

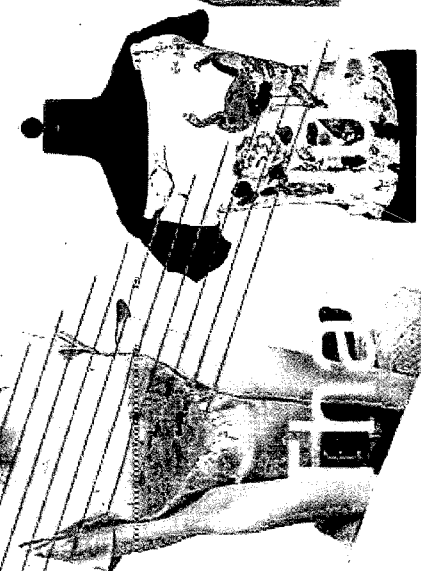
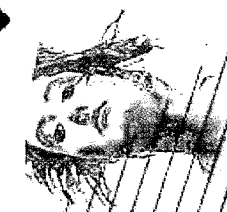
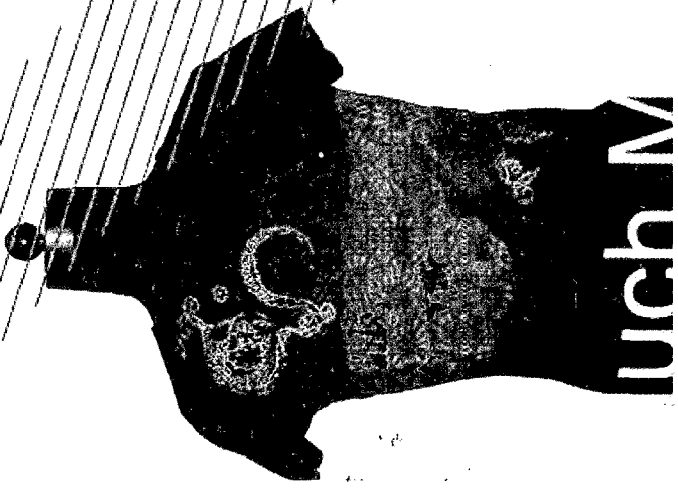
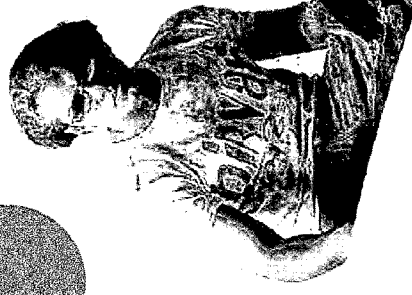
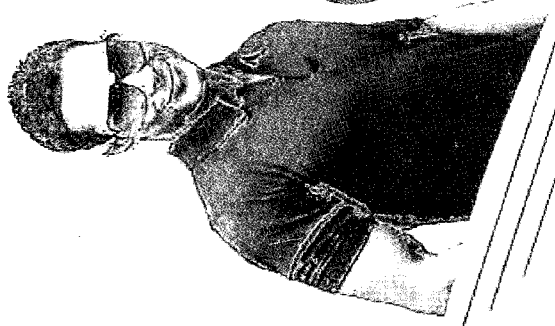
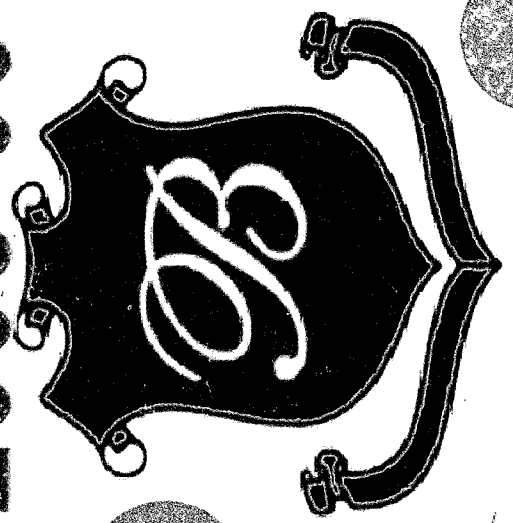


# Bhandari Hosiery Exports Limited

AWR, A.P., BSCI and C-TPAT Certified Company

## 16th Annual Report

### 2008-09



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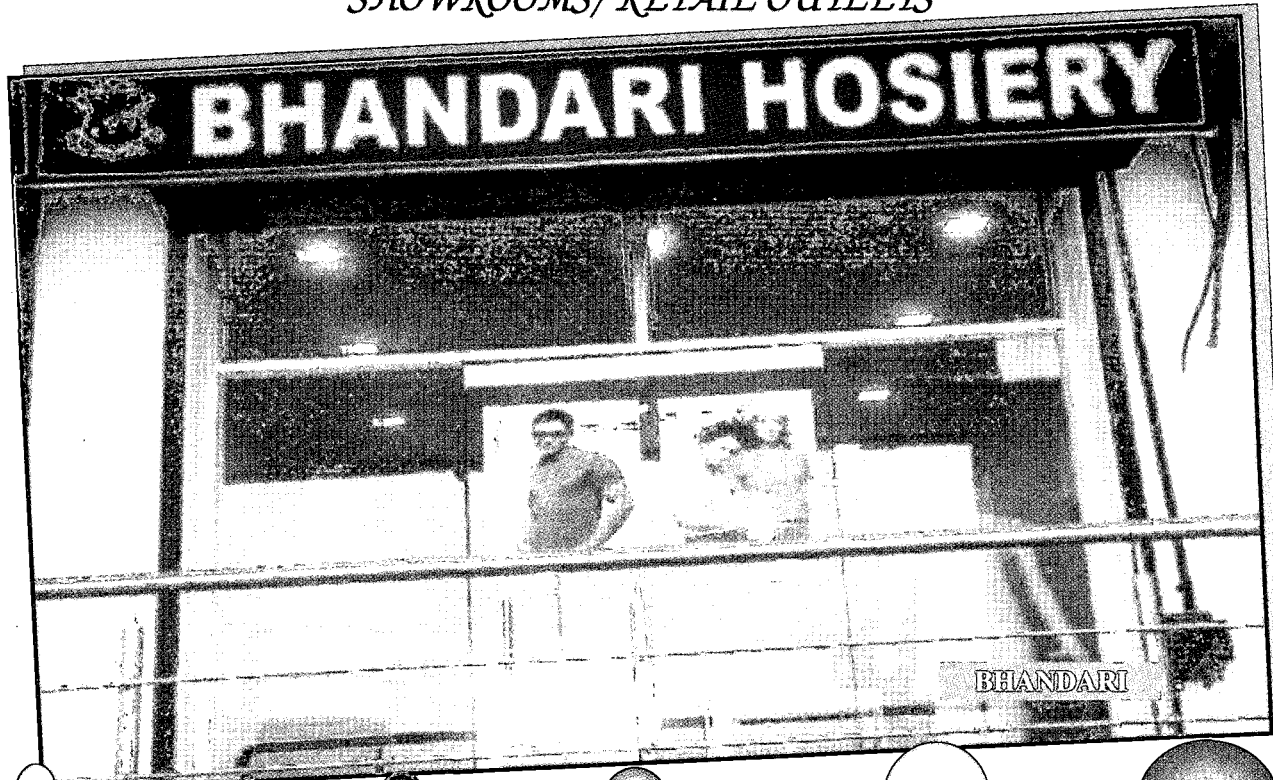
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Bhandari Hosiery Exports Limited  
(A.W.R.A.P., BSCI and C-TPAT Certified Company)

*INNER AND OUTER VIEWS OF "BHANDARI HOSIERY"  
SHOWROOMS/RETAIL OUTLETS*





## From the Chairman's Desk



Shri Naresh Bhandari  
(Chairman & Mg Director)

### Dear Shareholders,

I have great pleasure in presenting the Sixteenth Annual Report and Audited Financial Statements for the financial year ended 31st March 2009. The year 2008-09 has been an year full of swings, changes and has also been an eventful year for the Indian Economy in general and Textile Industry in particular.

The Indian Economy which was growing steadily and at a rapid speed in the last five years, took a backward step, due to the major worldwide financial turmoil and continuing global slowdown. Attempts were made to counter the domestic effects by introducing fiscal measures and stimulating packages with a view to provide tax relief to boost demand and increase in expenditure relating to public projects. Reserve Bank of India also took number of measures to increase the availability of credit, easy liquidity and reduce lending rates. India's economy grew at its slowest pace in nearly six years in the third quarter of fiscal year 2008-09 - a mere 5.3% expansion in the three months to December, down from 8.9% a year earlier; the expansion is projected to slow down further in the current year. Asia's giant economy, India, is expected to have grown about 7% in 2008-09.

During the year 2008-09, the textile and clothing industry of India was seen reeling under the pressure of the economic downturn. The Textile and Clothing export figures dipped from \$22 billion in FY 2007-08 to \$20 billion in the FY 2008-09. The orders for textiles and garments observed a fall especially from US, European Union and even ASEAN as their economies were under severe financial crisis. But the conditions are improving and Indian exports data are expected to get positive again. India is adept at offering small lots in a large number of designs whereas China specializes in bulk supply. International garment trade is 80 per cent on fashions and 20 percent on supplies in bulk, which gives India an edge over China. Indian textile exporters are already concentrating on adding value to garments.

After seeing business stagger last year in an uncertain US market, apparel exporters are eyeing European Union (EU) to drive volumes in 2009-10. With its nearest competitor China struggling with an appreciating Yuan, Indian garment exporters expect to bag substantial orders from EU.

Unlike the US, which is a mass market, the EU is a very demanding niche brand market. Exporters are now ready with apparel samples in chic, classic and casual shades that will hit retail shelves across Europe in Spring 2010.

India's economy will continue to experience sustained level of high growth even though there may be a dip in FY 2010. Projects started in the past and the thrust on infrastructure development will continue to add to the growth of the sector in the medium to long term. Manufacturing efficiencies gained in the past will help in lowering costs in industry. US and European markets dominate global textile trade accounting for 64% of clothing market and 39% of textile market. Although China is likely to become the supplier of 'choice', other low cost producers like India would also benefit as the overseas importers would try to mitigate their risk of sourcing from only one country in addition to the cost due to appreciation of Chinese currency.

