A. B. Patel | Son of Mr. B. U. Patel |
| | Mstr. N. N. Patel | Son of Mr. N. U. Patel |
| | Mrs. M. U. Patel | Wife of Mr. U. M. Patel |

Schedule - '16' - Notes forming part of the Accounts : (contd.) :
B. Transactions with related parties

| Sr. | Name of the related party | Relationship | Nature of Transaction | Amount | | Outstanding Balance | |
|-----|---|----------------------------|------------------------|----------------|----------------|---------------------|----------------|
| | | | | 2008-09 Rs. | 2007-08 Rs. | 2008-09 Rs. | 2007-08 Rs. |
| 1 | Dinesh | Subsidiary | Equity | 15,741,000 | - | - | - |
| 2 | Chairman and Managing Director Shri U.M.Patel | Key Management Personnel : | Remuneration | 4,887,657 | 4,289,302 | 964,524 | 345,000 |
| | | | Fixed Deposit Received | 4,100,000 | 200,000 | 4,300,000 | 6,100,000 |
| | | | Interest Paid | 493,880 | 661,889 | - | - |
| 3 | Managing Director Shri B.U.Patel | | Remuneration | 4,888,432 | 4,288,543 | 911,300 | 311,420 |
| | | | Fixed Deposit Received | 9,200,000 | 8,800,000 | 15,000,000 | 12,100,000 |
| | | | Interest Paid | 1,311,611 | 1,010,390 | - | - |
| 4 | Executive Director Shri N.U.Patel | | Remuneration | 4,927,273 | 4,288,464 | 1,132,116 | 317,920 |
| | | | Fixed Deposit Received | - | 200,000 | 200,000 | 200,000 |
| | | | Interest Paid | 18,974 | 21,122 | - | - |
| 5 | Relatives of Key Management Personnel : | | Fixed Deposit Received | 5,235,000 | 5,645,000 | 10,995,000 | 7,285,000 |
| | | | Interest Paid | 949,134 | 578,446 | - | - |
| | | | Lumsum stipend | 39,532 | - | 9,350 | - |

C. There are no provision for doubtful debts or amounts written off or written back in respect of debts due to or due from related parties.

D. Related party relationship is as identified by the Company on the basis of information available with them and relied upon by the Auditors.

12. Micro, Small and Medium Enterprises:

The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with the interest paid/payable as required under the said Act have not been given.

13. Segment Information :

(a) Primary segment - Business Segment

The Company has only one business segment Viz : "Textile".

(b) Secondary segment - Geographical Information of geographical segment :
Particulars

| | In India Rs. | Out side India Rs. | Total Rs. |
|---|----------------------------------|----------------------------|----------------------------------|
| Segment Revenue | 764,030,839 (749,588,196) | 37,526,302 (47,389,867) | 821,557,141 (796,978,063) |
| Carrying Cost of Assets by location of Assets | 1,337,710,303 (1,263,709,475) | 1,446,511 (447,073) | 1,339,156,814 (1,264,156,548) |
| Addition to Assets and Intangible | 119,342,761 (27,018,726) | | |

14. Significant Accounting Policies followed by the Company are as stated in the statement annexed to this schedule as Annexure I.

15. Previous year's figures have been regrouped wherever necessary.

16. Information required in terms of Part IV of Schedule VI to the Companies Act, 1956 is attached.

Signature to Schedules '1' to '16'
For and on behalf of

Dalal & Shah
Chartered Accountants
(Ashish Dalal)
Partner

(Membership No.033596)
Mumbai, 24th June, 2009

For and on behalf of Board of Directors
J. B. Sojitra
Company Secretary & Director

B. B. Patel
Vice President (Finance)

Vadodara, 24th June, 2009

Upendra M. Patel
Chairman & Managing Director

N. U. Patel
Executive Director



**Annexure I referred to in note 14 in schedule "16" of the
The Account for the year ended 31st March, 2009**

Statement on significant Accounting Policies

1. System of Accounting

- i) Financial Statements are based on historical cost. These costs are not adjusted to reflect the impact of the changing value in the purchasing power of money.
- ii) The Company, generally, follows the mercantile system of accounting and recognises income and expenditure on an accrual basis, except those with significant uncertainties.

2. Fixed Assets and Depreciation

A. Fixed Assets

- I. Fixed Assets are carried at cost of acquisition including incidental cost relating to acquisition/installation. Fixed Assets are shown net of accumulated depreciation and amortised amount (except on free hold land).
- II. Capital Work-in-progress is stated at amount expended upto the date of Balance Sheet.

B. Depreciation and Amortisation

- a) Leasehold land
Premium on leasehold land is being amortised over the period of lease.
- b) Other Fixed Assets
 - I. Depreciation on all the assets except Plant and Machinery acquired /installed upto 31st March, 1990 is being provided on "Written Down Value" in accordance with the provisions of section 205(2)(a) of the Companies Act 1956 at the rates specified in schedule XIV to the said Act.
 - II. Depreciation on Plant and Machinery acquired/installed on or after 1st April 1990 is being provided on 'Straight Line method' in accordance with the Provisions of Section 205(2)(b) of the Companies Act 1956 at the rates specified in schedule XIV to the said Act.
 - III. Depreciation on all the assets other than Plant & Machinery acquired /installed on or after 1st April, 1990 is being provided on 'Written Down Value' in accordance with the provisions of Section 205 (2)(a) of the Companies Act, 1956 at the rates specified in schedule XIV to the said Act.
 - IV. Depreciation on additions to the assets during the year is being provided on pro-rata basis with reference to the month of acquisition /installation.
 - V. Depreciation on assets sold; discarded, demolished or scrapped during the year is being provided upto the month in which such assets are sold, discarded, demolished or scrapped.

3. Investments

Current Investments are stated at lower of cost and market value. Long term investment are stated at cost after deducting provisions made for permanent diminution in the value.

4. Inventories

- I. Stores, Machinery Spares, Coal, etc. are valued at cost or net realisable value whichever is lower. Cost is arrived at on 'Moving Weighted Average Cost basis'.
- II. Raw Materials are valued at cost or net realisable value whichever is lower. Cost is arrived at on 'Annual Weighted Average Cost basis'.
- III. Materials in Process is valued at cost or net realisable value whichever is lower.
- IV. Finished goods are valued at cost or net realisable value whichever is lower. Cost is arrived at on full absorption basis (Including excise duty)
- V. Materials in Customs Bonded Warehouse and in transit are stated at cost, upto the date of Balance Sheet.

5. Foreign Currency Transactions :

- i) Initial Recognition:
Transactions denominated in foreign currencies are recorded at the rate prevailing on the date of the transaction.
- ii) Conversion:
At the year-end, monetary items denominated in foreign currencies remaining unsettled are converted into rupee equivalents at the year-end exchange rates. Non monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction.

iii) **Exchange Differences:**

All exchange differences arising on settlement and conversion of foreign currency transactions are included in the profit & loss account, except in cases where they relate to the acquisition of fixed assets, acquired out of India in which case they are adjusted in the cost of the corresponding asset.

6. Technical Fees

Expenditure on technical fees is being treated as revenue and is charged to Profit and Loss Account as and when incurred.

7. Revenue Recognition

Sales

i) Domestic sales are accounted on dispatch of products to customers.

ii) Export Sales are accounted on the basis of the dates of Bill of Lading and/ or Air Way Bill.

iii) Sales are disclosed net of Sales Tax / VAT and Returns, as applicable but including Excise Duty.

iv) **Export Incentives :**

Benefits on account of entitlement to import goods free of duty under the "Duty Entitlement Pass Book under the Duty Exemption Scheme" is accounted in the year of exports.

v) Dividend income is accounted for in the year in which the right to receive the same is established.

vi) Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

8. Employee Benefits

8.1 Defined Contribution Plan

Company's contribution paid/payable during the period to Provident Fund, EDLI, Officer Super Annuation Fund, ESIC and Labour Welfare Fund are recognised in the Profit & Loss Account

8.2 Defined Benefit Plan

Provision for payments to the Employees Gratuity Fund after taking into account the funds available with the Trustees of the Gratuity Fund is based on actuarial valuation done at the close of each financial year. At the reporting date Company's liabilities towards gratuity is determined by independent actuarial valuation using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up final obligation. Past services are recognised on a straight line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognised immediately in the statement of Profit and Loss account as income or expenses. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government Bonds where the currency and terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefit obligation. Company recognises the undiscounted amount of Short term employee benefits during the accounting period based on service rendered by employee.

9. Taxation

Income tax expense comprises of Current tax and Deferred tax charge or credit.

Provision for current tax is made on assessable income at the tax rate applicable to the relevant assessment year.

The Deferred tax Asset and Deferred tax liability are calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax Assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognized, only if there is virtual certainty of its realisation, supported by convincing evidence. Deferred Tax Assets on account of other timing difference are recognised only to the extent there is a reasonable certainty of its realisation. At each Balance Sheet date, the carrying amount of Deferred tax assets are reviewed to reassure realisation.

Fringe Benefit Tax has been calculated in accordance with the provisions of the Income- Tax Act, 1961.

10. Government Grant

Grants received against specific fixed assets are adjusted to the cost of the assets. Revenue grants are recognized in the Profit and Loss Account in accordance with the related scheme and in the period in which these are accrued.



SHRI DINESH MILLS LTD.

Information referred in Note 16 in Schedule '16' to the Accounts

For the year ended 31st March, 2009

Part IV of Schedule VI to Companies Act 1956 (As Annexed)

Balance - Sheet abstract and Company's General Business Profile:

I. Registration Details:

Registration No. 494. State Code 04

Balance Sheet Date 31st March, 2009

II. Capital raised during the year: (Rs. In Thousands)

| | |
|--------------|-------------------|
| Public Issue | Rights Issue |
| Nil | Nil |
| Bonus Issue | Private Placement |
| Nil | Nil |

III. Position of mobilisation & deployment of Funds: (Rs. In Thousands)

| | |
|-------------------|--------------|
| Total Liabilities | Total Assets |
| 1,080,099 | 1,080,099 |

Sources of Funds:

| | |
|-----------------|-------------------|
| Paid up capital | Reserve & Surplus |
| 52,775 | 748,861 |
| Secured Loans | Unsecured Loans |
| 228,273 | 50,190 |

Application of Funds:

| | |
|--------------------|---------------------------|
| Net Fixed Assets | Investments |
| 531,911 | 306,266 |
| Net Current Assets | Miscellaneous Expenditure |
| 314,271 | Nil |
| Accumulated Losses | Deferred Tax Liability |
| Nil | (72,349) |

IV. Performance of Company: (Rs. In Thousands)

| | |
|----------------------------|-------------------------|
| Turnover | Total Expenditure |
| 821,557 | 699,665 |
| Profit / (Loss) before Tax | Profit/(Loss) after tax |
| 134,304 | 87,393 |
| Earnings Per Share in Rs. | Dividend |
| 16.58 | 20% |

V. Generic Names of principal Product, Services of the Company:

| | |
|---------------------|---------------------------------|
| Item Code No. | 551329.00 |
| Product Description | Worsted Fabrics (Woven blended) |
| Item Code No. | 591120.00 |
| Product Description | Felt |

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO
SUBSIDIARY COMPANY ON THE BASIS OF CONTROL

DINESH REMEDIES LTD. (DRL)

1. The Financial year of the Subsidiary Company ended on : 31st March, 2009
2. Date on which it became Subsidiary : 09th February, 2005
3. (a) Number of Shares held by Shri Dinesh Mills Ltd. in the : 84,44,095 Equity Shares
- (b) Extent of interest of Holding Company at the end of the : 52.47%
financial year of the Subsidiary Company.
4. Net Aggregate amount of the profit (losses) of the Subsidiary
Company for financial year so far as it concerns members
of Shri Dinesh Mills Ltd.
 - (a) Dealt with the Company's accounts
 - (i) For the financial year of the Subsidiary : N/A.
 - (ii) For the previous years of the Subsidiary Company : N/A.
 - (b) Not Dealt with the Company's accounts
 - (i) For the financial year of the Subsidiary : (Rs.2,55,73,093)
 - (ii) For the previous years of the Subsidiary Company : (Rs.3,83,88,140)

UPENDRA M. PATEL
Chairman & Managing Director

N. U. PATEL
Executive Director

J. B. SOJITRA
Company secretary & Director

B. B. PATEL
Vice President (Finance)

Vadodara, 24th June, 2009



SHRI DINESH MILLS LTD.

AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF SHRI DINESH MILLS LTD ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SHRI DINESH MILLS LTD AND ITS SUBSIDIARY

We have audited the attached consolidated balance sheet of Shri Dinesh Mills Ltd. and its subsidiary as at 31st March 2009, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year then ended.

These financial statements are the responsibility of the Shri Dinesh Mills Ltd's management. Our responsibility is to reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard AS 21, "Consolidated Financial Statements", issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Shri Dinesh Mills Ltd and its subsidiary included in the consolidated financial statements.

On the basis of the information and explanation given to us and on the consideration of the separate audit reports on individual audited financial statements of Shri Dinesh Mills Ltd and its subsidiary, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of Shri Dinesh Mills Ltd and its subsidiary as at 31st March, 2009;
- (b) in case of consolidated Profit and Loss Account, of the profit for the year ended on that date; and
- (c) in the case consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of
DALAL & SHAH
Chartered Accountants

(Ashish Dalal)
Partner
(Membership No. 033596)

Place: Mumbai
Date: 24th June, 2009

**CONSOLIDATED BALANCE SHEET OF SHRI DINESH MILLS LIMITED AND ITS SUBSIDIARY
AS AT 31ST MARCH, 2009**

| | Schedule | Rs. | As at 31st March, 2009 Rs. | As at 31st March, 2008 Rs. |
|--|-----------|---------------|----------------------------------|----------------------------------|
| I. Sources of Funds : | | | | |
| (1) Shareholders' Funds: | | | | |
| (a) Share Capital | 1 | 52,775,000 | | 52,775,000 |
| (b) Reserves and Surplus | 2 | 770,458,595 | | 706,646,246 |
| | | | 823,233,595 | 759,421,246 |
| (2) Loan Funds: | | | | |
| (a) Secured Loans | 3 | 333,273,350 | | 299,914,202 |
| (b) Unsecured Loans | 4 | 50,189,746 | | 46,354,797 |
| | | | 383,463,096 | 346,268,999 |
| (3) Deferred Tax Liability (net) (See note 4) | | | 72,349,115 | 68,580,157 |
| | Total Rs. | | 1,279,045,806 | 1,174,270,402 |
| II. Application of Funds : | | | | |
| (1) Fixed Assets: | | | | |
| (a) Gross Block | | 1,600,489,918 | | 1,484,095,562 |
| (b) Less: Depréciation | | 928,198,576 | | 868,988,700 |
| (c) Net Block | 5 | 672,291,342 | | 615,106,862 |
| (d) Capital Work in Process, cost to date | | 20,556,652 | | |
| (e) Advance for Capital Expenditure | | 25,815,075 | | |
| | | | 718,663,069 | 615,106,862 |
| (2) Investments | 6 | | 214,441,337 | 155,671,441 |
| (3) Current Assets, Loans and Advances: | 7 | | | |
| (a) Inventories | | 311,581,535 | | 281,334,922 |
| (b) Sundry Debtors | | 96,202,470 | | 84,387,274 |
| (c) Cash and Bank Balances | | 120,282,577 | | 212,590,319 |
| (d) Other Current Assets | | 13,925,666 | | 12,112,371 |
| (e) Loans and Advances | | 63,531,147 | | 69,825,991 |
| | | | 605,523,395 | 660,250,877 |
| Less: Current Liabilities and Provisions: | 8 | | | |
| (a) Liabilities | | 225,220,444 | | 227,112,250 |
| (b) Provisions | | 34,361,551 | | 29,646,528 |
| | | | 259,581,995 | 256,758,778 |
| Net Current Assets | | | 345,941,400 | 403,492,099 |
| | Total Rs. | | 1,279,045,806 | 1,174,270,402 |

Notes forming part of the Accounts

16

As per our attached report of even date,

For and on behalf of

Dalal & Shah
Chartered Accountants
(Ashish Dalal)
Partner
(Membership No.033596)
Mumbai, 24th June, 2009

For and on behalf of Board of Directors

J. B. Sojitra
Company Secretary & Director

Upendra M. Patel
Chairman & Managing Director

B. B. Patel
Vice President (Finance)

N. U. Patel
Executive Director

Vadodara, 24th June, 2009



SHRI DINESH MILLS LTD.

CONSOLIDATED PROFIT AND LOSS ACCOUNT OF SHRI DINESH MILLS LIMITED AND ITS SUBSIDIARY FOR THE YEAR ENDED 31ST MARCH, 2009

| | Schedule | Rs. | Rs. | Previous Year Rs. |
|--|----------|--------------------|-----|----------------------|
| Income: | | | | |
| Sales (including excise duty) | | 894,786,319 | | 843,568,595 |
| Less : Returns | | 2,867,604 | | 339,722 |
| | | <u>891,918,715</u> | | <u>843,228,873</u> |
| Less : Excise Duty | | 38,157,831 | | 39,089,865 |
| | | <u>853,760,884</u> | | <u>804,139,008</u> |
| Other Income | 9 | 33,021,716 | | 39,308,264 |
| | | <u>886,782,600</u> | | <u>843,447,272</u> |
| Expenditure: | | | | |
| Materials Consumed | 10A | 229,022,359 | | 221,904,535 |
| Finished Goods Purchased | | 121,487 | | 261,087 |
| (Increase) / decrease in Stocks | 10B | (16,974,002) | | (25,853,445) |
| Manufacturing Expenses | 11- | 127,896,401 | | 142,871,427 |
| Employees' Emoluments | 12 | 188,905,736 | | 176,863,528 |
| Interest | 13 | 31,236,664 | | 27,010,894 |
| Selling and other expenses | 14 | 168,319,019 | | 167,856,399 |
| Depreciation & amortisation | 15 | 61,883,056 | | 54,109,139 |
| | | <u>790,410,720</u> | | <u>765,023,564</u> |
| Profit before Taxation & Exceptional Items | | 96,371,880 | | 78,423,708 |
| Exceptional Item : | | | | |
| Compensation for shortfall in Guaranteed Windmill Power Generation Units | | 12,412,098 | | - |
| Profit before Taxation | | <u>108,783,978</u> | | <u>78,423,708</u> |
| Provision for Taxation : | | | | |
| Current Tax | | 43,000,000 | | 40,318,308 |
| Deferred Tax (See note 4) | | 3,768,959 | | (8,596,088) |
| Wealth Tax | | - | | - |
| Fringe Benefit Tax | | 1,492,482 | | 1,529,025 |
| | | <u>48,261,441</u> | | <u>33,251,245</u> |
| Profit for the year | | <u>60,522,537</u> | | <u>45,172,463</u> |
| Excess Depreciation written back | | 82,748 | | - |
| Tax adjustments relating to earlier years | | 1,296,886 | | (1,072,747) |
| | | <u>61,902,171</u> | | <u>44,099,716</u> |
| Concern Share | | 74,057,780 | | 56,247,644 |
| Minority | | (12,155,609) | | (12,147,928) |
| | | <u>74,057,780</u> | | <u>56,247,644</u> |
| As per last account | | 19,875 | | 16,121,053 |
| General reserve | | 70,000,000 | | 60,000,000 |
| Proposed Dividend | | 10,555,000 | | 10,555,000 |
| Corporate Dividend Tax on above | | 1,793,822 | | 1,793,822 |
| | | <u>82,348,822</u> | | <u>72,348,822</u> |
| Balance Carried to Balance Sheet | | (8,271,167) | | 19,875 |
| Notes forming part of the Accounts | 16 | | | |
| Basic /diluted Earning Per Share (See note 5) | | 14.03 | | 10.66 |

As per our attached report of even date,

For and on behalf of
Dalal & Shah
Chartered Accountants
(Ashish Dalal)
Partner
(Membership No.033596)
Mumbai, 24th June, 2009

For and on behalf of Board of Directors
J. B. Sojitra
Company Secretary & Director

B. B. Patel
Vice President (Finance)
Vadodara, 24th June, 2009

For and on behalf of Board of Directors
Upendra M. Patel
Chairman & Managing Director

N. U. Patel
Executive Director

CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2008-2009

| | 2008-2009 Rs. | 2007-2008 Rs. |
|--|----------------------|---------------------|
| A. Cash Flow From Operating Activities : | | |
| Net Profit Before Tax and Extra Ordinary Items | <u>96,371,880</u> | <u>78,423,708</u> |
| Adjustments For : | | |
| Adjustment on account of Transitional liability of Gratuity | - | (3,878,519) |
| Compensation for shortfall in Guaranteed Windmill Power Generation Units | 12,412,098 | - |
| Depreciation | 61,874,096 | 54,100,179 |
| Surplus/Loss on sale of Assets (net) | (1,29,101) | (209,312) |
| Interest Paid | 31,236,664 | 27,010,894 |
| Dividend Income | (4,257,731) | (7,598,618) |
| Interest received on Loans and deposits | (17,212,736) | (18,490,150) |
| (Profit)/Loss on sale/redemption of investments | - | (2,170,136) |
| | <u>83,932,564</u> | <u>48,713,038</u> |
| Operating Profit Before Working Capital Changes | <u>180,304,444</u> | <u>127,136,746</u> |
| Adjustment For : | | |
| Trade and Other Receivables | 1,125,572 | (31,030,635) |
| Inventories | (30,246,614) | (41,456,733) |
| Trade Payables | 635,178 | 16,746,822 |
| | <u>(28,485,864)</u> | <u>(55,740,546)</u> |
| Cash Generated from Operations | <u>151,818,580</u> | <u>71,396,200</u> |
| Direct Taxes Paid | (41,375,604) | (38,567,424) |
| Net Cash flow from Operating Activities before Extra Ordinary Items | <u>110,442,976</u> | <u>32,828,776</u> |
| Extra Ordinary Items | - | - |
| Net Cash flow from Operating Activities | <u>110,442,976</u> | <u>32,828,776</u> |
| B. Cash Flow from Investing Activities : | | |
| Purchase of Fixed Assets | (166,084,757) | (70,496,198) |
| Sale of Fixed Assets | 857,028 | 631,348 |
| Purchase of Investments | (64,178,997) | (52,613,093) |
| Sale of Investments | 5,409,100 | 32,875,070 |
| Dividend and Income from Units Received | 4,257,731 | 7,783,510 |
| Interest received on investments | 8,759,602 | 18,489,151 |
| Net Cash Used in Investing Activities | <u>(210,980,293)</u> | <u>(63,330,212)</u> |
| Carried over | <u>(100,537,317)</u> | <u>(30,501,436)</u> |



SHRI DINESH MILLS LTD.

CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2008-2009

| | 2008-2009 Rs. | 2007-2008 Rs. |
|--|------------------|------------------|
| Brought Over | (100,537,317) | (30,501,436) |
| C. Cash Flow From Financing activities : | | |
| Proceed from Issue of Share Capital | 14,259,000 | - |
| Total Proceeds From Borrowings (Net of repayments) | 37,194,098 | 51,518,020 |
| Interest paid | (31,231,149) | (27,061,814) |
| Dividend Paid | (10,198,552) | (10,313,682) |
| Corporate Dividend Tax | (1,793,822) | (1,793,822) |
| Net Cash flow from Financing Activities | 8,229,575 | 12,348,702 |
| Net Change in Cash and Cash Equivalents | (92,307,742) | (18,152,734) |
| Cash and Cash Equivalents As At 1.4.2008 (Opening Balance) | 212,590,319 | 230,743,053 |
| Cash and Cash Equivalents As At 31.3.2009 (Closing Balance) | 120,282,577 | 212,590,319 |

Note :

- 1 The Cash Flow Statement has been prepared in accordance with the requirement of AS - 3 " cash flow statement" issued by the institute of Chartered Accountant of India.
- 2 Cash & cash equivalents includes balances with Schedule Bank on Dividend accounts Rs. 1,017,916 (Previous year Rs.1,152,088), on Interest on Fixed Deposits Rs.1,800,543 (Previous year Rs.1,704,510) in margin money Rs.64,200 (Previous year Rs.64,195) which are not available for use by the Company.
- 3 Previous year's figures have been regrouped wherever necessary to confirm to this year's classification.