Despite all swings, your Company recorded a satisfactory performance in terms of increased Turnover. During the period under review, the Turnover of the Company increased to Rs 8039.37 Lacs as against Rs. 7524.36 Lacs in the previous year, thus registering an increase of around 6.85%. The net profits before tax of the Company during the Year ended on 31.03.2009 has been Rs. 160.13 Lacs as against Rs. 275.56 Lacs in the previous year. The Profits after Tax of the Company during the year ended on 31.03.2009 has been Rs. 93.65



## Bhandari Hosiery Exports Limited

(A. W.R.A.P., BSCI and C-TPAT Certified Company)

Lacs as against Rs. 159.87 Lacs in the previous year. However, during the current financial year, the Company is doing well.

Alongwith the impressive strides in business, we are eagerly working towards playing a committed role in the area of Corporate Social Responsibility. We proudly state that your Company is a **W.R.A.P and B.S.C.I and C-TPAT Certified Company**.

**W.R.A.P.** (Worldwide Responsible Apparel Production), USA, is a Voluntary Non Profit Organisation which certifies Health, Safety, Welfare measures and compliance with Govt. and other Regulatory Authorities laws and bye laws by a Apparel/Textile Unit.

After W.R.A.P. the Company heading towards good Corporate Social Responsibility, got **BSCI** (Business Social Compliance Initiative) **CERTIFICATION**. European retail companies and associations have developed a common monitoring system simplifying and standardizing the requirements and individual monitoring procedures. The BSCI is based on the labour standards of the International Labour Organization (ILO) and other important international regulations like the UN Charter for Human Rights, as well as on national regulations. The Initiative aims at continuously improving the social performance of suppliers, leading to Best Practice like SA8000 certification or equivalents and thus sustainably enhancing working conditions in factories worldwide

Further in the last year, the Company achieved another milestone by obtaining **C-TPAT Certification** which not only shows the Company's dedication to safety and security in manufacture, packing and export of materials and devotion to Social Responsibility standards, but will also enable the Company to prove its good Corporate Social Performance to European Countries' buyers with greater confidence.

I am also glad to inform you that for the previous year, your Company was awarded a Certificate of Recognition by Industry 2.0 Magazine for showing superior performance for the year 2007-08.

Your Company, last year entered the Indian Retail Segment by opening Retail Outlets/ Showrooms in Punjab, Rajasthan and Himachal Pardesh. It is further under planning to add some more retail showrooms within India. For this purpose, the Company feels need of some funds, which it is planning to raise by the issue of equity shares on Rights basis to the shareholders of the Company.

Our success and growth greatly depends on the skills and dedication of our employees, co-operation of our Bankers, and other business constituents, whom I would like to thank sincerely. I am looking forward to another exciting year ahead.

Finally, I take this opportunity to thank all the Company's stakeholders for their confidence in Bhandari Hosiery and I look forward for their continued support in the years to come.

Warm Regards

Sd/-

NARESH BHANDARI  
CHAIRMAN & MG. DIRECTOR





**From the Desks of Chief Financial Officer and Company Secretary**



**Shri Parveen Malhotra**  
Whole Time Director  
(Finance) & CFO



**Shri Gurinder Makkar**  
(Company Secretary)

Dear Shareholders

At the outset, we feel the pleasure in presenting you, the 16<sup>th</sup> Annual Report of the Company. The year 2008-09 has been year full of swings.. The Indian Economy which was showing rapid growth over the last 5 years, suffered during the year 2008-09, due to the major global financial turmoil and continuing global slowdown. Globally, attempts were made to cope with the situation and India too, the effects were effected to be countered by introducing fiscal measures and stimulating packages. Reserve Bank of India made efforts to increase the availability of credit, easy liquidity and reduce lending rates. But now it is expected that the situation is going to be under control gradually due to the efforts made by several countries and normalcies are being restored. The future again seems to be good for the Indian Textile Industry both at domestic and international levels as despite recession, India is still maintaining itself as an attractive destination for retail industry and foreign investments. While it is not possible to fully escape the impact of the global financial meltdown, the Indian economy is better placed than many to withstand the shock..

But despite the adverse circumstances prevailing in India and globally, the Company was able to show a satisfactory performance in terms of improved sales, though the profits were under little pressure and reduced as compared to previous year. The Company is well poised and getting geared for coming good times of Indian Textile Industry

Wishing an eventful and prosperous year ahead

Regards

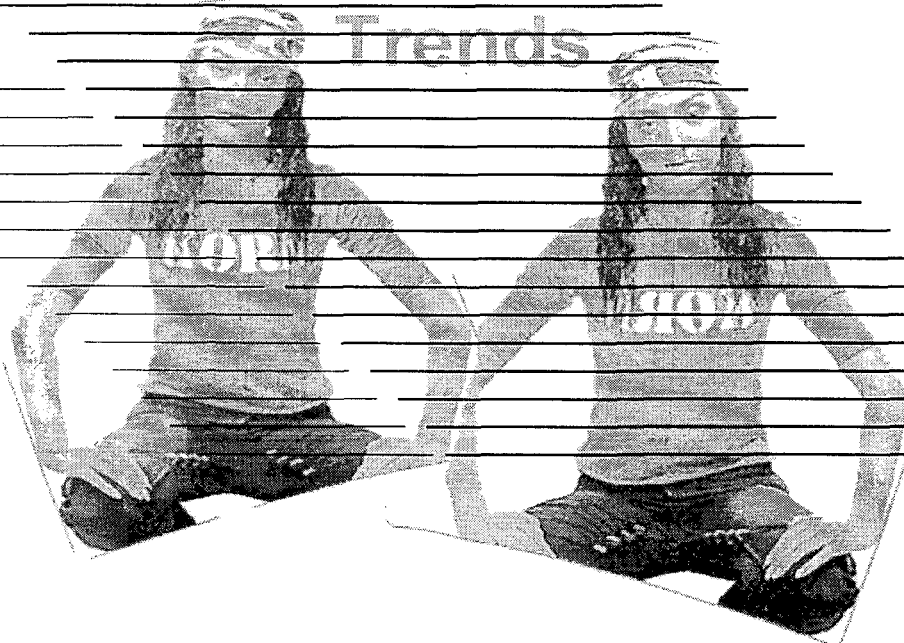
Sd/-

**Parveen Malhotra**  
Whole Time Director (Finance) & CFO

sd/-

**Gurinder Makkar**  
(Company Secretary)

**"Bhandari Hosiery"**  
**We Care for the**  
**Trends**



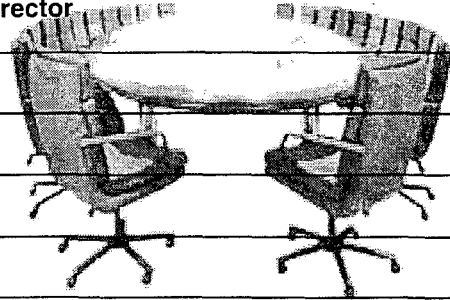


# Bhandari Hosiery Exports Limited

(A.W.R.A.P., BSCI and C-TPAT Certified Company)

## Board of Directors

SR.	NAME	DIN	DESIGNATION
1	Shri Naresh Bhandari	00017937	Chairman & MG. Director
2	Sh. Parveen Malhotra	01194721	Whole Time Director
3	Sh. R.C. Singal	00739667	Director
4	Sh. M.M. Sikka	01194696	Director
5	Sh. Ashish Thapar	00077281	Director
6	Sh. Vikas Nayyar	00071047	Director



### COMPANY SECRETARY

Mr. Gurinder Makkar

### AUDITORS

M/S VIPAN KUMAR AGGARWAL & CO.  
K-206, KISMAT COMPLEX,  
LUDHIANA- 141003 (PUNJAB)

### BANKERS

STATE BANK OF INDIA  
OVERSEAS BRANCH, LUDHIANA

### REGISTERED OFFICE

BHANDARI HOUSE, VILLAGE MEHARBAN,  
RAHON ROAD, LUDHIANA- 141007  
(PUNJAB) INDIA  
PHONES: +91-161-3260742-44  
FAX: +91-161-2690394  
EMAIL: [bhandari@bhandariexport.com](mailto:bhandari@bhandariexport.com)

### WEBSITE:

[www.bhandariexport.com](http://www.bhandariexport.com)

### REGISTRAR & SHARE TRANSFER AGENTS

M/S LINK INTIME INDIA PVT. LTD.  
(Former M/s Intime Spectrum Registry Ltd.)  
A-40, 2 FLOOR, NARAINA INDUSTRIAL  
AREA, PHASE II, NEAR BATRA BANQUET  
HALL, NEW DELHI- 110028  
PHONES: 011- 41410592-94  
FAX: 011- 41410591  
EMAIL: [delhi@intimespectrum.com](mailto:delhi@intimespectrum.com)

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# Bhandari Hosiery Exports Limited

(A.W.R.A.P., BSCI and C-TPAT Certified Company)



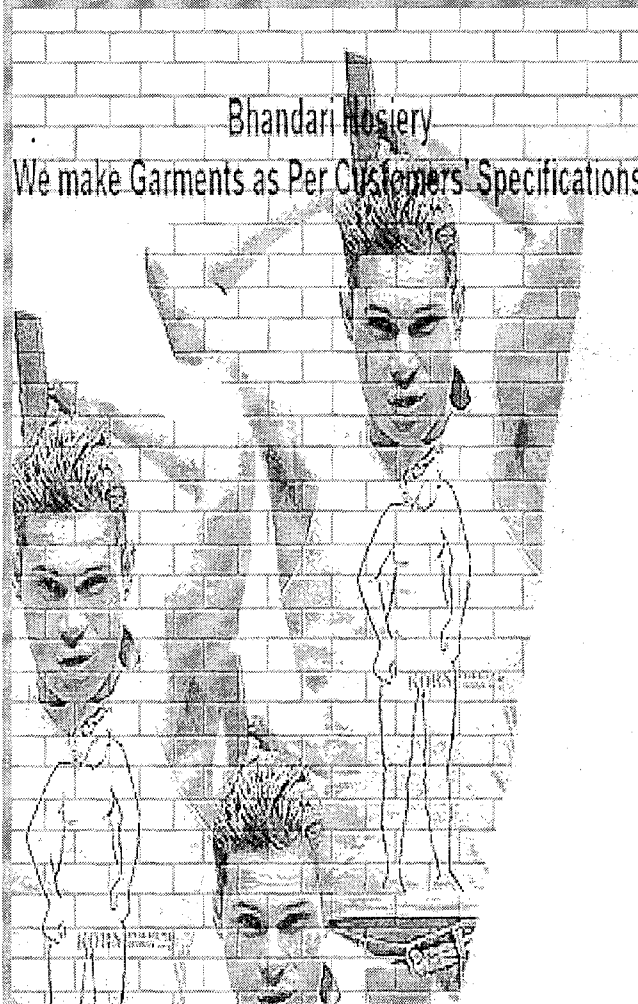
Bhandari Hosiery Exports Ltd

## Our Vision

To be a global Knitted Garments Company and create an example through continuous innovation, focused services and enhanced customer satisfaction.

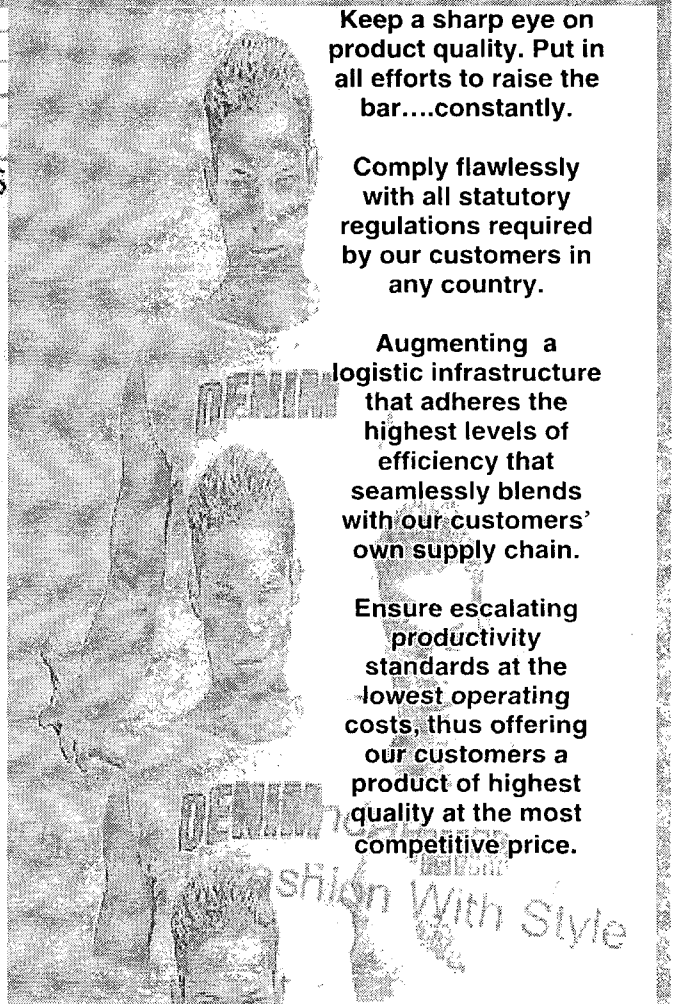
## Our Mission

Deliver in time, anywhere in the world.



Bhandari Hosiery

We make Garments as Per Customers' Specifications



Keep a sharp eye on product quality. Put in all efforts to raise the bar....constantly.

Comply flawlessly with all statutory regulations required by our customers in any country.

Augmenting a logistic infrastructure that adheres the highest levels of efficiency that seamlessly blends with our customers' own supply chain.

Ensure escalating productivity standards at the lowest operating costs, thus offering our customers a product of highest quality at the most competitive price.

Denim Fashion With Style



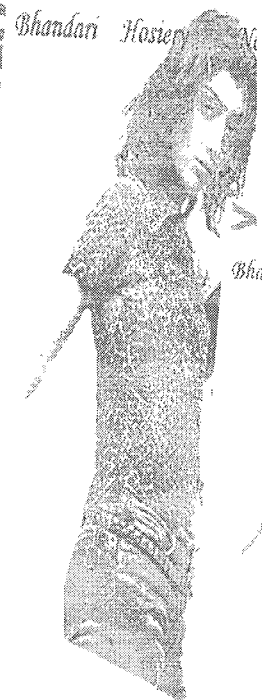
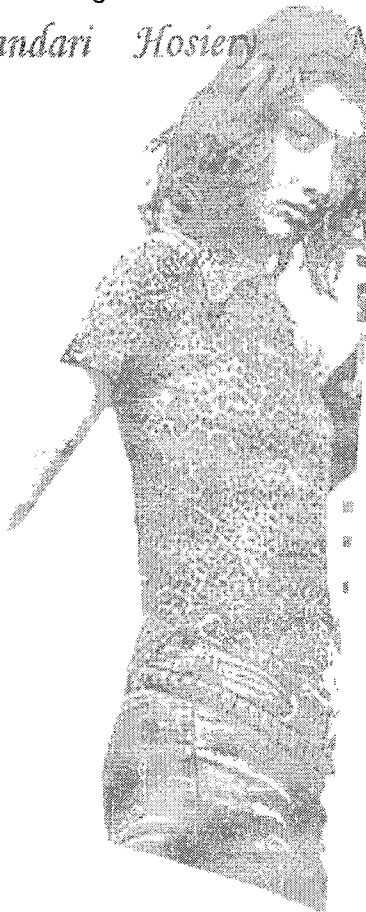
**ABOUT 'BHANDARI HOSIERY'**

Bhandari Hosiery Exports Limited is a garment manufacturing company having vertical production facility to produce High Fashion Knitted Garments. With more than 16 years experience and state of the art manufacturing facilities, Bhandari Hosiery manufactures garments for leading international and overseas brands and some overseas retail chains. In the international market, we have a presence in around 18 countries including quality conscious markets like USA, Canada, UK and the European Union.

The Company is spread in an area of around 30000 Sq. Meters with constructed area nearing 35% of the Total Area. The Company has all in house facilities from yarn and knitting to final finishing and packing. The Company has the requisite state of the art infrastructural facilities to produce high end fashion garments.



*Bhandari Hosiery Not Just Fashion*



**Bhandari**

**We cut garments into perfect  
We make them perfect**

*Bhandari Hosiery Not Just Fashion*

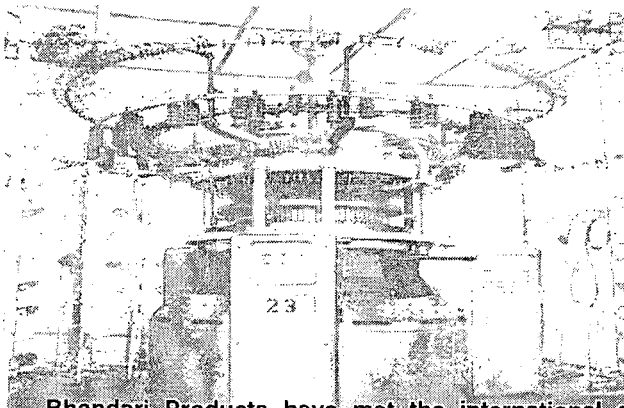
The Company is engaged primarily in the manufacture and export of knitted hosiery garments such as T-Shirts, Pull Overs, Sweat Shirts, Bermudas, Polo shirts, Track Suits, Payjamas, Lowers, ladies knitted tops with embroidery and prints etc..

Our products are targeted towards trendy fashion oriented line for both sex of the upper middle class segment. Our garments are exported to many of the European and North American Countries. We conform to International standards in Human Resource Practices and adopt Eco- friendly standards in production.

Bhandari Hosiery aims to be the best knitted garment manufacturing and exporting



FABRICS



Company. We continuously incorporate the latest technological advances in manufacturing processes to ensure that our esteemed customers receive top-of-line quality products. Our objective is to be the pioneer in implementing new manufacturing technologies, which translate into an even superior product for our customers.

Frequent changes in fashion trends make it imperative for suppliers to deliver newer styles quickly to their customers. Understanding the need for timely delivery we always aim to provide our customers an efficient and satisfying service.

Bhandari Products have met the international quality standards and are being exported to the competitive markets in Europe, U.S.A and Australia. Some of our esteemed clients are Tom Tailor, Marlboro Classics, Atkins, Quick Silver, S.Oliver, Givenchy, Watson, May Dept. Stores, Karstadt Quelle, Charles.Vogele, Hajo Strick, Matalan Retail, Kitaro.

## At Bhandari Hosiery, We have State of the Art infrastructure to manufacture High Quality Knitted Garments



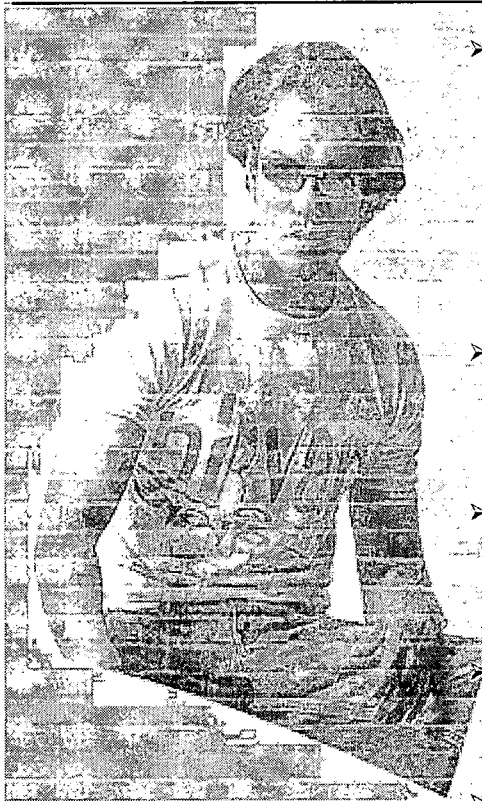
A GARMENT IS NOT REALLY COMPLETE TILL THE LAST STITCH IS PERFECTLY IN PLACE. AS YOU SEE HERE, MACHINES LIKE BROTHER, JUKI, PEGASUS, YAMATO & SINGER DO MAKE A DIFFERENCE. BUT AT THE END OF THE DAY, IT IS THE HUMAN EYE FOR PERFECTION THAT MAKES A GARMENT WORTHY OF THE FAMOUSLY FINICKY BHANDARI NAME.