As per our attached report of even date,

For and on behalf of
Dalal & Shah
Chartered Accountants
(Ashish Dalal)
Partner
(Membership No.033596)
Mumbai, 24th June, 2009

For and on behalf of Board of Directors
J. B. Sojitra
Company Secretary & Director

B. B. Patel
Vice President (Finance)

Vadodara, 24th June, 2009

Upendra M. Patel
Chairman & Managing Director

N. U. Patel
Executive Director

Schedule '1' to '16' annexed to and forming part of the Consolidated Balance Sheet as at and Profit and Loss Account for the year ended 31st March, 2009.

| | As at 31st March, 2009 Rs. | As at 31st March, 2008 Rs. |
|--|----------------------------------|----------------------------------|
| Schedule - '1' - Share Capital | | |
| Authorised : | | |
| 9,500,000 (950,000) Equity Shares of Rs.10/- (Previous year Rs.100/- each) | 95,000,000 | 95,000,000 |
| 50,000 Unclassified Shares of Rs. 100/- each. | 5,000,000 | 5,000,000 |
| | <u>100,000,000</u> | <u>100,000,000</u> |
| Issued & Subscribed : | | |
| 5,277,500 (527,750) Equity Shares of Rs. 10/- (Previous year Rs.100/-) each fully paid (See Notes below) | 52,775,000 | 52,775,000 |
| Total Rs. | <u>52,775,000</u> | <u>52,775,000</u> |

Notes :

- 30,780 (Previous year 3,078) Equity Shares allotted to Shareholders of Platewel Processes and Chemicals Ltd. as fully paid without payment being received in cash in terms of amalgamation scheme sanctioned by Gujarat High Court, as per order dated 20th March, 1981.
- 4,775,420 (Previous year 4,77,542) Equity Shares are issued as Bonus Shares by way of capitalisation of Reserves and Share premium Account.
- During the year, the Company has split the paid up value of its equity shares of the face value of Rs.100 each into 10 equity shares of Rs.10 each.

Schedule - '2' - Reserves and Surplus :

| | | |
|---|--------------------|--------------------|
| Capital Reserve : | | |
| As per last account | 2,447,747 | 2,447,747 |
| General Reserve : | | |
| As per last Account | 651,125,749 | 593,685,960 |
| Less: Transitional liability pertaining to Gratuity | | |
| As per AS-15 "Employees Benefits", adjusted | - | 3,878,519 |
| Less : Tax Benefits on above | - | 1,318,308 |
| | <u> </u> | <u>2,560,211</u> |
| | 651,125,749 | 591,125,749 |
| Add : Set aside this year | 70,000,000 | 60,000,000 |
| | 721,125,749 | 651,125,749 |
| Surplus as per annexed Account | (8,271,167) | 19,875 |
| Minority Interest | 55,156,266 | 53,052,875 |
| Total Rs. | <u>770,458,595</u> | <u>706,646,246</u> |



SHRI DINESH MILLS LTD.

| | As at 31st March, 2009 Rs. | As at 31st March, 2008 Rs. |
|---|----------------------------------|----------------------------------|
| Schedule - '3' - Secured Loans : | | |
| From Banks, against hypothecation of Raw Materials, Stores, Spare parts, Finished Goods and Work-in-Process | 10,272,501 | 12,041,002 |
| Term loan under TUF, secured by way of hypothecation of machinery purchased there from | 228,057,682 | 182,555,824 |
| Term loan, secured by exclusive charge on Fixed assets including equitable mortgage on free-hold land | 94,727,332 | 105,250,165 |
| Interest accrued and due | 215,835 | 67,211 |
| | <u>323,000,849</u> | <u>287,873,200</u> |
| Total Rs. | <u>333,273,350</u> | <u>299,914,202</u> |
| Schedule - '4' - Unsecured Loans : | | |
| From Directors | 19,500,000 | 18,400,000 |
| Fixed Deposits : | | |
| From Shareholders | 19,365,000 | 17,420,000 |
| From Public | 11,324,746 | 10,534,797 |
| | <u>30,689,746</u> | <u>27,954,797</u> |
| Total Rs. | <u>50,189,746</u> | <u>46,354,797</u> |

Schedule - '5' - Fixed Assets

| Fixed Asset | GROSS BLOCK(a) | | | | DEPRECI | | | | NET BLOCK | |
|---|---------------------------|--------------------|------------------------------------|---------------------------|---------------------------|------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | As on 31.3.2008 Rs. | Additions Rs. | Deductions & Adjustments Rs. | As on 31.3.2009 Rs. | Up To 31.3.2008 Rs. | Recouped Rs. | For th Year Rs. | Up To 31.3.2009 Rs. | As on 31.3.2009 Rs. | As on 31.3.2008 Rs. |
| Land, Freehold | 38,115,246 | - | - | 38,115,246 | - | - | - | - | 38,115,246 | 38,115,246 |
| Land, Leasehold | 645,159 | - | 8,960 | 636,199 | - | - | - | - | 636,199 | 645,159 |
| Buildings (b) | 78,464,236 | 3,173,993 | - | 81,638,229 | 30,509,312 | - | 2,347, | 32,856,356 | 48,781,873 | 47,954,924 |
| Drainage Installation | 13,749 | - | - | 13,749 | 12,783 | - | - | 12,831 | 918 | 966 |
| Tubewell & Water Works | 948,728 | - | - | 948,728 | 527,609 | - | 14, | 542,007 | 406,721 | 421,119 |
| Plant & Machinery | 1,303,275,715 | 112,221,654 | 1,337,829 (c) | 1,414,159,540 | 800,013,724 | 980,963 | 55,850,854,883,012 | 559,276,528 | 503,261,991 | |
| Electrical Installations | 16,463,004 | - | - | 16,463,004 | 8,227,818 | - | 406, | 8,634,307 | 7,828,697 | 8,235,186 |
| Furniture & Fixures | 25,584,449 | 1,061,097 | 156,850 | 26,488,696 | 17,725,594 | 119,728 | 913, | 18,519,472 | 7,969,224 | 7,858,855 |
| Vehicles | 20,585,276 | 3,386,394 | 1,945,143 | 22,026,527 | 11,971,860 | 1,563,529 | 2,342, | 12,750,591 | 9,275,936 | 8,613,416 |
| Total Rs. | 1,484,095,562 | 119,843,138 | 3,448,782 | 1,600,489,918 | 868,988,700 | 2,664,220 | 61,874,028,198,576 | 672,291,342 | 615,106,862 | |
| Previous Year's Total Rs. | 1,417,519,850 | 70,496,198 | 3,920,486 | 1,484,095,562 | 818,438,271 | 3,549,750 | 54,100,368,988,700 | 615,106,862 | | |
| <p>(a) at cost except (1) leasehold land which is at cost less amounts written off and (2) Furniture and Fixures which are at Book.</p> <p>(b) Includes Rs.750/- being the cost of shares in Co-operative Society (Previous year Rs. 750/-)</p> <p>(c) Net of Capital Subsidy of Rs.281,200/- (Previous year Rs.NIL)</p> | | | | | | | | | | |

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SHRI DINESH MILLS LTD.



SHRI DINESH MILLS LTD.

| | Rs. | As at 31st March, 2009 Rs. | As at 31st March, 2008 Rs. |
|--|-------------------------|----------------------------------|----------------------------------|
| Schedule - '6' - Investments, at Cost : | | | |
| In Governments and Trust Securities | | | |
| Quoted : | | | |
| - (54,091) 6.75% Tax Free us 64 Bonds of Rs. 100 each of Unit Trust of India | - | | 5,409,100 |
| 6,78,000 6.60% ARS UTI Bonds of Rs. 100 each of Unit Trust of India | 72,030,775 | | 72,030,775 |
| 50,000 (-) 11.50% GOI Securities - 2015 (See note below) | 5,590,000 | | - |
| | | 77,620,775 | 77,439,875 |
| Long Term Investments: | | | |
| In fully paid Shares : | | | |
| Quoted : Others: | | | |
| 120,020 Equity Shares of Rs 10/- each in Kamron Laboratories Ltd. | 1,200,200 | | 1,200,200 |
| Less: Provision for Diminution in value | 1,200,199 | | 1,200,199 |
| | <u>1</u> | | <u>1</u> |
| Unquoted: | | | |
| Trade : | | | |
| 50 Equity Shares of Rs.100/- each in Gujarat Sheep & Wool Development Corporation Ltd. | 5,000 | | 5,000 |
| Others : | | | |
| 400 Shares of Rs.25/- each in Co-operative Bank of Baroda Ltd. | 10,000 | | 10,000 |
| 144,946 Equity Shares of Rs. 10/- each in Bharuch Eco Aqua Infrastructure Ltd. | 1,449,460 | | 1,449,460 |
| | | 1,464,461 | 1,464,461 |
| Quoted : | | | |
| In units of mutual Funds : | | | |
| 10,24,762.718 (922769.778)HDFC Prudence | 30,786,085 | | 29,267,105 |
| 7,66,251.243 Units of SBI Balance Fund | 22,500,000 | | 22,500,000 |
| 4,36,220.847 Units of FT India Balance Fund | 12,500,000 | | 12,500,000 |
| 2,32,001.127 Units of Tata Balance Fund | 12,500,000 | | 12,500,000 |
| 44,31,404.287 (-) Units of HDFC Cash Management Fund | 44,453,632 | | - |
| 11,08,610.750 (-) Units of HDFC High Interest Fund | 12,616,384 | | - |
| Total Rs. | | 135,356,101 | 76,767,105 |
| | | 214,441,337 | 155,671,441 |
| | Book Value | Market Value | |
| | as on 31st March | as on 31st March | |
| | 2009 | 2009 | 2008 |
| | Rs. | Rs. | Rs. |
| Quoted | 212,976,877 | 154,206,981 | 174,635,913 |
| Unquoted | 1,464,460 | 1,464,460 | 137,821,813 |
| Total Rs. | 214,441,337 | 155,671,441 | |

Note : As at 31.03.2009, 15000 Bonds are in process of being transferred in the name of the company.(Since transferred).

| | Rs. | As at 31st March, 2009 Rs. | As at 31st March, 2008 Rs. |
|--|-------------------|----------------------------------|----------------------------------|
| Schedule - '7' - Current Assets, Loans and Advances : | | | |
| (a) Inventories : | | | |
| Stores, Spares, Coal, etc., at Cost | | 38,183,779 | 40,037,447 |
| Stock-in-Trade, at cost or net realisable value, whichever is lower : | | | |
| Raw Materials | 70,375,777 | | 52,977,032 |
| Work-in-Process | 100,811,618 | | 100,610,715 |
| Finished Goods | <u>97,128,531</u> | | <u>81,323,408</u> |
| | | 268,315,926 | 234,911,155 |
| Materials in Transit, at cost to date | | <u>5,081,830</u> | <u>6,386,320</u> |
| As per Inventories taken, valued and Certified by a Managing Director | | 311,581,535 | 281,334,922 |
| (b) Sundry Debtors, Unsecured :Good | | | |
| (i) Over Six Months | 5,806,440 | | 3,595,718 |
| (ii) Other | <u>90,396,030</u> | | <u>80,791,556</u> |
| | | 96,202,470 | 84,387,274 |
| (c) Cash and Bank Balances : | | | |
| Cash on hand | 243,476 | | 490,371 |
| Bank Balances: | | | |
| with Scheduled Banks: | | | |
| In Current Account | 31,340,351 | | 36,064,209 |
| In Margin Deposit | - | | 64,195 |
| In Short Term Deposits | 70,600,000 | | 136,300,000 |
| In Liquid Deposits | 14,909,200 | | 34,629,612 |
| In Fixed Deposits | 6,000 | | 6,000 |
| Interest Accrued on Short Term & Fixed Deposits | <u>3,183,550</u> | | <u>5,035,932</u> |
| | | 120,039,101 | 212,099,948 |
| | | 120,282,577 | 212,590,319 |
| (d) Other Current Assets : | | | |
| Interest & Dividend Receivable on Investments | | 13,925,666 | 12,112,371 |
| (e) Loans and Advances, Unsecured, Good, unless otherwise stated: | | | |
| Advances recoverable in cash or in kind or for value to be received | 48,988,805 | | 56,749,481 |
| Balances with Custom and excise etc. | <u>14,542,342</u> | | <u>13,076,510</u> |
| | | 63,531,147 | 69,825,991 |
| Total Rs. | | <u>605,523,395</u> | <u>660,250,877</u> |



SHRI DINESH MILLS LTD.

| | Rs. | As at 31st March, 2009 Rs. | As at 31st March, 2008 Rs. |
|--|--------------------|----------------------------------|----------------------------------|
| Schedule - '8'- Current Liabilities and Provisions : | | | |
| (a) Liabilities : | | | |
| Sundry Creditors | | | |
| (i) Due to Micro and Small Enterprises | | | |
| (ii) Others | <u>220,130,161</u> | | <u>224,025,530</u> |
| | | 220,130,161 | 224,025,530 |
| Directors' Remuneration Payable | | 3,007,940 | 974,340 |
| Investors Education and Protection Fund shall be Credited by the following (See note below) | | | |
| Unclaimed Dividends | <u>1,508,899</u> | | <u>1,152,451</u> |
| Unpaid Matured Fixed Deposits | <u>436,000</u> | | <u>828,000</u> |
| | | 1,944,899 | 1,980,451 |
| Interest accrued but not due on loans. | | <u>137,444</u> | <u>131,929</u> |
| | | 225,220,444 | 227,112,250 |
| (b) Provisions : | | | |
| Provision for Leave Encashment | <u>12,263,591</u> | | <u>9,483,151</u> |
| For Staff Gratuity | <u>217,228</u> | | <u>102,636</u> |
| Provision for taxation, net of advances | <u>9,531,910</u> | | <u>7,711,919</u> |
| Provision for Dividend Tax | <u>1,793,822</u> | | <u>1,793,822</u> |
| Proposed Dividend | <u>10,555,000</u> | | <u>10,555,000</u> |
| | | 34,361,551 | 29,646,528 |
| Total Rs. | | <u>259,581,995</u> | <u>256,758,778</u> |

Note: There is no amount due and outstanding to be credited to Investor Education and Protection fund as at 31st March, 2009.

| | Rs. | Rs. | Previous Year Rs. |
|--|-------------|---------------------|----------------------|
| Schedule - '9' Other Income : | | | |
| Dividend | | 4,257,731 | 7,598,618 |
| Interest (Gross, Tax deducted at source Rs.2,370,012/-) (Previous year Rs. 2,994,311/-) | | | 476 |
| On Bonds | 4,535,320 | | 4,840,914 |
| Other | 15,810,613 | | 15,675,208 |
| | | 20,345,933 | 20,516,598 |
| Export Incentives | | 1,699,896 | 2,272,587 |
| Miscellaneous Receipts | | 4,421,410 | 4,444,324 |
| Provisions no longer required | | 1,935,932 | 1,518,629 |
| Surplus on sale of Assets | | 178,412 | 327,770 |
| Profit on sale of Investments | | - | 2,170,136 |
| Sundry Credit Balances appropriated | | 182,402 | 459,602 |
| Total Rs. | | 33,021,716 | 39,308,264 |
| Schedule - '10' A - Materials Consumed: | | | |
| Stocks at Commencement | 52,977,032 | | 39,968,328 |
| Less: Transferred to Work-in-process stock | 1,144,441 | | - |
| | | 51,832,591 | 39,968,328 |
| Purchases | | 248,389,582 | 235,664,590 |
| | | 300,222,173 | 275,632,918 |
| Less : Waste Sales | | 824,037 | 751,351 |
| | | 299,398,136 | 274,881,567 |
| Less : Stocks at Close | | 70,375,777 | 52,977,032 |
| Total Rs. | | 229,022,359 | 221,904,535 |
| Schedule - '10' B - (Increase) / Decrease in Stocks: | | | |
| Stocks at Close: | | | |
| Work-in-Process | 100,811,618 | | 100,610,715 |
| Finished Goods | 97,128,531 | | 81,323,408 |
| | | 197,940,149 | 181,934,123 |
| Less : Stocks at Commencement : | | | |
| Work-in-Process | 100,610,715 | | 80,690,273 |
| Add: Transferred from Raw material stock | 1,144,441 | | - |
| | | 101,755,156 | 80,690,273 |
| Finished Goods | 81,323,408 | | 75,976,389 |
| | | 183,078,564 | 156,666,662 |
| | | (14,861,585) | (25,267,461) |
| Excise duty variation on opening/closing stocks | | (2,112,417) | (585,984) |
| Total Rs. | | (16,974,002) | (25,853,445) |



SHRI DINESH MILLS LTD.

| | Rs. | Previous Year Rs. |
|---|---------------------------|---------------------------|
| Schedule - '11' - Manufacturing Expenses : | | |
| Stores and Spares Consumed | 35,527,572 | 34,266,772 |
| Processing Charges | 2,197,043 | 1,386,971 |
| Power, Fuel and Water | 54,591,915 | 52,685,443 |
| Machinery Repairs | 28,118,790 | 46,886,251 |
| Building Repairs | 6,706,736 | 6,720,799 |
| Other Repairs | 754,345 | 925,191 |
| Total Rs. | <u>127,896,401</u> | <u>142,871,427</u> |
| Schedule - '12' - Employees' Emoluments: | | |
| Salaries, Wages, Bonus, etc. | 155,546,728 | 143,510,231 |
| Contribution to Provident and Other Funds | 18,977,947 | 19,305,728 |
| Employees' State Insurance Scheme | 2,874,412 | 2,847,351 |
| Welfare Expenses | 11,506,649 | 11,200,218 |
| Total Rs. | <u>188,905,736</u> | <u>176,863,528</u> |
| Schedule - '13' - Interest: | | |
| Interest : | | |
| *On Fixed Loans | 23,306,181 | 18,437,707 |
| Others | 7,930,483 | 8,573,187 |
| Total Rs. | <u>31,236,664</u> | <u>27,010,894</u> |
| * Net of Subsidy under TUFs Rs.10,767,607/- (Previous year Rs.10,828,751/-) | | |
| Schedule - '14' - Selling and Other Expenses : | | |
| Rent | 403,060 | 199,000 |
| Rates and Taxes | 2,832,237 | 2,750,653 |
| Insurance | 2,567,786 | 2,891,778 |
| Freight, Coolie & Cartage | 2,489,617 | 2,276,491 |
| Commission & Discount | 57,783,081 | 55,444,877 |
| Travelling & Conveyance | 11,498,497 | 10,937,038 |
| Miscellaneous Expenses | 22,818,262 | 18,270,939 |
| Advertisement & Publicity | 44,206,076 | 58,702,037 |
| Excise Duty Expenses | 33,414 | 73,846 |
| Legal and Professional Charges | 13,683,741 | 7,630,699 |
| Auditors' Remuneration | 510,379 | 493,977 |
| Directors' Fees and Travelling Expenses | 112,500 | 100,000 |
| Donations | 2,000,000 | 2,000,000 |
| Technical Fees | 7,261,045 | 5,955,335 |
| Loss on Assets sold, demolished/scrapped | 49,625 | 58,198 |
| Sundry Debit Balances Written off | 69,699 | 71,531 |
| Total Rs. | <u>168,319,019</u> | <u>167,856,399</u> |
| Schedule - '15' - Depreciation & Amortisation : | | |
| Amount written off against Leasehold Land | 8,960 | 8,960 |
| Depreciation | 61,874,096 | 54,100,179 |
| Total Rs. | <u>61,883,056</u> | <u>54,109,139</u> |

Schedule - '16' - Notes forming part of the Accounts :

| | 2008-2009 Rs. | 2007-2008 Rs. | |
|--|---------------------------------|----------------------------------|---------------------|
| 1 Contingent Liabilities not provided for in respect of : | | | |
| (a) Bills discounted, since realised | - | 405,592 | |
| (b) Workers' demands - matter under appeal | 3,027,352 | 3,118,664 | |
| (c) Claims against the Company not acknowledged as debts. | 302,396 | 302,396 | |
| (d) Service tax matter under appeal | 1,189,563 | 312,365 | |
| (e) Guarantees given by Company's Bankers. | 767,086 | 859,100 | |
| (f) Excise matter under appeal. | 1,241,203 | 1,407,910 | |
| Note : | | | |
| Future cash outflows in respect of (b) to (f) above are determinable on receipt of judgements/decisions pending with various forums / authorities. | | | |
| 2 Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances) : | 149,313,224 | 67,369,590 | |
| 3 Payments to Auditors : | | | |
| (a) Statutory Auditors : | | | |
| (i) As Auditor | 328,325 | 333,990 | |
| (ii) In other Capacity- Certificates. | 126,453 | 112,926 | |
| (iii) For Expenses | 25,269 | 18,971 | |
| | 480,047 | 465,887 | |
| (b) Cost Auditors : | | | |
| (i) As Auditors | 30,332 | 28,090 | |
| | 510,379 | 493,977 | |
| 4 Deferred Taxation : | | | |
| Deferred Tax liability on account of : | Accumulated as on 31.03.2008 | Charge/Credit During the year | As on 31.03.2009 |
| | Rs. | Rs. | Rs. |
| (i) Depreciation | 74,180,274 | 4,737,799 | 78,918,073 |
| | 74,180,274 | 4,737,799 | 78,918,073 |
| Deferred Tax Asset on account of : | | | |
| (i) Expenses allowable for tax purpose when paid | 2,161,931 | (564,664) | 1,597,267 |
| (ii) Unencashed Leave | 3,013,552 | 1,471,073 | 4,484,625 |
| (iii) Gratuity | 382,494 | 76,477 | 458,971 |
| (iv) Amalgamation Expenses | 42,140 | (14,046) | 28,094 |
| TOTAL | 5,600,117 | 968,840 | 6,568,957 |
| Net Deferred Tax Liability / Assets | 68,580,157 | 3,768,959 | 72,349,115 |
| 5 Earning Per Share : | | | |
| Basic / Weighted average | | 2008-09 | 2007-08 |
| Number of Equity Shares out standing during the year. | No. | 5,277,500 | 5,277,500 |
| Nominal value of Equity Share | Rs. | 10 | 10 |
| Profit for the year attributable to equity share holders | Rs. | 74,057,780 | 56,247,644 |
| Basic / diluted earning per share | Rs. | 14.03 | 10.66 |

Note:

During the year, the Company has split the paid up value of its equity shares of the face value of Rs.100. each into 10 equity shares of Rs.10 each. Accordingly, EPS for the pervious year has been restated as per the AS-20 "Earning per share".



Schedule - '16' - Notes forming part of the Accounts:(contd.) :

6. Related Party Information :

| A. | Name of related party and nature of relationship | Description of relation |
|-----|--|--|
| Sr. | Name of the related party | |
| 1 | Key Management Personnel :- Mr. U.M. Patel Mr. B.U. Patel Mr. N.U. Patel | Chairman and Managing Director Managing Director Executive Director |
| 2 | Relatives of Key Management Personnel :- Mrs. R.B. Patel Mrs. A.N. Patel Miss. J.B. Patel Mr. A.B. Patel Mstr. N.N. Patel Mrs. M.U.Patel | Wife of Mr. B.U.Patel Wife of Mr. N.U.Patel Daughter of Mr. B.U.Patel Son of Mr. B.U.Patel Son of Mr. N.U.Patel Wife of Mr. U.M.Patel |

B. Transactions with related parties

| Sr. | Name of the related party | Relationship | Nature of Transaction | Amount | | Outstanding Balance | |
|-----|---|---------------------------|-------------------------|----------------|----------------|---------------------|----------------|
| | | | | 2008-09 Rs. | 2007-08 Rs. | 2008-09 Rs. | 2007-08 Rs. |
| 1 | Chairman and Managing Director Shri U.M. Patel | Key Management Personnel: | Remuneration | 4,887,657 | 4,289,302 | 964,524 | 345,000 |
| | | | Fixed Deposit Received. | 4,100,000 | 200,000 | 4,300,000 | 6,100,000 |
| | | | Interest Paid | 493,880 | 661,889 | - | - |
| 2 | Managing Director Shri B.U. Patel | | Remuneration | 4,888,432 | 4,288,543 | 911,300 | 311,420 |
| | | | Fixed Deposit Received. | 9,200,000 | 8,800,000 | 15,000,000 | 12,100,000 |
| | | | Interest Paid | 1,311,611 | 1,010,390 | - | - |
| 3 | Executive Director Shri N.U. Patel | | Remuneration | 4,927,273 | 4,288,464 | 1,132,116 | 317,920 |
| | | | Fixed Deposit Received. | - | 200,000 | 200,000 | 200,000 |
| | | | Interest Paid | 18,974 | 21,122 | - | - |
| 4 | Relatives of Key Management personnel | | Fixed Deposit Received. | 5,235,000 | 5,645,000 | 10,995,000 | 7,285,000 |
| | | | Interest Paid | 949,134 | 578,446 | - | - |
| | | | Lumsum stipend | 39,532 | - | 9,350 | - |

C. There are no provision for doubtful debts or amounts written off or written back in respect of debts due to or due from related parties.