## FINANCIAL HIGHLIGHTS

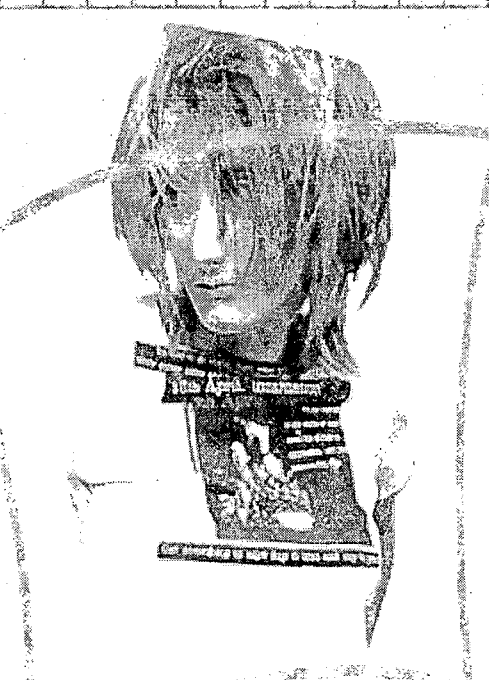


- The Turnover of the Company increased to Rs 8039.37 Lacs as against Rs. 7524.36 Lacs in the previous year, thus registering an increase of around 6.85%.
- The net profits before tax of the Company has been Rs. 160.13 Lacs.
- The net profits after tax of the Company has been Rs. 93.65 Lacs.
- Domestic Turnover of the Company grew by 18.58%.
- The EPS (Annual Basic and Diluted) of the Company was Rs. 1.26.



### NOTE : CURRENCY CONVERSION

Please note that the financial figures in this Annual report are given as Rupees (Rs.) in Lacs or in absolute figures of Rupees. Rs. 1 Lac = Rs. 0.10 Million. Figures can be accordingly read in Rs. Lacs or converted into Millions by the Reader)



"BHANDARI HOSIERY"  
Fashion With Style 8



## NOTICE

Notice is hereby given that the 16th Annual General Meeting of the Members of the Company will be held on Tuesday, the 29<sup>th</sup> day of September, 2009 at 9.00 A.M. at the Registered Office of the Company at Bhandari House, Village Meharban, Rahon Road, Ludhiana-141007 to transact the following business:-

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009, Profit and Loss Account for the year ended on that date together with the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Sh. R.C. Singal, who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
3. To appoint Auditors for the Year 2009-10 and to fix their remuneration.

### SPECIAL BUSINESS

4. TO CONSIDER, AND IF THOUGHT FIT, TO PASS, WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION:

“RESOLVED THAT subject to the provisions of Sections 198, 269, 309, 310, 314 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereto as amended upto date and all guidelines for managerial remuneration issued by the Central Govt. from time to time, and subject to approvals as may be necessary, consent of the Company be and is hereby accorded to the reappointment of Shri Naresh Bhandari as Managing Director of the Company for the period of five years w.e.f. 01.04.2009 upon terms and conditions including remuneration and minimum remuneration as agreed between the Company and Sh. Naresh Bhandari.”

“ FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to alter, reduce, increase and vary such terms and conditions relating to the appointment and payment of remuneration as may be permissible in terms of the Act and Schedule thereto or any future amendment as may be applicable from time to time and agreed to by the Board and Mr. Naresh Bhandari, without referring the matter again to the General Meeting.”

“FURTHER RESOLVED THAT notwithstanding anything to the contrary hereinabove contained, where in any financial year, the Company has incurred loss or its profits are inadequate, the remuneration payable shall be as approved by Board of Directors or as specified under Schedule XIII to the Companies Act, 1956, whichever is less.”

“FURTHER RESOLVED THAT for the purpose of giving effect to this Resolution, the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, and things as it may deem expedient in the interest of the Company.”

5. TO CONSIDER, AND IF THOUGHT FIT, TO PASS, WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION:

“RESOLVED THAT pursuant to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof for the time being in force) read with Directors Relatives (Office or Place of Profit) Rules, 2003 and subject to approval of the Central Government and such modifications and variations as the Central Government may accept, consent be and is hereby accorded to Shri Nitin Bhandari, who is son of Shri Naresh Bhandari, Mg. Director of the Company, to hold and continue to hold an office or place of profit under the Company with the designation as President of the Company or with such other designation as Director may from time to time decide, on an increased consolidated salary of Rs.1.00 Lacs (Rs. One Lac) Per Month, with effect from 01.09.2009 or such other date as may be stipulated by Central Government while granting its approval under Section 314 of the Companies Act, 1956.”



**Bhandari Hosiery Exports Limited**  
(A.W.R.A.P., BSCI and C-TPAT Certified Company)

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take, perform and execute such further steps, acts, deeds and matters, as may be necessary, proper or expedient to give effect to this resolution."

"FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to agree to such modification and/or variation as may be suggested by the Central Government while granting its approval, without referring the matter again to the General Meeting."

**6. TO CONSIDER, AND IF THOUGHT FIT, TO PASS, WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION:**

"RESOLVED THAT pursuant to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof for the time being in force) read with Directors Relatives (Office or Place of Profit) Rules, 2003 and subject to approval of the Central Government and such modifications and variations as the Central Government may accept, consent be and is hereby accorded to Ms. Nitika Bhandari, who is daughter of Shri Naresh Bhandari, Mg. Director of the Company, to hold and continue to hold an office or place of profit under the Company with the designation as Chief Merchandiser of the Company or with such other designation as Director may from time to time decide, on an increased consolidated salary of Rs.1.00 Lacs (Rs. One Lac) Per Month, with effect from 01.09.2009 or such other date as may be stipulated by Central Government while granting its approval under Section 314 of the Companies Act, 1956."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take, perform and execute such further steps, acts, deeds and matters, as may be necessary, proper or expedient to give effect to this resolution."

"FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to agree to such modification and/or variation as may be suggested by the Central Government while granting its approval, without referring the matter again to the General Meeting."

For & On behalf of the Board

Sd/-  
(NARESH BHANDARI)  
Chairman & Mg. Director

Place : Ludhiana.  
Dated : 25.08.2009

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. THE BLANK PROXY FORM IS ENCLOSED.
2. The Register of Members and the Share Transfer Books of the Company shall remain closed from Saturday, the 26<sup>th</sup> day of September, 2009 to Tuesday, the 29<sup>th</sup> day of September 2009 (both days inclusive)
3. The Members are requested to notify the changes, if any, in their registered addresses, at the earliest and may also intimate their E-mail address(es), if any, to the Company.
4. Members desiring any information as regards the accounts are requested to write to the Company at its Registered Office at least 10 days before the date of Annual General Meeting so as to enable the Management to keep information ready.
5. The copies of the relevant documents can be inspected at the Registered Office of the Company on any working day between 10.30 A.M. to 12.30 P.M.
6. The members are requested to bring their copy of Annual Report alongwith attendance slip with them to the Annual General Meeting.
7. Members may please note that "NO GIFTS" will be distributed at the Meeting.



## **ANNEXURE TO THE NOTICE**

### **EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF ITEMS OF SPECIAL BUSINESS:**

#### **\*For Item No. 4 of the Special Business:**

The present term of reappointment of Shri Naresh Bhandari , Managing Director ended on 31.03.2009. During his tenure as Managing Director, he has contributed immensely for the growth of the Company and the Company has been able to achieve better turnover., Accordingly the Board of Directors of the Company, in its Meeting held on 30.04.2009, has decided to reappoint him as such for a further period of five years w.e.f. 01.04.2009 on such salary, remuneration, terms and conditions as stated hereunder:

#### **1. Overall remuneration :**

Subject to the provisions of Section 198 and Section 309 of the Companies Act,1956 and other applicable provisions of the Act, if any, the remuneration payable to Shri Naresh Bhandari in any financial year shall not exceed 5% (five percent) of the net profits of the Company. Wherein in any financial year during the currency of the tenure of Shri Naresh Bhandadri, the Company has no profits or its profits are inadequate, the remuneration payable to Shri Naresh Bhandari will be according to the applicable provisions of Schedule-XIII to the Act, within the aforesaid ceiling. The remuneration payable to Shri Naresh Bhandari shall be as follows:

- i) Salary : Initial Salary of Rs.1,25,000/-per month
- ii) Commission : At the rate of 1% of the Net profits of the Company within above ceiling of salary Rs.15,00,000/- p.a.
- iii) Perquisites will be allowed in addition to salary and commission, restricted to an amount equal to the annual salary or Rs.15,00,000/-per annum, whichever is less.

#### **CATEGORY A Perquisites**

Personal Accident Insurance : Premium not to exceed Rs. 15000/- Per Annum.

**The above may also be read as an abstract of change in terms and conditions regarding his appointment /reappointment so as to comply with the provisions of Section 302 of the Companies Act, 1956.**

#### **MEMORANDUM OF INTEREST**

None of the Directors except Sh. Naresh Bhandari, the appointee is interested in this Resolution

#### **\*For Item No. 5 and 6 of the Special Business:**

Mr. Nitin Bhandari who is son of Shri Naresh Bhandari- Mg. Director of the Company is working as President of the company. He has done Master of Business Administration in Entrepreneurial Management from European Business School, London, U.K. As a President of the Company, he has developed vast experience in the fields of production management, merchandising, procuring new foreign buyers, optimizing costing and reducing wastage and contributed to the growth of the company , a lot. His initial appointment was approved at the Annual General Meeting dated 29.09.2004 and then his appointment as President at a consolidated monthly salary of Rs. 49000/-per month was approved by way of special Resolution passed at the Annual General Meeting held on 28.09.2007. In view of his experience and contribution made, the Board of Directors, in its Meeting held on 25.08.2009, has proposed it is proposed to increase his consolidated monthly salary to Rs. One Lac per month.