D. Related party relationship is as identified by the Company on the basis of information available with them and relied upon by the Auditors.

Schedule - '16' - Notes forming part of the Accounts :
7. Segment wise Revenue and Capital employed for the Year ended March 31, 2009
(a) Primary segment : Business Segment

| | Textile | | Pharmaceuticals | | Consolidated | |
|---|----------------------|----------------------|---------------------|---------------------|----------------------|----------------------|
| | 2008-09 Rs. | 2007-08 Rs. | 2008-09 Rs. | 2007-08 Rs. | 2008-09 Rs. | 2007-08 Rs. |
| Revenue | | | | | | |
| External Sales | 789,041,821 | 758,019,017 | 64,719,063 | 46,119,991 | 853,760,884 | 804,139,008 |
| Inter segment Sales | | | | | | |
| Total Revenue | 789,041,821 | 758,019,017 | 64,719,063 | 46,119,991 | 853,760,884 | 804,139,008 |
| Segment Result | | | | | | |
| Profit before interest and Tax | 111,260,414 | 83,608,077 | (16,673,585) | (17,481,739) | 94,586,829 | 66,126,338 |
| Interest Expense (Net) | (1,847,556) | 1,800,315 | (9,353,054) | (8,295,087) | (11,200,610) | (6,494,772) |
| Other un-allocable income, net of Un-allocable Expenditure | 12,479,266 | 18,442,924 | 506,396 | 349,218 | 12,985,662 | 18,792,142 |
| Profit before tax | 121,892,124 | 103,851,316 | (25,520,244) | (25,427,508) | 96,371,880 | 78,423,708 |
| Segment Assets | | | | | | |
| Unallocated Common assets | 926,349,941 | 772,441,906 | 230,655,373 | 245,211,313 | 1,157,005,314 | 1,017,653,219 |
| | 378,351,141 | 412,993,830 | 3,481,931 | 540,938 | 381,833,072 | 413,534,768 |
| Total Assets | 1,304,701,082 | 1,185,435,736 | 234,137,304 | 245,752,251 | 1,538,838,386 | 1,431,187,987 |
| Segment Liabilities | | | | | | |
| Unallocated Common Liabilities | 222,541,829 | 216,981,476 | 12,482,091 | 17,604,182 | 235,023,920 | 234,585,658 |
| | 24,166,828 | 22,320,672 | 601,832 | 11,255 | 24,768,660 | 22,331,927 |
| Total Liabilities | 246,708,657 | 239,302,148 | 13,083,923 | 17,615,437 | 259,792,580 | 256,917,585 |
| Capital Expenditure | | | | | | |
| Depreciation | 119,623,961 | 27,018,726 | 219,177 | 43,477,473 | 119,843,138 | 70,496,199 |
| Non Cash Expenses other than Depreciation | 51,814,970 | 44,935,211 | 10,068,086 | 9,173,928 | 61,883,056 | 54,109,139 |
| | | | | | | |

(b) Secondary segment - Geographical Information of geographical segment :

| Particulars | In India | | Out side India | | Total | |
|--|--------------------|--------------------|-------------------|-------------------|--------------------|--------------------|
| | 2008-09 Rs. | 2007-08 Rs. | 2008-09 Rs. | 2007-08 Rs. | 2008-09 Rs. | 2007-08 Rs. |
| Segment Revenue | 816,234,582 | 756,749,141 | 37,526,302 | 47,389,867 | 853,760,884 | 804,139,008 |
| Carrying Cost of Assets by location of Assets | | | | | | |
| | 1,537,391,875 | 1,430,740,914 | 1,446,511 | 447,073 | 1,538,838,386 | 1,431,187,987 |
| Addition to Assets and Intangible | | | | | | |
| | 119,843,138 | 70,496,199 | - | - | 119,843,138 | 70,496,199 |

Other Disclosure :

1. Segments has been identified in line with the Accounting Standard - 17 'Segment Reporting' taking into account the organisation structure as well as the differing risks and returns.
2. Company has disclosed Business Segment as the Primary Segment.
3. Composition of Business Segment :

| | |
|---------------------|-----------------------------|
| Name of Segment | Comprises of : |
| (a) Textiles | Wollen Textile |
| (b) Pharmaceuticals | Empty Hard Gelatin Capsules |
- 8 Significant Accounting Policies followed by the Company are as stated in the statement annexed to this schedule.
- 9 Previous year's figures have been regrouped wherever necessary.

Signature to Schedules '1' to '16'

For and on behalf of Board of Directors

For and on behalf of

J. B. Sojitra
Upendra M. Patel
Dalal & Shah
Chartered Accountants
(Ashish Dalal)
Partner

Company Secretary & Director

Chairman & Managing Director

 (Membership No.033596)
Mumbai, 24th June, 2009

B. B. Patel
Vice President (Finance)

N. U. Patel
Executive Director

Vadodara, 24th June, 2009



SHRI DINESH MILLS LTD.

Annexure referred to in Note 8 in Schedule 16 of the Accounts for the year ended 31st March, 2009

Statement of Significant Accounting Policies:

1. System of Accounting:

- 1.1 The Company, generally, follows the mercantile system of accounting and recognizes income and expenditure on an accrual basis except those with significant uncertainties.
- 1.2 Financial statements are based on historical cost. These cost are not adjusted to reflect the impact of the changing values in purchasing power of money.

2. Principle of Consolidation:

- 2.1 The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS-21) "Consolidated Financial Statements" issued by The Institute of Chartered Accountants of India.

Name of the Company : Dinesh Remedies Ltd.

Country of Incorporation : India

% of ownership interest as at 31.3.2009: 52.47

- 2.2 The Financial Statements of the Parent Company and its Subsidiary Company have been combined on a line by line basis by adding together book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transaction resulting in unrealized profits or losses.
- 2.3 The Consolidated Financial Statement are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the parent Company's separate Financial Statements.

3. Other Significant Accounting Policies:

These are set out in the notes to accounts under "Statement of Accounting Policies" of the Financial Statement of Parent Company and its subsidiary.

DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting their Report together with the Audited Accounts for the financial year ended 31st March, 2009.

1. FINANCIAL RESULTS:

| PARTICULARS | 2008-2009 | | 2007-2008 | |
|------------------------------------|-------------|----------------------|-----------|----------------------|
| | Rs. | Rs. | Rs. | Rs. |
| Sales Turnover (Net) | | 6,47,19,063 | | 4,61,19,991 |
| Gross Profit/ (Loss) | | <u>(1,54,52,158)</u> | | <u>(1,62,53,680)</u> |
| Less: | | | | |
| (A) Depreciation | 1,00,68,086 | | 91,73,928 | |
| (B) Provision for Taxation | | | | |
| (i) Current Tax | NIL | | NIL | |
| (ii) Deferred Tax | NIL | | NIL | |
| (iii) Fringe Benefit Tax | 67,482 | 1,01,35,568 | 1,29,025 | 93,02,953 |
| Net Profit/ (Loss) | | <u>(2,55,87,726)</u> | | <u>(2,55,56,633)</u> |
| Profit available for Appropriation | | NIL | | NIL |

2. DIVIDEND:

As the Company has incurred losses due to various teething problems, the Board of Directors do not recommend dividend on equity shares of the Company.

3. OVERALL REVIEW OF OPERATIONS:

The Company manufactured 13344 lacs capsules and sold 13880 lacs capsules amounting to Rs. 647 lacs during the year 2008-09 as compared to the capsules manufactured 9360 lacs and sold 9481 lacs capsules amounting Rs. 461 lacs during the corresponding period of the previous year 2007-08.

During the year under review, the Company approached various Pharma Companies for approval of the capsules manufactured by the Company. The Company could sort out the teething problems with the Conditioning System, Kathabar, Chiller, Pump, Boiler, non-availability of quality gelatin, lack of skilled operators, non separation of capsules on filling machines. However, the Company is still facing unexpected problems in the working of the machineries which the Management is confident to sort out with the help of experienced technical team of the Company.

4. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Internal Audit department conducts audit of all departments of the Company and places Audit reports/plans before the Audit Committee which reviews adequacy of internal audit functions, audit procedures and its coverage periodically. The minutes of the Audit Committee meetings are placed at the meetings of the Board of Directors from time to time.

5. INDUSTRIAL RELATIONS:

During the year under review, industrial relations have remained cordial. As on 31st March, 2009, there were 77 employees in the Company.

6. INSURANCE:

All the properties of the Company including buildings, plant and machinery and stocks have been insured.

7. DIRECTORS:

Shri Rashmikantbhai Patel and Shri Manishbhai Patel, Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment.

DINESH REMEDIES LTD.

8. AUDITORS:

You are requested to appoint M/s. Dalal & Shah, Chartered Accountants as Auditors for the year 2009-10 and fix their remuneration as recommended by the Audit Committee and Board of Directors of the Company. The Auditors' Report on the Accounts is self-explanatory and therefore, does not call for any explanation.

9. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO:

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 is given in the Annexure to this Report.

10. EMPLOYEES:

There is no employee covered under Section 217 (2A) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988. Your Directors confirm that:

- I. In preparation of Accounts for the period ended 31st March, 2009, the applicable Accounting Standards have been followed alongwith proper explanation relating material departures;
- II. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the loss of the Company for that period.
- III. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities,
- IV. The Directors have prepared the Annual Accounts for the period ended 31st March, 2009 on a going concern basis.

12. APPRECIATION:

Your Directors express their satisfaction for the services rendered by all our retainers, employees etc. during the period under review.

For and on behalf of the Board

Place: Vadodara

Date: 8th June, 2009

UPENDRA M. PATEL

CHAIRMAN

ANNEXURE

A. CONSERVATION OF ENERGY

- (a) Details of Energy Conservation measures taken:
 - i) Replaced Air filter and optimized damper position in Kathabar re-conditioner.
- (b) Energy conservation measures under consideration:
 - i) To optimize Boiler efficiency by Flue Gas Analysis at regular intervals.
 - ii) To optimize Cooling Tower Fan power by monitoring "Wet Bulb" temperature.
 - iii) To optimize energy consumption of Electric Heaters on Capsule machines.
 - iv) To optimize energy consumption of Trim Collector Blowers.

B. TECHNOLOGY ABSORPTION :

As no foreign technology is imported, the question of its absorption does not arise.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

The Company has not earned any foreign Exchange but, foreign exchange outgo was Rs. 58 lacs during the year 2008-09.

FORM "A"**A. POWER AND FUEL CONSUMPTION**

| | CURRENT YEAR 2008-2009 | PREVIOUS YEAR 2007-2008 |
|--|---------------------------------------|--|
| 1. ELECTRICITY: | | |
| a) Units Purchased | 22,08,571 | 23,73,750 |
| b) Total Amount (Rs.) | 1,02,93,475 | 92,47,056 |
| c) Rate per Unit (Rs.) | 4.66 | 3.90 |
| d) Own Generation (Units) | 50,220 | 49,350 |
| e) Units generated per Liter of Diesel | 3.07 | 3.11 |
| f) Cost per Unit (Rs.) | 38.59 | 36.19 |
| 2. FUEL: Furnace Oil | | |
| a) Quantity consumed (Liters) | 2,07,687 | 2,08,370 |
| b) Total Amount (Rs.) | 52,47,320 | 42,78,972 |
| c) Rate per Liter (Rs.) | 25.26 | 20.54 |
| B CONSUMPTION PER UNIT OF PRODUCTION | | |
| 1. Gelatin Capsules (Total Production in Lacs) | 13343.71 | 9748.03 |
| 2. Power Consumption Per Lac Capsules (Units) | 169 | 249 |
| 3. Furnace Oil (Liters) Per Lac Capsules | 15.56 | 21.38 |

FORM "B"**RESEARCH & DEVELOPMENT:**

The R & D department of the Company is making every effort to improve the quality and has been active in developing the different mixtures of colours being used in manufacturing of the capsules.

Expenditure on R & D : Nil.

REPORT OF THE AUDITOR TO THE MEMBERS

We have audited the attached Balance Sheet of Dinesh Remedies Limited as at 31st March, 2009 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.

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.

- 1). We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- 2). In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books ;
- 3). The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- 4). In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- 5). On the basis of written representations received from the Directors, as on 31st March, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 ;
- 6). In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009;
 - (b) in the case of the Profit and Loss Account, of the Loss for the year ended on that date; and
 - (c) In the case of the Cash Flow Statement, of the Cash Flow for the year ended on that date.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and in terms of the information and explanations given to us and on the basis of such checks as we considered appropriate, we further state that:

- i.
 - (a) The Company has generally maintained proper records showing particulars including quantitative details and situation of fixed assets.
 - (b) As explained to us, the company has carried out physical verification of fixed assets during the year. No discrepancies were noticed on such verification.
 - (c) The Company has not disposed off any substantial part of its fixed assets so as to affect its going concern status.
- ii.
 - (a) As explained to us, inventories have been physically verified during the year by the management.
 - (b) The procedures explained to us, which are followed by the management for physical verification of inventories, are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business;
 - (c) On the basis of our examination of the inventory records of the Company, we are of the opinion that, the Company is maintaining proper records of its inventory. Discrepancies, which were noticed on physical verification of inventory as compared to book records, have been properly dealt with in the books of account;
- iii.
 - (a) The Company has not granted any loan, secured or unsecured, to the companies, the firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

DINESH REMEDIES LTD.

- (b) The Company has not taken any loan, secured or unsecured, from the companies, the firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- iv. In our opinion and according to the information and explanations given to us, there are generally adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for sale of goods and services. During the course of our previous assessment, no major weakness in internal control system, had come to our notice;
- v. On the basis of the audit procedures performed by us, and according to the information, explanations and representations given to us, there are no transactions or arrangements with the parties in which directors were interested and which were required to be entered in the register maintained under Section 301 of the Companies Act, 1956.
- vi. The Company has not accepted any public deposits.
- vii. In our opinion, the company has an adequate internal audit system commensurate with the size of the company and the nature of its business.
- viii. As informed to us, the Central Government has not prescribed for the maintenance of cost records under Section 209 (1) [d] of the Companies Act, 1956;
- ix (a) According to the records of the Company, it has been regular in depositing undisputed statutory dues including Provident Fund, Income tax, Sales tax, VAT, Service Tax, Custom Duty, Excise Duty, Cess and other statutory Dues with the appropriate authorities. According to the explanation given to us there are no arrears of statutory dues which has remained outstanding at the last date of financial year, for a period of more than six month from the date they became payable.
- (b) In our opinion and according to the information and explanation given to us, there are no disputed dues in respect of Income tax, Service tax, VAT, Custom Duty, Excise Duty and Cess with the appropriate authorities.
- x. The Company has accumulated losses at the end of the financial year and it has incurred cash losses, both, in the financial year under report and the preceding financial year;
- xi. On the basis of the records examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to bank;
- xii. As explained to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or any other securities;
- xiii. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xiv. The Company is not dealing or trading in shares, securities, debentures and other investments;
- xv. According to the information and explanations given to us, and the representations made by the management, the Company has not given any guarantee for loans taken by others from any bank or financial institution;
- xvi. In our opinion, on the basis of information and explanations given to us, the term loans were applied for the purposes for which the loans were obtained.
- xvii. According to the information and explanations given to us and on an overall examination of the Balance sheet of the Company, we report that no funds raised on short-term bases have been used for long-term investments.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956;
- xix. On the basis of the records and documents examined by us, the Company has not issued any secured debentures during the year;
- xx. The Company has not raised any money by public issue, during the year;
- xxi. According to the information and explanations given to us, and to the best of our knowledge and belief, no fraud on or by the Company, has been noticed or reported by the Company during the year.

For and on behalf of
DALAL & SHAH
Chartered Accountants

Ashish Dalal
Partner
Membership No. 033596

Mumbai
8th June, 2009

DINESH REMEDIES LTD.**BALANCE SHEET AS AT 31ST MARCH, 2009**

| | Schedule | Rs. | As at 31st March, 2009 Rs. | As at 31st March, 2008 Rs. |
|---|----------|-------------------|----------------------------------|----------------------------------|
| I. Sources of Funds : | | | | |
| (1) Shareholders' Funds: | | | | |
| (a) Share Capital | 1 | | 180,000,000 | 150,000,000 |
| (2) Loan Funds: | | | | |
| (a) Secured Loans | 2 | | 104,999,834 | 116,504,091 |
| | Total | | <u>284,999,834</u> | <u>266,504,091</u> |
| II. Application of Funds : | | | | |
| (1) Fixed Assets: | | | | |
| (a) Gross Block | 3 | 208,816,804 | | 208,727,735 |
| (b) Less: Depreciation | | <u>22,065,127</u> | | <u>11,997,041</u> |
| (c) Net Block | | | 186,751,677 | 196,730,694 |
| (2) Investments | 4 | | 2,616,384 | - |
| (3) Current Assets, Loans and Advances: | 5 | | | |
| (a) Inventories | | 12,806,184 | | 11,288,343 |
| (b) Sundry Debtors | | 12,675,652 | | 16,720,954 |
| (c) Cash and Bank Balances | | 654,962 | | 382,132 |
| (d) Loans and Advances | | <u>18,632,445</u> | | <u>20,630,128</u> |
| | | <u>44,769,243</u> | | <u>49,021,557</u> |
| Less: Current Liabilities and Provisions : | 6 | | | |
| (a) Liabilities | | 12,635,591 | | 17,405,550 |
| (b) Provisions | | <u>463,111</u> | | <u>230,750</u> |
| | | <u>13,098,702</u> | | <u>17,636,300</u> |
| Net Current Assets | | | 31,670,541 | 31,385,257 |
| (4) Profit & Loss Account Balance as per annexed Account | | | 63,961,232 | 38,388,140 |
| | Total | | <u>284,999,834</u> | <u>266,504,091</u> |
| Notes forming part of the Accounts | 14 | | | |

As per our attached report of even date,

For and on behalf of
Dalal & Shah
Chartered Accountants
(Ashish Dalal)
Partner
(Membership No.033596)
Mumbai, 8th June, 2009

For and on behalf of Board of Directors

N. U. Patel
Managing Director

Upendra M. Patel
Chairman

S. K. Shukla
Company Secretary

Vadodara, 8th June, 2009

DINESH REMEDIES LTD.**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

| | Schedule | Rs. | Rs. | Previous Year Rs. |
|---|----------|-----|---------------------|----------------------|
| Sales (Including Excise Duty) | | | 73,130,115 | 52,708,226 |
| Less : Excise Duty | | | 8,411,052 | 6,588,235 |
| | | | 64,719,063 | 46,119,991 |
| Other Income | 7 | | 506,396 | 349,218 |
| | | | 65,225,459 | 46,469,209 |
| Expenditure: | | | | |
| Raw Materials Consumed | 8 | | 25,345,552 | 21,987,944 |
| (Increase) / decrease in Stocks | 9 | | (1,252,283) | (1,935,645) |
| Manufacturing Expenses | 10 | | 21,171,160 | 17,455,198 |
| Employees' Emoluments | 11 | | 14,103,677 | 11,921,873 |
| Interest | 12 | | 9,353,054 | 8,295,087 |
| Selling and other expenses | 13 | | 11,956,456 | 4,998,432 |
| Depreciation | | | 10,068,086 | 9,173,928 |
| | | | 90,745,702 | 71,896,817 |
| Loss before Taxation | | | (25,520,243) | (25,427,608) |
| Tax Expenses | | | | |
| Current Tax | | | | |
| Fringe Benefit Tax | | | 67,482 | 129,025 |
| | | | 67,482 | 129,025 |
| Loss for the year | | | (25,587,725) | (25,556,633) |
| Tax adjustments relating to earlier years | | | 14,633 | - |
| | | | (25,573,092) | (25,556,633) |
| As per last Account | | | (38,388,140) | (12,831,507) |
| Balance Carried to Balance Sheet | | | (63,961,232) | (38,388,140) |
| Notes forming part of the Accounts | 14 | | | |
| Basic /diluted Earning Per Share (See Note 8) | | | (1.55) | (1.70) |

As per our attached report of even date,

For and on behalf of

Dalal & Shah

Chartered Accountants

(Ashish Dalal)

Partner

(Membership No.033596)

Mumbai, 8th June, 2009

For and on behalf of Board of Directors

N. U. Patel

Managing Director

Upendra M. Patel

Chairman

S. K. Shukla

Company Secretary

Vadodara, 8th June, 2009

DINESH REMEDIES LTD.**CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2008-2009**

| | 2008-2009 Rs. | 2007-2008 Rs. |
|---|---------------------|---------------------|
| A. Cash Flow From Operating Activities : | | |
| Net Loss Before Tax and Extra Ordinary Items | (25,520,243) | (25,427,608) |
| Adjustments For : | | |
| Interest paid | 9,353,054 | 8,295,087 |
| Tax adjustments relating to earlier years | 14,633 | |
| Interest received on Loans and deposits | (309,879) | |
| (Profit)/Loss on sale/redemption of investments | - | (7,169) |
| | 19,059,510 | 17,204,654 |
| Operating Profit Before Working Capital Changes | (6,460,733) | (8,222,954) |
| Adjustment For : | | |
| Trade and Other Receivables | 6,094,765 | (22,244,283) |
| Inventories | (1,517,842) | (2,742,813) |
| Trade Payables | (4,533,175) | 6,365,594 |
| | 43,748 | (18,621,502) |
| Cash Generated from Operations | (6,416,985) | (26,844,456) |
| Direct Taxes Paid | 123,684 | 131,000 |
| Net Cash flow from Operating Activities before Extra Ordinary Items | (6,540,669) | (26,975,456) |
| Extra Ordinary Items | - | - |
| Net Cash Used in Operating Activities | (6,540,669) | (26,975,456) |
| B. Cash Flow from Investing Activities : | | |
| Purchase of Fixed Assets | (89,069) | (43,477,473) |
| Purchase of Investments | (2,616,384) | |
| Interest received on Fixed Deposits | 309,879 | |
| Dividend on Mutual Fund Units | 66,384 | 257,192 |
| Sale proceed of Investments | - | 7,169 |
| Net Cash Used in Investing Activities | (2,329,190) | (43,213,112) |
| | (8,869,859) | (70,188,568) |
| C. Cash Flow From Financing activities : | | |
| Proceed From Issue of Share Capital | 30,000,000 | |
| Proceed from borrowings | (11,504,257) | 61,004,091 |
| interest paid | (9,353,054) | (8,295,087) |
| Net Cash Flow From Financing Activities | 9,142,689 | 52,709,004 |
| Net Change in Cash and Cash Equivalents | 272,830 | (17,479,564) |
| Cash and Cash Equivalents As At 1.4.2008 (Opening Balance) | 382,132 | 17,861,696 |
| Cash and Cash Equivalents As At 31.3.2009 (Closing Balance) | 654,962 | 382,132 |

As per our attached report of even date,

For and on behalf of
Dalal & Shah
Chartered Accountants
(Ashish Dalal)
Partner
(Membership No.033596)
Mumbai, 8th June, 2009

For and on behalf of Board of Directors

N. U. Patel
Managing Director
Upendra M. Patel
Chairman
S. K. Shukla
Company Secretary

Vadodara, 8th June, 2009

DINESH REMEDIES LTD.