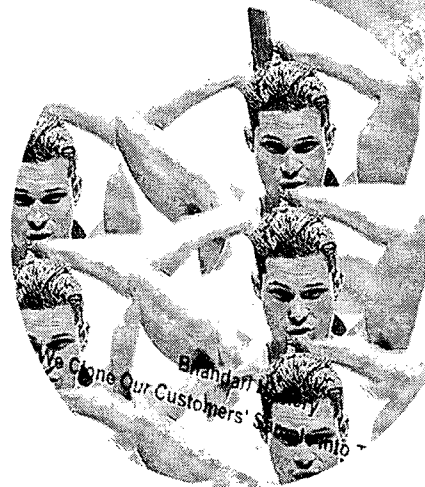
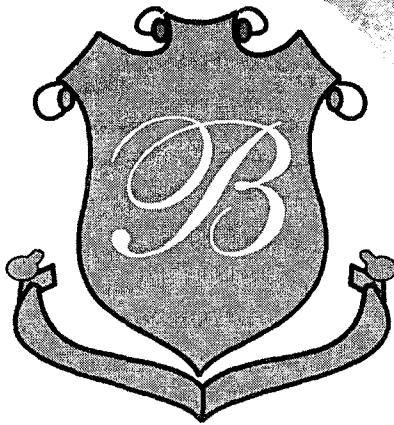


Further, Ms. Nitika Bhandari who is daughter of Shri Naresh Bhandari- Mg. Director of the Company was appointed as the Chief Merchandiser on 28.12.2001 and her increased salary of Rs. 49000/- per month was approved by way of Special Resolution passed at the Annual General Meeting held on 29.09.2004. She is a Graduate in Garments Technology from Pearl Fashion, New Delhi and has a Degree in Fashion Technology from F.I.T., New York. She has about 8 years of experience in the fields of designing, co-ordinating with the foreign buyers, sampling, handling fabric norms, supervising production activities, working out pricing and quotations and she also has contributed a lot in the timely completion of the export orders with the Company. In view of her contribution, the Board of Directors, in its Meeting held on 25.08.2009, has proposed to increase her consolidated monthly salary to Rs. One Lac per month.

As both of them are relatives of Mg. Director of the Company and the salary proposed for both of them is Rs. One Lac, in terms of Section 314 (1B) of the Companies Act, 1956, appointment of relative of a director to any office or place of profit in the Company carrying a total monthly remuneration of not less than Rs. 50,000/- per month requires prior consent of the Company by Special Resolution and prior approval of the Central Government. Hence, the Special Resolutions at Item No. 5 and 6 of Special Business are recommended by your Directors for your approval. The said appointment would be subject to the approval of the Central Government under Section 314 (1B) of the said Act. After obtaining the approval of the shareholders by Special Resolution, the Company shall make appropriate application to Central Government for stated approval.

#### **MEMORANDUM OF INTEREST**

Except Shri Naresh Bhandari, Mg. Director, being relative of the appointees, none of the Directors is concerned or interested in the Special Resolutions at Item No. 5 and 6 of Special Business .







**INFORMATION PURSUANT TO CORPORATE GOVERNANCE CLAUSE OF THE LISTING AGREEMENT(S) REGARDING THE DIRECTORS SEEKING RE-APPOINTMENT IN THE ANNUAL GENERAL MEETING.**

<b>NAME OF DIRECTOR</b>	<b>SH. R.C. SINGAL</b>
<b>DATE OF BIRTH</b>	<b>27.01.1954</b>
<b>DATE OF APPOINTMENT</b>	<b>04.06.1994</b>
<b>QUALIFICATION</b>	<b>M.A. (ECO), F.C.S, AICWA, PGDBM, CAIIB</b>
<b>DIRECTORSHIP IN OTHER PUBLIC COMPANIES</b>	<b>CHAIRMANSHIP (1), DIRECTORSHIP (9)</b>
<b>CHAIRMANSHIP/MEMBERSHIP OF PUBLIC LISTED COMPANIES</b>	<b>5 CHAIRMANSHIP, 10 MEMBERSHIPS (TOTAL)</b>
<b>EXPERTISE</b>	<p>Mr. R.C. Singal, aged about 55 years is a Commerce Graduate and Masters in Economics from Panjab University, Chandigarh, a Fellow Member of the Institute of Company Secretaries of India and an Associate Member of The Institute of Cost and Works Accountants of India. He is also a Member of All India Management Association and Certified Associate of Indian Institute of Bankers. He has to his credit a vast experience of more than 35 years, including being in service with State Bank of India (1974-76), with Corporate Sector at senior positions (1977-89) and being in practice since December 1989 in the fields of Corporate Planning, Company Law and Capital Market. He has been a founder Director and a former President of Ludhiana Stock Exchange Limited. He has been and is on the Board of many joint Sector/Private Sector Companies and has also been a former Chairman of Northern India Regional Council of the Institute of Company Secretaries of India.</p>



## DIRECTORS' REPORT

To

The Members,

### **BHANDARI HOSIERY EXPORTS LIMITED**

Your Directors have pleasure in presenting their 16th Annual Report together with Audited Accounts of the Company for the year ended 31st March, 2009.

#### **FINANCIAL RESULTS**

(RS. IN LACS)

PARTICULARS	2008-09	2007-08
GROSS PROFIT before interest depreciation and tax	473.21	532.38
Less: Financial expenses	236.67	190.85
Less: Depreciation and preliminary exp. written off	76.41	65.97
PROFIT BEFORE TAX	160.13	275.56
Less: Provision for tax	66.48	115.69
PROFIT AFTER TAX	93.65	159.87
Add: Balance brought forward	545.66	385.79
Amount available for appropriation(s)	639.31	545.66
Excess Provision of Income Tax Written Back	17.65	-
Balance carried to Balance Sheet	656.96	545.66

#### **PERFORMANCE REVIEW**

Your Company recorded a satisfactory performance despite global financial turmoil and slowdown. Despite odds, your Company was able to achieve an increased turnover of Rs. 8039.37 Lacs as against Rs. 7524.36 Lacs in the previous year, thus registering an increase of around 6.85%. The net profits before tax of the Company during the Year ended on 31.03.2009 has been Rs. 160.13 Lacs as against Rs. 275.56 Lacs in the previous year. The Profits after Tax of the Company during the year ended on 31.03.2009 has been Rs. 93.65 Lacs as against Rs. 159.87 Lacs in the previous year, which is attributed to the pressure on margins in global markets on account of worldwide slowdown.

#### **EXPORTS**

During the year under review, the exports of the Company were Rs. 2305.04 Lacs as compared to Rs. 2714.59 Lacs in the previous year. Whereas the global slow down of the economies hit the garments exports from India substantially, the Company was still able to maintain around its previous level. Further, during the current financial year, the Company is doing well.

#### **OVERVIEW OF TEXTILE INDUSTRY AND EXPORTS**

During the year 2008-09, the textile and clothing industry, the largest employment generating sector in the country next to agriculture was seen reeling under the pressure of the economic downturn. India's textile exports have shown a negative growth of around 8.63% in FY 08-09 while countries like China (2.59%), Vietnam (17.26%), Indonesia (8.79%), Bangladesh (14.88%) have shown a positive growth in the sector. Similarly in the apparel sector, India has a negative growth of 7.82% while China (7.50%), Vietnam (15.78%), Indonesia (11.10%) and Bangladesh (15.15%) have shown a positive growth.

The weakening rupee against dollar normally should have given some relief to textile exporters but due to persistent long power cuts and sluggish market conditions, textiles and garments continued to be extremely stressed sectors. The orders for textiles and garments have substantially fallen especially from US, European Union and even ASEAN as their economies are under severe financial crisis.



The exuberance that existed in the retail sector one year ago is transformed into an extreme state of cautiousness in the present date. The trouble factors that force retail sales to go down include weaker sentiments, liquidity crunch and profitability squeeze.

#### **Future Outlook for Indian Textile Industry and Exports**

India's economy will continue to experience sustained level of high growth even though there may be a little dip in FY 2010. Projects started in the past and the thrust on infrastructure development will continue to add to the growth of the sector in the medium to long term. Manufacturing efficiencies gained in the past will help in lowering costs in industry. US and European markets dominate global textile trade accounting for 64% of clothing market and 39% of textile market. Although China is likely to become the supplier of choice, other low cost producers like India would also benefit as the overseas importers would try to mitigate their risk of sourcing from only one country in addition to the cost due to appreciation of Chinese currency. International garment trade is 80 per cent on fashions and 20 percent on supplies in bulk, which gives India an edge over China. Indian exporters are already concentrating on adding value to garments. There are ample opportunities for the Indian Textile Industry to come back on track and grow fastly again with pace.

#### **DIVIDEND**

Your Directors do not recommend any dividend due to plough back of funds for normal capital expenditure to enable it to effectively compete in the global markets.

#### **SHARE CAPITAL**

During the year 2008-09, there was an increase in the listed capital of the Company with Bombay Stock Exchange Limited with the completion of listing of 15 lac equity shares of Rs. 10/- each. As a result, the Listed Capital also stood rose to Rs. 74557000/- divided into 7455700 fully paid equity shares of Rs. 10/- each.

#### **RIGHTS ISSUE**

The Board of Directors of the Company, in order to augment resources to strengthen the working capital base to meet with the ongoing capital expenditure and for the propose of opening of the Garments Retail Outlets/ Showrooms at various locations, has in its Meeting held on 25.08.2009, approved the issue of equity shares at par on rights basis to the shareholders of the Company in the ratio of seven equity shares for every twenty equity shares held in the Company and thereby proposed to raise around Rs. 2.61 crores from the abovesaid rights issue which will be subject to necessary sanctions, approvals and applicable provisions of law.

#### **CORPORATE GOVERNANCE REPORT**

Pursuant to Clause 49 of the Listing Agreement with Bombay Stock Exchange Limited (BSE), a Report on Corporate Governance is given as a part of this Directors' Report.

#### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Management Discussion and Analysis Report is given at the end of Directors' Report.