Schedule '1' to '14' annexed to and forming part of the Balance Sheet as at and Profit and Loss Account for the year ended 31st March, 2009.

| | As at 31st March, 2009 Rs. | As at 31st March, 2008 Rs. |
|---|----------------------------------|----------------------------------|
| Schedule - '1' - Share Capital | | |
| Authorised : | | |
| 2,00,00,000 Equity Shares of Rs. 10/- each (Previous Year 1,50,00,000 Equity Shares of Rs. 10/- each) | <u>200,00,000</u> | <u>150,00,000</u> |
| Issued & Subscribed : | | |
| 1,80,00,000 Equity Shares of Rs.10/- each fully paid (see note below) (Previous Year 1,50,00,000 Equity Shares of Rs. 10/- each fully paid) | <u>180,00,000</u> | <u>150,00,000</u> |
| Total | <u>180,00,000</u> | <u>150,00,000</u> |

Note:

9,444,095 (Previous Year 7,869,995) fully paid up Equity shares held by the holding company - Shri Dinesh Mills Limited.

Schedule - '2' - Secured Loans :

| | | |
|---|---------------------------|---------------------------|
| Term loan, Secured by Exclusive charge on Fixed Assets including Equitable mortgage on Free-hold land | 94,727,332 | 105,250,165 |
| Working Capital Cash Credit A/c. with South Indian Bank Ltd. Secured by hypothecation of Stocks & Book Debts. | 10,272,502 | 11,253,926 |
| Total | <u>104,999,834</u> | <u>116,504,091</u> |

Schedule - '3' - Fixed Assets :

| Fixed Asset | GROSS BLOCK (At Cost) | | | | DEPRECIATION | | | | NET BLOCK | |
|------------------------------|---------------------------|------------------|------------------------------------|---------------------------|--------------------------|------------------------------------|------------------------|--------------------------|---------------------------|---------------------------|
| | As on 31.3.2008 Rs. | Additions Rs. | Deductions / Adjustments Rs. | As on 31.3.2009 Rs. | Upto 31.3.2008 Rs. | Deductions / Adjustments Rs. | For the Year Rs. | Upto 31.3.2009 Rs. | As on 31.3.2009 Rs. | As on 31.3.2008 Rs. |
| Land, Freehold | 5,989,902 | - | - | 5,989,902 | - | - | - | - | 5,989,902 | 5,989,902 |
| Buildings | 33,535,594 | 71,088 | - | 33,606,682 | 1,462,239 | - | 1,059,342 | 2,521,581 | 31,085,101 | 32,073,355 |
| Tubewell | 208,078 | - | - | 208,078 | 9,328 | - | 3,392 | 12,720 | 195,358 | 198,750 |
| Plant & Machinery | 157,347,757 | 107,429 | 130,108 | 157,325,078 | 9,669,806 | 3,989 | 8,383,113 | 18,048,930 | 139,276,148 | 147,677,951 |
| Electrical Installations | 6,963,994 | - | - | 6,963,994 | 448,976 | - | 330,789 | 779,765 | 6,184,229 | 6,515,018 |
| Furniture & Fixtures | 4,180,942 | 40,660 | - | 4,221,602 | 333,401 | - | 247,800 | 581,201 | 3,640,401 | 3,847,541 |
| Vehicles | 501,468 | - | - | 501,468 | 73,291 | - | 47,639 | 120,930 | 380,538 | 428,177 |
| Total Rs. | 208,727,735 | 219,177 | 130,108 | 208,816,804 | 11,997,041 | 3,989 | 10,072,075 | 22,065,127 | 186,751,677 | 196,730,694 |
| Previous Year's Total Rs. | 165,250,262 | 43,477,473 | - | 208,727,735 | 2,823,113 | - | 9,173,928 | 11,997,041 | 196,730,694 | |

DINESH REMEDIES LTD.

| | As at 31st March, 2009 Rs. | As at 31st March, 2008 Rs. |
|---|----------------------------------|----------------------------------|
| Schedule - '4' - Investments, at Cost (unless other wise stated): | | |
| In units of Mutual Funds (units of Rs. 10/- each) : | | |
| Long Term | | |
| Quoted : | | |
| 244515.63 (-) Units of HDFC High Interest Fund - Short Term Plan (NAV as on 31.03.2009 Rs.2,593,186/-) | 2,616,384 | - |
| Total | 2,616,384 | - |
| Schedule - '5' - Current Assets, Loans and Advances : | | |
| (a) Inventories : | | |
| Stores, Spares, etc., at Cost | 1,832,954 | 1,588,767 |
| Stock-in-Trade, at cost or net realisable value whichever is lower : | | |
| Raw Materials | 2,190,048 | 1,753,934 |
| Work-in-Process | 6,759,498 | 3,820,307 |
| Finished Goods | 2,023,684 | 4,125,335 |
| | <u>10,973,230</u> | <u>9,699,576</u> |
| As per Inventories taken, valued and Certified by a Managing Director | 12,806,184 | 11,288,343 |
| (b) Sundry Debtors, Unsecured, Good Over Six Months | 235,544 | 444,174 |
| Others | 12,440,108 | 16,276,780 |
| | <u>12,675,652</u> | <u>16,720,954</u> |
| (c) Cash and Bank Balances : | | |
| Cash on hand | 23,264 | 90,532 |
| Bank Balances: | | |
| with Scheduled Banks: | | |
| In Current Account | 624,579 | 284,991 |
| In Fixed Deposit | 6,000 | 6,000 |
| Interest Accrued on Fixed & Short Term Deposits | 1,119 | 609 |
| | <u>631,698</u> | <u>291,600</u> |
| | 654,962 | 382,132 |
| (d) Loans and Advances, Unsecured, Good, unless otherwise stated: | | |
| Advances recoverable in cash or in kind or for value to be received | 5,936,243 | 8,667,975 |
| Balances with Custom and excise etc. | 12,485,617 | 11,803,347 |
| Tax paid in advance, less provision | 210,585 | 158,806 |
| | <u>18,632,445</u> | <u>20,630,128</u> |
| Total | 44,769,243 | 49,021,557 |

DINESH REMEDIES LTD.

| | As at 31st March, 2009 Rs. | As at 31st March, 2008 Rs. |
|---|---|---|
| Schedule - ' 6'- Current Liabilities and Provisions : | | |
| (a) Liabilities : | | |
| (i) (see note - 11) | - | - |
| (ii) Others | <u>12,025,812</u> | <u>17,384,687</u> |
| | 12,025,812 | 17,384,687 |
| Due to Holding Company | 14,779 | 20,863 |
| Share Application Money | <u>595,000</u> | - |
| | 609,779 | 20,863 |
| | 12,635,591 | 17,405,550 |
| (b) Provisions : | | |
| For Unencashed leave | 239,051 | 116,859 |
| For Gratuity | 217,228 | 102,636 |
| Provision for FBT, net of Advances | <u>6,832</u> | <u>11,255</u> |
| | 463,111 | 230,750 |
| Total | <u>13,098,702</u> | <u>17,636,300</u> |
| Schedule - ' 7' Other Income : | | |
| Dividend on Mutual Fund Units | 66,384 | 257,192 |
| Interest (Gross, Tax Deducted at source Rs.60,271/-) (Previous Year Rs. NIL) | 309,879 | 476 |
| Miscellaneous Receipts | 130,133 | 84,381 |
| Profit on Redemption on Units | - | 7,169 |
| Total | <u>506,396</u> | <u>349,218</u> |
| Schedule - ' 8' - Raw Materials Consumed : | | |
| Opening Stock | 1,753,934 | 735,159 |
| Purchases | <u>25,781,666</u> | <u>23,006,719</u> |
| | 27,535,600 | 23,741,878 |
| Less : Stocks at Close | <u>2,190,048</u> | <u>1,753,934</u> |
| Total | <u>25,345,552</u> | <u>21,987,944</u> |
| Schedule - ' 9' - (Increase) / Decrease in Stocks: | | |
| Stocks at Close: | | |
| Work-in-Process | 6,759,498 | 3,820,307 |
| Finished Goods | <u>2,023,684</u> | <u>4,125,335</u> |
| | 8,783,182 | 7,945,642 |
| Less : Stocks at Commencement : | | |
| Work-in-Process | 3,820,307 | 355,440 |
| Finished Goods | <u>4,125,335</u> | <u>5,923,890</u> |
| | 7,945,642 | 6,279,330 |
| | 837,540 | 1,666,312 |
| Excise duty variation on opening/closing stocks | 414,743 | 269,333 |
| Total | <u>(1,252,283)</u> | <u>(1,935,645)</u> |

DINESH REMEDIES LTD.

| | Rs. | Previous Year Rs. |
|---|-------------------|----------------------|
| Schedule - '10' - Manufacturing Expenses : | | |
| Stores and Spares Consumed | 2,656,535 | 2,504,142 |
| Power, Fuel and Water | 16,171,456 | 14,098,620 |
| Machinery Repairs | 2,205,965 | 685,337 |
| Building Repairs | 50,881 | 102,390 |
| Other Repairs. | 86,323 | 64,709 |
| Total | 21,171,160 | 17,455,198 |
| Schedule - '11' - Employees' Emoluments: | | |
| Salaries, Wages, Bonus, etc. | 12,756,173 | 10,867,166 |
| Contribution to Provident and Other Funds | 647,595 | 510,409 |
| Welfare Expenses | 634,897 | 488,784 |
| Provident & Other Fund Expenses | 65,012 | 55,514 |
| Total | 14,103,677 | 11,921,873 |
| Schedule - '12' - Interest: | | |
| Interest : | | |
| On Fixed Loans | 8,675,358 | 8,055,792 |
| On Others | 677,696 | 239,295 |
| Total | 9,353,054 | 8,295,087 |
| Schedule - '13' - Selling and Other Expenses : | | |
| Rent | 175,000 | - |
| Rates and Taxes | 18,744 | 42,432 |
| Insurance | 460,051 | 648,206 |
| Freight, Coolie & Cartage | 1,800,375 | 814,875 |
| Travelling & Conveyance | 985,891 | 836,682 |
| Auditors' Remuneration | 28,342 | 25,000 |
| Legal & Professional Charges | 4,010,304 | 441,493 |
| Advertisement & Publicity | - | 15,000 |
| Commission | 28,550 | 13,500 |
| Miscellaneous Expenses | 2,128,299 | 676,791 |
| Bank Charges | 53,034 | 105,021 |
| Recruitment Expenses | 18,277 | 129,437 |
| Security Expenses | 345,891 | 327,539 |
| Site Maintenance | 74,644 | 67,183 |
| Telephone Expenses | 152,157 | 152,683 |
| Vehicle Expenses | 1,130,607 | 702,590 |
| Prior Period Expenses | 21,290 | - |
| Share Issue Expenses | 525,000 | - |
| Total | 11,956,456 | 4,998,432 |

Schedule '14' - Notes forming part of Accounts

1. Significant Accounting Policies followed by the Company are as follows:

(A) System of Accounting

- i. Financial Statements are based on the historical cost. These costs are not adjusted to reflect the impact of the changing value in the purchasing power of money.
- ii. The Company, generally, follows the mercantile system of accounting and recognizes income and expenditure on an accrual basis, except those with significant uncertainties.

(B) Fixed Assets and Depreciation

(a) Fixed Assets

- i. Fixed Assets are carried at cost of acquisition including incidental cost relating to acquisition/installation. Fixed Assets are shown net of accumulated depreciation. (Except on free hold land)
- ii. Capital work in progress is stated at amount expended up to the date of Balance Sheet.

(b) Depreciation

- i. Depreciation on all the assets is being provided on straight line method in accordance with the provisions of section 205(2) (b) of the Companies Act, 1956 at the rates specified in schedule XIV to the said act. Continuous process plants are identified based on a technical assessment and depreciated at the specified rate as per Schedule XIV to the Companies Act, 1956.
- ii. Depreciation on additions to the assets during the year is being provided on pro rata basis at their respective rates with reference to the month of acquisition /installation as required by schedule XIV to the Companies Act, 1956.

(C) Investments

Investments are valued at cost of the acquisition. Current investments are shown at lower of the cost or market value.

(D) Inventories

- i. Stores, Machinery Spares, etc. are valued at cost or net realizable value whichever is lower. Cost is arrived at on 'Moving Weighted Average Cost basis'.
- ii. Raw Materials are valued at cost or net realizable value whichever is lower. Cost is arrived at on 'Annual Weighted Average Cost basis'.
- iii. Material in progress is valued at cost or net realizable value whichever is lower.
- iv. Finished goods are valued at cost or net realizable value whichever is lower.

*Cost is arrived at on full absorption basis including excise duty as per Accounting Standard AS - 2 'Valuation of inventories'.

(E) Sales:

Domestic Sales are recognized and accounted on dispatch of products to the customers. Sales are disclosed at net of Vat, discount and returns as, applicable.

(F) Employee Benefits

i. Defined Contribution Plan

Company's contribution paid/payable during the period to Provident Fund, EDLI, Officer Super Annuation Fund, and Labour Welfare Fund are recognised in the Profit & Loss Account.

ii. Defined Benefit Plan

Provision for payments to the Employees Gratuity is based on actuarial valuation done at the close of each financial year. At the reporting date, Company's liabilities towards gratuity is determined by independent actuarial valuation using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up final obligation. Past services are recognised on a straight line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognised immediately in the statement of Profit and Loss account as income or expenses. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government Bonds, where the currency and terms of the Government Bonds are consistent with the currency and estimated terms of the defined benefit obligation. Company recognises the undiscounted amount of Short term employee benefits during the accounting period based on service rendered by the employees.

(G) Taxation

Income tax expenses comprised of current tax. Provision for current tax is made on assessable income at the tax rate applicable to the relevant assessment year.

Fringe Benefit Tax has been calculated in accordance with the provisions of the Income Tax Act, 1961.

DINESH REMEDIES LTD.

SCHEDULE '14' - NOTES FORMING PART OF THE ACCOUNTS (cont.)

| | As at 31st March, 2009 Rs. | As at 31st March, 2008 Rs. |
|--|----------------------------------|----------------------------------|
| 2. Payments to Statutory Auditors: | | |
| i. As Auditors-Audit fee | 25,000 | 25,000 |
| ii. Out of Pocket Exps. | 3342 | - |
| 3. CIF Value of Imports: | | |
| Capital Goods | 142,496 | 27,179,703 |
| 4. Expenditure in foreign currency: | | |
| Traveling Expenses (Previous Year Capitalised) | 41,188 | 409,059 |
| 5. Licensed & installed capacity and production, Stock & Turnover | | |

| A Licensed & Installed capacity and Production | | 2008-09 | 2007-08 |
|--|-----------------|----------------|------------|
| Class of Goods - Empty Hard Gelatin Capsules | | | |
| a. Licensed Capacity | | See Note Below | |
| b. Installed Capacity as certified by Assistance General Manager and Accepted by Auditors. | | 17500 lacs | 1000 lacs |
| c. Production meant for sale | Qty. In Lac No. | 13343.71 | 9360.03 |
| B Stocks & Turnover | | | |
| a. Stock at Commencement | Qty. in Lac No. | 988.45 | 1124.57 |
| | Rs. | 4,125,335 | 5,923,890 |
| b. Turnover | Qty. in Lac No. | 13879.62 | 9480.72 |
| | Rs. | 73,130,115 | 52,708,226 |
| c. Stock at close | Qty. in Lac No. | 452.53 | 988.44 |
| | Rs. | 2,023,684 | 4,125,335 |
| Sample Etc. | Qty. in Lac No. | 5.85 | 15.60 |

Note: Company has filed memorandum of manufacture for 17500.00 lacs Nos. of Capsules with SIA, Ministry of Commerce & Industry, Government of India.

6. Raw Material Consumed - Indigenous

| Particulars | 2008-09 | | 2007-08 | |
|-------------|---------|------------|---------|------------|
| | M.T. | Rs. | M.T. | Rs. |
| a. Gelatin | 100.70 | 24,309,298 | 91.45 | 20,728,880 |
| b. Others | | 1,036,254 | | 1,259,064 |
| Total Rs. | | 25,345,552 | | 21,987,944 |

7. Employee Benefits

(A) Defined Benefit Plans:

| Expenses recognised for the year ended on March 31, 2009 (included in schedule 11 of Profit and Loss Account) | | Gratuity 2008-09 | Gratuity 2007-08 |
|--|--|---------------------|---------------------|
| 1 | Current Service Cost | 111,334 | 59,200 |
| 2 | Interest Cost | 8,108 | 5,069 |
| 3 | Expected Return on Plan Assets | - | - |
| 4 | Employer Contribution (Receipt) | - | - |
| 5 | Actuarial Losses/ (Gains) | (4,850) | (22,705) |
| | Expenses Recognised in Profit & Loss A/c | 114,592 | 41,564 |

SCHEDULE '14' - NOTES FORMING PART OF THE ACCOUNTS (cont.)

| Net Asset/ (Liability) recognised in the Balance Sheet as on 31st March, 2009 | | Gratuity 2008-09 | Gratuity 2007-08 |
|---|--|------------------|------------------|
| 1 | Present value of Defined Benefit Obligation | - | - |
| 2 | Fair Value of Plan Assets | - | - |
| 3 | Funded Status (Surplus/ (Deficits)) | - | - |
| | Net Assets/ (Liability) | - | - |
| Balance Sheet as on 31st March, 2009 | | | |
| 1 | Net Assets/(Liability at Beginning of year | 102,636 | 61072 |
| 2 | Employer Expenses | 114,592 | 41564 |
| 3 | Employer Contribution | - | - |
| | Net Assets/ (Liability) at the end of the year | 217,228 | 102,636 |
| Actual Return on Plan Assets | | | |
| Actuarial Assumptions | | | |
| 1 | Discount Rates | 7.90% | 8.30% |
| 2 | Expected Rate of Return on Plan Asset | 0.00% | 0.00% |
| 3 | Expected Rate of Salary Increase | 5.00% | 5.00% |
| 4 | Mortality Post- Retirement | LIC(1994-96) | LIC(1994-96) |
| Major Category of Plan Asset as a percentage of total plan | | | |
| 1 | Insurance Company | 100.00% | 100.00% |

- (B) Defined Contribution Plan:
Amount of Rs.5,98,015(Previous year Rs. 4,73,790) is recognised as expense and included in the Schedule 11 "Contribution to Provident & Other Funds" to the Profit & Loss Accounts.
- (C) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. Mortality rates are obtained from the relevant data.
- (D) Amount recognised as an expense in respect of Compensated Leave Absences is Rs. 310,276 (Previous year Rs.68,386)

8. Earning Per Share:

| Particulars | | 2008-09 | 2007-08 |
|--|-----|--------------|--------------|
| Basic / Weighted Average No. of equity shares | No. | 16,528,767 | 15,000,000 |
| Nominal value of Equity Shares | Rs. | 10 | 10 |
| Loss for the year attributable to equity share holders | Rs. | (25,573,092) | (25,556,633) |
| Basic / Diluted earning per share | Rs. | (1.55) | (1.70) |

9. Related Party Information

A. Name of related Party and Nature of Relationship

| Sr. No. | Name of Related Party | Description of relationship |
|---------|---|-------------------------------|
| 1 | Shri Dinesh Mills Ltd. | Holding Company |
| 2 | Key Management Personnel: Mr. U. M. Patel Mr. N. U. Patel | Chairman Managing Director |

DINESH REMEDIES LTD.**SCHEDULE '14' - NOTES FORMING PART OF THE ACCOUNTS (cont.)****B. Transactions with related parties**

| Sr. No. | Name of Related Party | Relationship | Nature of Transaction | Amount Rs. | | Outstanding Balance Rs. | |
|---------|------------------------|-----------------|-------------------------------|------------|---------|-------------------------|---------|
| | | | | 2008-09 | 2007-08 | 2008-09 | 2007-08 |
| 1 | Shri Dinesh Mills Ltd. | Holding Company | Equity Contribution | 15,741,000 | - | - | - |
| | | | Advance taken during the year | 62,822 | 81,848 | 14,779 | 20,863 |

C. There are no provisions for doubtful debts or amounts written off or written back in respect of debts due to or due from related parties.

D. Related party relationship is as identified by the company on the basis of information available with them and relied upon by the Auditors.

10. The company has one primary business segment viz. Pharmaceutical.
11. The company has not received any intimation from suppliers regarding their status under the Micro and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with the interest paid / payable as required under the said Act has not been given.
12. Taxation
- (i) Provision for income tax has been made in terms of the Income-Tax Act, 1961.
- (ii) In absence of virtual certainty, the company has not recognized (net) Deferred Tax Assets in nature of unabsorbed depreciation and carry forward losses.
13. Information required in terms of part IV of Schedule VI of the companies Act, 1956 is attached.
14. Previous year's figures have been regrouped wherever necessary.

Signature to Schedule '1' to '14'

For and on behalf of

Dalal & Shah

Chartered Accountants

(Ashish Dalal)

Partner

(Membership No.033596)

Mumbai, 8th June, 2009

For and on behalf of Board of Directors

N. U. Patel

Managing Director

Upendra M. Patel

Chairman

S. K. Shukla

Company Secretary

Vadodara, 8th June, 2009

For the year ended 31st March, 2009
Part IV of Schedule VI to Companies Act 1956 (As Annexed)

Balance - Sheet abstract and Company's General Business Profile:

I. Registration Details:

Registration No. 45447 State Code 04
 Balance Sheet Date : 31st March, 2009

II. Capital raised during the year: (Rs. In Thousands)

| | |
|--------------|-------------------|
| Public Issue | Rights Issue |
| Nil | 30,000 |
| Bonus Issue | Private Placement |
| Nil | Nil |

III. Position of mobilisation & deployment of Funds: (Rs. In Thousands)

| | |
|-------------------|--------------|
| Total Liabilities | Total Assets |
| 234,137 | 234,137 |

Sources of Funds:

| | |
|-----------------|-------------------|
| Paid up capital | Reserve & Surplus |
| 180,000 | Nil |
| Secured Loans | Unsecured Loans |
| 105,000 | Nil |

Application of Funds:

| | |
|--------------------|---------------------------|
| Net Fixed Assets | Investments |
| 186,752 | 2,616 |
| Net Current Assets | Miscellaneous Expenditure |
| 31,671 | Nil |
| Accumulated Losses | Deferred Tax Liability |
| 63,961 | Nil |

IV. Performance of Company: (Rs. In Thousands)

| | |
|----------------------------|-------------------------|
| Turnover | Total Expenditure |
| 65,225 | 90,746 |
| Profit / (Loss) before Tax | Profit/(Loss) after tax |
| (25,520) | (25,588) |
| Earnings Per Share in Rs. | Dividend |
| (1.55) | Nil |

V. Generic Names of principal Product, Services of the Company:

| | |
|---------------------|----------------------------|
| Item Code No. | 96020030 |
| Product Description | Empty Hard Gelatin Capsule |

SHRI DINESH MILLS LIMITED

Regd. Office, P.O. Box 2501, Padra Road, Vadodara - 390 020

SEVENTY THIRD ANNUAL GENERAL MEETING

ATTENDANCE SLIP

Folio No. :

No. of Shares :

(To be filled by the Shareholder)

I/We hereby record my/our presence at the 74th Annual General Meeting of the Company being held at Registered Office of the Company at Padra Road, Vadodara on Friday, the 4th September, 2009 at 11.00 A.M.

Member's Signature

Note :

1. A Member/Proxy attending the meeting must complete this Attendance Slip and hand it over at entrance of meeting hall.
2. Member intending to appoint a proxy, should complete the proxy form printed below and deposit it at the Company's Registered Office not later than 48 hours the commencement of the meeting.

SHRI DINESH MILLS LIMITED

Regd. Office, P.O. Box 2501, Padra Road, Vadodara - 390 020

PROXY FORM

Folio No :

(To be filled by the Shareholder)

I/We _____ being a Member/Members of Shri Dinesh Mills Limited hereby appoint _____

_____ of _____

or failing him/her _____ of _____

as my/our Proxy to vote for me/us on my/our behalf at the 74th Annual General Meeting of the Company to be held on Friday, the 4th September, 2009 at 11.00 A.M and at any adjournment thereof.

Signed this on _____ day of _____ 2009

Name : _____

Address : _____

Affix 1
Rupee
Revenue
Stamp

Signature : _____

N.B :The Proxy should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting.

BOOK-POST

TO,



If undelivered, please return to :

Shri Dinesh Mills Ltd.

P.O. Box 2501, Padra Road,

Vadodara - 390 020.