#### **DIRECTORS**

Sh. R.C. Singal, Director of the Company retires by rotation and being eligible offers himself for re-appointment.

#### **AUDITORS**

M/s Vipin Kumar Aggarwal & Company, Chartered Accountants, the Statutory Auditors of the Company, retire at the conclusion of the forthcoming Annual General Meeting and are eligible for reappointment. The Company has received a Certificate to the effect that their appointment, if made, would be within limits prescribed under Section 224 (1-B) of the Companies Act, 1956.

#### **AUDITORS' REPORT**

The notes on Accounts referred to in the Auditors' Report are self-explanatory and do not call for further comments as there are no adverse remarks in the Auditors' Report.

#### **LISTING OF SECURITIES**

The securities of the Company are listed on Bombay Stock Exchange Ltd. (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai. The Company has duly paid the Listing Fees to BSE upto the financial year 2009-10.

#### **INDUSTRIAL RELATIONS**

The industrial relations remained very cordial and responsive during the year under review.

#### **CASH FLOW STATEMENT**

In conformity with the provisions of Clause 32 of the Listing Agreement with Stock Exchanges, the Cash Flow Statement for the year ended 31st March 2009 is annexed at the end of Financial Statements.



● **RELATED PARTY TRANSACTION:**

Related party transactions have been disclosed in the notes to accounts.

● **CORPORATE SOCIAL RESPONSIBILITY**

**W.R.A.P. CERTIFICATION**

The Company's core values on safety, occupational health, environmental stewardship and respect for people permeate all of its actions and will continue to guide its decisions and actions in the future. The Company's commitment to environmental, health and safety processes is practised by the leadership and at all levels of management. The Company takes all reasonable and practicable steps to protect occupational health and safety of employees, community, and the environment affected by its process, products and services. It was all due to the emphasis on Social Responsibility that the Company, in the previous years, got Certification from Worldwide Responsible Apparel Production (W.R.A.P.) USA, a Voluntary Non Profit Organisation which certifies Health, Safety, Welfare measures and compliance with Govt. and other Regulatory Authorities laws and bye laws by a Apparel/Textile Unit.

**BSCI (Business Social Compliance Initiative) CERTIFICATION**

The Company heading towards good Corporate Social Responsibility, also got in the previous years BSCI (Business Social Compliance Initiative) CERTIFICATION. European retail companies and associations have developed a common monitoring system simplifying and standardizing the requirements and individual monitoring procedures. The BSCI is based on the labour standards of the International Labour Organization (ILO) and other important international regulations like the UN Charta for Human Rights, as well as on national regulations. The Initiative aims at continuously improving the social performance of suppliers, leading to Best Practice like SA8000 certification or equivalents and thus sustainably enhancing working conditions in factories worldwide. The Certification achieved by the Company in the true sense reflects the true spirit of the Company in improving working conditions, social health, safety, welfare and good Corporate practices. Besides the company would be able to get the confidence of EU based customers by ensuring good social compliance.

**C-TPAT CERTIFICATION- A FURTHER MILESTONE**

During the last year 2007-08, the Company got C-TPAT Certification and achieved another important milestone. C-TPAT (Customs - Trade Protection Against Terrorism) is a voluntary US government-business initiative to build cooperative relationships that improve overall international supply chain and U.S. border security. This initiative was launched to assist the trading community in the war against Terrorism some criteria such as Business Partner Requirements (Security Procedures), Container Security (Seals, Container Inspection etc), Physical Access Control, Procedural Security, Security Training and Awareness, Physical Security, Information Technology.

C-TPAT stands for Customs Trade Partnership Against Terrorism and it is just that: a partnership, or relationship, that a company voluntarily builds with customs to ensure the movement of its supply chain on the company's side and to reassure customs that the company is not importing anything hazardous into the U.S. C-TPAT focuses on "securing company's supply chains with regards to terrorism." It has no doubt its imperative benefits as the Foreign buyer get more relied about the Company's Risk Management System and Safety and Security procedures adopted.

● **FIXED DEPOSITS**

The Company has not invited/ received any deposits during the period under review as per Section 58-A of the Companies Act, 1956 read with Companies (Acceptance of deposits) Rules, 1975 as amended and the directives of the Reserve Bank of India.

● **GRATUITY**

The provision for gratuity has been made as provided under the Payment of Gratuity Act.

● **PARTICULARS OF THE EMPLOYEES**

There is no employee drawing salary in excess of the limits prescribed under Section 217 (2A) of the Companies Act, 1956. As such, this information is nil.

● **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

**A. CONSERVATION OF ENERGY**

1. **TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION AS PER FORM-A OF THE ANNEXURE IN RESPECT OF INDUSTRIES SPECIFIED IN THE SCHEDULE THERETO.**



S.No.	Particulars	Unit	Current Year	Previous Year
<b>2.1</b>	<b>Power &amp; Fuel consumption</b>			
2.1.1	Electricity			
	A) Purchased			
	Units	Kwh	<b>968256</b>	1131279
	Total Amount	Rs.	<b>4220857</b>	4827269
	Rate per Unit	Rs./kwh	<b>4.36</b>	4.30
	B) Own Generation			
	Through Diesel Generator			
	Units	Kwh	<b>872955</b>	949200
	Units per Ltr. of diesel	Kwh	<b>5.00</b>	4.52
	Total Amount	Rs.	<b>5710872</b>	6354751
	Cost per unit of Kwh	Rs./kwh	<b>6.54</b>	6.70
2.1.2	Coal		<b>NIL</b>	Nil
2.1.3	Furnace Oil		<b>NIL</b>	Nil
2.1.4	Other Internal Generation		<b>NIL</b>	Nil
2.1.5	Husk (Kg) for Steam		<b>3958891</b>	3776730
	Amount (Rs.)		<b>15360497</b>	10679582
	Rate per kg. (Rs.)		<b>3.88</b>	2.83
2.1.6	Fuel ( Diesel for Steam)		<b>Nil</b>	Nil
	Rate Per Ltr.		<b>Nil</b>	Nil
<b>2.2</b>	<b>Consumption/unit Production</b>			
	Electricity Consumed	Kwh/kg.	<b>2.84</b>	3.02
	Husk Consumed	Kg./Pcs	<b>3.05</b>	1.99

**1. PARTICULARS AS PER FORM 'B'**

**1.1 : Research & Development (R & D)**

1.1.1 Continuous efforts are being made for developing new products and processes and to bring improvement in existing products and processes in Research & Development Wing.

1.1.2 Expenditure on Research & Development.

Expenditure on running and maintenance of R & D activities are being made.

1.2 Technology absorption, adaptation and innovation.

Efforts are being made on continuous basis to explore new areas for energy saving.

**B. TECHNOLOGY ABSORPTION**

Your Company has the modern and the state of art technology for the manufacture/fabrication of garments. The Company has necessary research and quality control facilities.

**C. PARTICULARS OF FOREIGN EXCHANGE EARNING AND OUTGO (RS. IN LACS)**

Whereas the global slow down of the economies hit the garments exports from India substantially, the Company was still able to maintain around its previous level of exports, though the margins of the company were seen under a little bit pressure down to global slowdown. Still the company made out its full efforts and was not only able to find some new foreign customers, but also achieved a satisfactory level of export turnover. The result of the Company's efforts to explore new markets will definitely bring fruits in the times to come. Further, during the current financial year, the Company is doing well.

**FOREIGN EXCHANGE EARNING AND OUTGO (RS. IN LACS)**

Particulars	Year ended 31.03.2009
Earnings	<b>2305.04</b>
Outgo	<b>111.50</b>
Net foreign exchange earnings	<b>2193.54</b>

**DIRECTORS' RESPONSIBILITY STATEMENT**

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





- i) In the preparation of annual accounts, the applicable accounting standards have been followed;
- ii) Appropriate accounting policies have been selected and applied consistently, and have made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as on 31st March, 2009 and profit of the Company for the year ended 31st March, 2009.
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The Annual Accounts have been prepared on a going concern basis.

● **DECLARATION**

As per the provisions of Clause 49 of the Listing Agreement entered with the Stock Exchanges, I hereby declare that all the Board Members and Senior Managerial Personnel have affirmed the compliance of the Code of Conduct of the Company for the financial year ended 31st March 2009.

● **ACKNOWLEDGEMENTS**

Your Directors place on record their appreciation of the continued assistance and co-operation extended to the Company by the Government of India, Government of Punjab, State Bank of India, the large family of shareholders, business associates/customers/buyers, the dedicated employees and all other business constituents, who are continuing to assist your Company.

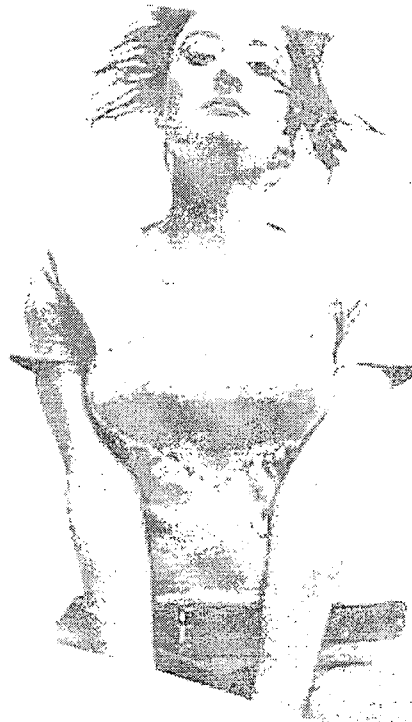
On behalf of the Board of Directors

Sd/-  
(Naresh Bhandari)  
Chairman & Managing Director

Place : Ludhiana  
Date : 25.08.2009

*"Bhandari Hosiery"*  
*We Take Care of the*

*Trends*





## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Readers are cautioned that this discussion and analysis contains forward looking statements that involve risks and uncertainties. The Company undertakes no obligation to publicly update or revise any forward looking statements whether as a result of new information, future events or otherwise. Actual results, performance or achievements and risks and opportunities could differ materially from those expressed or implied in these statements. Readers are cautioned not to place undue reliance on these statements that speak only as of their date. The following discussion and analysis should be read in conjunction with the Company's financial statement included herein and notes thereto.

### **a. INDUSTRY STRUCTURE AND FUTURE OUTLOOK/ DEVELOPMENTS**

The scenario of the Indian textile industry and exports landscape looks significantly different compared to the situation twelve months ago. At that time GDP growth was at record levels of 9% plus, and it was expected that 10% was within reach. In the meantime the subprime issue in the US evolved in to a full scale global financial crisis and India, although having a relatively robust financial system, could not remain insulated from the ensuing fall-out. The global meltdown had an increasingly severe impact on the Indian economy in the second half of 2008. The rapid outflow of institutional funds caused a sudden liquidity crisis, a slump in stock markets, and a precipitous fall in the value of the rupee. Reserve Bank of India (RBI) policy bias shifted markedly from controlling inflation to stimulating growth and boosting liquidity, and a number of monetary measures have been implemented in order to shore up financial markets and try to limit the spillover effect on the real economy. Some further easing of monetary policy seems likely, but may be limited by the continuing threat of inflationary pressures.

India is the 4<sup>th</sup> largest economy in the world in terms of Purchasing Power Parity (PPP). Despite recession, India is still maintaining itself as an attractive destination for textiles/garments and foreign investments. While it is not possible to fully escape the impact of the global financial meltdown, the Indian economy is better placed than many to withstand the shock, given that it is driven more by low labour cost, has a sound banking system, a young population, and a strong savings culture.

#### **Opportunities and Concerns**

After the close of Financial year , the Indian economy has begun to come out of the slowdown in growth, and the major industrial sectors are showing signs of revival. The Textile Sector which is currently at about Rs 275,000 crore (Rs 2,750 billion), is second to agriculture, and has grown at a compounded annual growth rate of over 10 per cent in the last five years alone, implying an additional market opportunity of almost Rs 30,000 crore (Rs 300 billion) likely to be available in the next 12 months.

While exports continue to struggle at about \$22 billion, the prospects look extremely encouraging and there is no reason why Indian textile and clothing exports will not see a major upsurge from the second half of this year itself, and see sustained growth for many years to come. With about 35 million directly employed, and almost 50 million indirectly dependent (including farmers), its employment impact on India is far greater than any other sector. China has of yet not shown competitive strength in the design and fashion segments of the markets. Other developing countries are catching up in terms of unit labor costs in the textile and clothing sector.

Indian textile firms are further consolidating their global reach after snapping up several companies abroad, while sharpening their retail thrust at home to offset a slowdown in consumer spending in the US.

Global and domestic garment manufacturers are foraying into retail malls and collaborating with retail developers due to ongoing boom witnessed in retail sector in India and abroad.

However, India's logistics disadvantage due to its geographical location can give it major thumbs-down in global trade. The country is distant from major markets as compared to its global competitors like Mexico, Turkey and China which are located in relatively close vicinity to major global markets of US, Europe and Japan. As a result, high cost shipments and longer lead-time coupled with lack of infrastructure facility may prove to be major hindrances.



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From the sunrise sector, textile sector is at verge of again slipping back to stagnant phase. Thus, some more fiscal concessions should still be extended to textiles and garments so that India is able to retain its competitiveness, especially at time when these industries are required to keep pace with stiff competition, emerging from India's neighbour. The high cost of credit is forcing textile companies to postpone their expansion and modernization plans as they are unable to pass the cost to the customers.

Interest subvention scheme needs to be continued upto March 2010 without any changes. The Asian counterparts including China and Pakistan are offering fiscal and monetary assistance to the sector, like China has increased the rates of VAT refund from 9 percent to 14 percent for synthetic textile products.

The Indian government also needs to provide R&D, fiscal and monetary assistance to the sector. The textile units across states of Maharashtra, Andhra Pradesh, Tamil Nadu and Kerala are facing power supply crisis with interrupted and low quality electricity with costlier supply. The State Governments will have to support the sector by providing power at subsidized rates.

## Outlook

The positive trend for Indian Garment Exporters over China is India is adept at offering small lots in a large number of designs whereas China specializes in bulk supply. International garment trade is 80 per cent on fashions and 20 percent on supplies in bulk, which gives India an edge over China. Indian exporters are already concentrating on adding value to garments.

After seeing business stagger last year in an uncertain US market, apparel exporters are eyeing European Union to drive volumes in 2009-10. With its nearest competitor China struggling with an appreciating Yuan, Indian garment exporters expect to bag substantial orders from EU. Unlike the US, which is a mass market, the EU is a very demanding niche brand market. Exporters are now ready with apparel samples in chic, classic and casual shades that will hit retail shelves across Europe in Spring 2010.

In the new world order in Garment Industry, consolidation and collaboration would increasingly play an important role. Competency requirements of manufacturers will also change in the long run with a shift from cost based transactional relationship to service based strategic partnership. They need to be more proactive, develop strategic relationships with buyers, collaborate with other suppliers and constantly evaluate their operations. The competition in this trade will intensify in the times ahead and survivors would be one's who understand the direction of change and build competencies accordingly.

Retail from the days of mom and pop store has emerged into various retail formats. Different formats of retail are still emerging across categories. Dynamic lifestyle, growing brand-consciousness and a strong desire to embrace the West while sticking to an indigenous culture; these are but a few elements capturing the essence of the Indian consumer. With this constant retail boom, a simultaneous consolidation is bound to happen. The financial meltdown has only caused a moderate slowdown in retail. No influence has really been observed on the propensity of the consumer to buy. He or she still continues as before, albeit with a cautious dent in total expenditure. Retail boom in India is credited more to domestic consumers and it is not export driven. Internal consumption of India is very strong, compared to China which depends largely on exports, which has the potential danger of turning into a threat. 60 percent of retail sales in India catering to the domestic market, in fact acts as a shield to the Indian retailer at large.

The Company is cautiously keeping a watch at the prevailing trends and re-organised its manufacturing facilities.

Customer development is the key to growth and success in the Garment Industry. Significant investment with regard to time (1.5 to 2 years) and cost is required for developing new customers. It takes further time for a customer to give larger orders. Generally customers stay for long with their established supplier.

## **b. COMPANY'S GROWTH PROSPECTS AND NEAR TERM OUTLOOK**

The Global Textile Industry, which was showing a good growth, suffered heavily due to the global financial turmoil and slowing down of the economies of major countries. Like other countries, the Indian textile industry and its exports also suffered a downfall. However despite all thicks and thins, your Company was able to achieve an increased turnover of Rs. 8039.37 Lacs as against Rs. 7524.36 Lacs in the previous year, thus registering an increase of around 6.85%.



AS per the the AEPC figures , even after the close of financial year the garments exports of the country declined to \$ 2.41 billion for the first quarter of the year 2009-10 as compared to \$ 2.85 billion in the same period of last year. The other countries including China, Pakistan and Bangladesh are providing sops to their textile sector which is in turn reducing the competitiveness of Indian textile products.

But the situation is expected to improve in view of the fiscal measures taken by the major countries including India. With respect to the Company, it can be said that after the close of financial year, the Company is doing well and it is expected that the export turnover of the Company shall be at a growth as compared to the year 2008-09.

**c. FINANCIAL ANALYSIS AND REVIEW OF OPERATIONS:**

The financial results of the Company during the year are as under: (Rs. In Lacs)

<b>PARTICULARS</b>	<b>2008-09</b>	<b>2007-08</b>
TURNOVER	<b>8039.37</b>	7524.36
PROFIT before interest depreciation and tax	<b>473.21</b>	532.38
Less: Financial expenses	<b>236.67</b>	190.85
Less: Depreciation and preliminary exp. written off	<b>76.41</b>	65.97
PROFIT BEFORE TAX	<b>160.13</b>	275.56
Less: Provision for tax	<b>66.48</b>	115.69
PROFIT AFTER TAX	<b>93.65</b>	159.87

**TURNOVER AND PROFITS**

During the period under review, the Company achieved an increased turnover of Rs. 8039.37 Lacs as against Rs. 7524.36 Lacs in the previous year, thus registering an increase of around 6.85%. The net profits before tax of the Company during the Year ended on 31.03.2009 has been Rs. 160.13 Lacs as against Rs. 275.56 Lacs in the previous year. The Profits after Tax of the Company during the year ended on 31.03.2009 has been Rs. 93.65 Lacs as against Rs. 159.87 Lacs in the previous year.

**FIXED ASSETS**

During the year under review, there was additions in the Buildings, Plant and Machinery of the Company for expansion. Gross fixed assets stood increased to Rs 16.33 Crores as against Rs. 14.37 Crores in the previous year.

**INVESTMENTS**

Investments of the Company in unquoted shares have been valued at Nil.

**CURRENT ASSETS**

The liquidity of the Company improved and net current assets have shown a good increase.

**LIABILITIES AND CAPITAL**

The paid up share capital of the Company remained unchanged during the period under review. Reserves and surplus amounted to Rs. 12.06 crores as against Rs 10.95 crores in the previous year. Secured loans stood to the extent of Rs. 15.26 crores.

**d. INTERNAL CONTROL SYSTEMS**

Your Company has well defined business processes with effective control systems to ensure that assets and interests of company are safeguarded. The Company has special task force working on budgetary controls. Considering the size and nature of operations of the Company , the overall control systems are adequate to meet the requirements.



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The Company has its own internal audit team comprising of qualified professional as well as external audit firm retained by the Company to monitor business processes and risks associated with them.

## e. DEVELOPMENTS ON HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The year under review has seen changes in the policies and procedures to make the organization high performing and successful. The Company has always valued its human resources and believes in optimum potential of each employee. During the period under review, the industrial relations were cordial without any disruptions of manufacturing activities. Additional appointments were made and annual increments were granted to salaries of employees during the period under review.

## f. RISKS, THREATS AND RISK MANAGEMENT

Your Company faces general risks inherent in any business including political, legal, geographical, economical, environmental and competition risks and takes appropriate steps to mitigate them and reduce their impact to the extent possible. The exports of the company are subject to set legal procedures and Govt. Rules, approvals and regulations and any change in them may affect the business of the Company. Raw material prices also affect the financial performance of the company.

## RISKS AND THREATS

The opening of the international markets has thrown a host of opportunities with unique set of challenges. . Today we can take justifiable pride in having joined the ranks of the US\$ trillion economies of the world. The change being witnessed can be attributed to several factors including increasing purchasing power of the masses, shifts in the buying behavior, demography dynamics, and growing urbanisation, opening up of the retail segment to private and foreign players and changing trends/lifestyle. Investments in the textile sector have increased significantly over the last three to four years.

The Indian textile sector faces a number of challenges, foremost being infrastructure and inflexible labour laws. Inflow into India of spurious fabric material, counterfeit, fake and misleading selvedge descriptions continues. However, recognizing the threat these spurious imports poses, if continued unchecked, the government has taken a number of steps to check the inflow of such products.

International players are seeking manufacturers with vertically integrated product development facilities and ability for managing quality and costs. Though India is being recognised in this regard and sourcing of value-added products from India is increasing, China continues to be a dominant player in the market with better infrastructure facilities. With its currency in an advantageous position, China is a stronger competitor in exports as well as in the domestic market. The Company is experiencing pressure on margins due to severe competition from other low-cost countries.

Textile being a labour intensive industry, rising labor and skilled human resource costs can put pressure on margins. In order to take advantage of quota-free era, textile and apparel industry require huge investments in infrastructure and also Government's support by various incentives, relaxation and promotions etc, to improve efficiencies and productivity and reduce costs..

## g. SUBSIDIARY

There is no Subsidiary of the Company..

## h. SEGMENT WISE PERFORMANCE

The operations of the Company comprise of only one segment i.e. Textile Manufacturing, therefore the whole position as depicted are in respect of the said segment. In respect of other commercial disclosures, the Notes on Accounts and the Schedules are self explanatory and can be referred to:

## i. EXPORTS

During the year under review, the exports of the Company were Rs. 2305.04 Lacs as compared to Rs. 2714.59 Lacs in the previous year. Whereas the global slowing down of the economies hit the garments exports of India substantially, the Company was still able to maintain around its previous level. Still after the close of financial year under review, the Company is doing well.





## **CORPORATE GOVERNANCE REPORT**

The Company aims to be an exporter of variety of knitted garments. Despite the tough competition in hosiery/textile industry, the Company has been making its continuous efforts to increase its sales and profitability by manufacturing good quality and variety of products. The Company is committed to increase long term shareholders' value through its efforts and emphasis upon governance process. The Company is committed to manage business effectively in compliance with the legal requirements and best practices in governance. There is harmonious and transparent functioning amongst Board of Directors, its committees and executive management to meet the challenges. This section is given in compliance of the mandatory Clauses on Corporate Governance of the Listing Agreement and also depicts the process of functioning of the Company.

### **1. COMPANY'S PHILOSOPHY**

- Production of good quality and variety products in line with the fashion, requirements, tastes and demand
- Global orientation.
- Accepting change as a way of life
- Believing individual potential and valuing humanity
- Total customer focus in operational areas
- Apprehending our role as a responsible corporate citizen

### **2. BOARD OF DIRECTORS**

**a. COMPOSITION:** The Board of Directors of the Company contains 6 Members consisting of an Executive Chairman, one Whole Time Director and four Non Executive and Independent Directors. The Composition of the Board is as per stipulated requirements.

**b. BOARD MEETINGS:** During the financial year 2008-09, the Board met 6 times on 30.04.2008, 30.07.2008, 25.08.2008, 31.10.2008, 31.01.2009 and 26.03.2009.. Following is the composition of the Board, attendance and other memberships of the directors of the Company:

Name of Director	Designation	Category	No. of B.M. Attended	Attendance At last AGM	No. of Chairmanship/membership on the Board of other Public Companies	No. of Chairmanship/membership on the Committees of other Public Companies	Remarks
Shri Naresh Bhandari	Chairman and Mg. Director	Promoter Director	6	Yes	1 Chairmanship	1	
Shri R.C. Singal	Director	Non Executive and Independent	5	Yes	1 Chairmanship 9 Directorships	9 Memberships 5 Chairmanships	
Shri Ashish Thapar	Director	Non Executive and Independent Director	6	Yes	-	-	
Shri Vikas Nayyar	Director	Non Executive and Independent	3	No	-	-	
Shri Parveen Malhotra	W.T. Director	Executive Director	6	Yes.	-	-	
Shri ManMohan Sikka	Director	Non Executive and Independent Director	3	No	1	1	

There are no Nominee or institutional Directors on the Board of Directors of the Company as on date.

### **INFORMATION AVAILABLE TO BOARD**

The Board has complete access to all the relevant information within the Company, and to all our employees. The information regularly supplied to the Board specifically includes:

- Annual operating plans, budgets and any updates therein;
- Capital budgets and any updates therein;
- Quarterly results for the Company and its operating / business segments;
- Minutes of meetings of Audit Committee and other committees of the Board of the Company
- Information on recruitment/remuneration of senior officers just below board level;
- Material show cause, demand, prosecution notices and penalty notices, if any;
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems, if any;
- Any material default in financial obligations to and by the Company.



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- Any issue which involves possible public or product liability claims of substantial nature, if any;
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations like signing of wage agreement, implementation of Voluntary Retirement Scheme etc;
- Sale of material nature, of investments, subsidiaries, assets, which is not in the normal course of business;
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material;
- Status of compliance of any regulatory, statutory nature or listing requirements and shareholders service;
- All proposals requiring strategic decisions;
- Regular business updates.

The above information is generally provided as part of the agenda papers of the board meeting and/or is placed at the table during the course of the meeting.

## COMPLIANCE WITH CODE OF CONDUCT

The Company has adopted a "Code of Conduct for Directors and Senior Management. The Directors and Senior Management have given an Annual Affirmation during the year 2008-09, to this Code. The said Code has also been placed by the Company on its website i.e. [www.bhandariexport.com](http://www.bhandariexport.com)

## 3. COMMITTEES OF THE BOARD

**a. Audit Committee:** The Audit committee at present consists of 3 directors viz. Shri Ashish Thapar, Shri R. C. Singal and Shri Manmohan Sikka, all being Non Executive and Independent Directors. Sh. Ashish Thapar acts as Chairman of this Committee. The Company Secretary acts as Secretary to the Meetings of Audit Committee.

The Audit Committee met five times during the financial year on 30.04.2008, 30.07.2008, 25.08.2008, 30.10.2008 and 31.01.2009. The Meetings were attended to by all the members except on 31.10.2008, wherein Leave of Absence was granted to Shri Manmohan Sikka.

**Whistle Blower Policy :** The Audit Committee has also framed Whistle Blower Policy. The said policy is an extension of Code of Conduct of the Company. The employees of the Company have been made acquainted with the policy and the said Policy has also been placed at the Company's Website i.e [www.bhandariexport.com](http://www.bhandariexport.com)

### **b. Shareholders/Investors Grievance Committee**

The Company has constituted Shareholders' Grievance Committee to redress the investors' complaints. The Committee consists of 3 directors viz Shri Ashish Thapar, Shri R. C. Singal and Shri Vikas Nayyar, all being Non Executive and Independent Directors . Mr Vikas Nayyar acts as Chairman of this Committee. The Company Secretary of the Company is the Compliance Officer for this Committee. During the year 2008-09, the Grievance Committee met 4 times on 17.04.2008, 17.07.2008, 17.10.2008 and 17.01.2009 which were attended to by all the Directors except Sh. R.C. Singal, to whom the Leave of absence was granted at Meetings.

During the financial year, the Company had received 4 complaints relating to share transfers/interim dividend , non receipt of acquisition price etc. and the said complaints were duly replied/redressed. There is no pendency in respect of shares received for transfer during the year 2008-09. The Company has its designated Email Address exclusively for redressal of investors Complaints i.e. [investor@bhandariexport.com](mailto:investor@bhandariexport.com) and the same is also mentioned at the Company's Website .

### **c. Remuneration Committee**

The Remuneration Committee presently consists of 3 directors viz. Shri Vikas Nayyar,, Shri R.C. Singal and Shri Ashish Thapar. Sh. Ashish Thapar is the Chairman of this Committee. The Company Secretary acts as Secretary to the Meetings of this Committee. During the year 2008-09, only one Meeting was held .

## **4. DIRECTORS' REMUNERATION:**

The Company pays remuneration to Chairman & Managing Director and Whole time directors. The Details of remuneration paid to Directors during the financial year is as given below:

### **a. Managing/Whole Time Directors**

Name	Designation	Salary	Commission	Contribution to PF and other Funds	Other Perquisites	Total (Rs.) (2008-09)
-- Shri Naresh Bhandari	Chairman & Mg. Director	1500000/-	NIL	14400/-	NIL	1514400/-
-- Shri Parveen Malhotra	Whole Time Director	291478/-	NIL	NIL	128522/-	420000/-

### **b. Non Executive Directors**

Non executive directors have not been paid any remuneration except for their sitting fees of Rs. 2500/- for each Meeting of the Board of Directors or Audit Committee attended by them and for such number of respective Meetings attended as stated in the previous paragraphs.



**5. GENERAL BODY MEETINGS:**

Details of last three Annual General Meetings is as follows:

Meeting	Day	Date	Time	Venue	No. of Special Resolutions
15 <sup>th</sup> AGM	Monday	29.09.2008	9.00 A.M.	Bhandari House, Village Meharban, Rahon Road Ludhiana- 141007	Nil
14 <sup>th</sup> AGM	Friday	28.09.2007	9.00 A.M.	Bhandari House, Village Meharban, Rahon Road Ludhiana- 141007	1
13 <sup>th</sup> AGM	Friday	29.09.2006	9.00 A.M.	Bhandari House, Village Meharban, Rahon Road Ludhiana- 141007	4

- No Extra Ordinary general Meeting was held during the year 2008-09.
- Number of resolutions passed through postal ballot during the financial year 2008-09 was Nil.
- At the ensuing Annual General Meeting, there is no resolution which is proposed to be passed by postal ballot.

**6. CEO/CFO CERTIFICATION**

The Managing Director and Chief Financial Officer have certified to the Board, inter-alia, the accuracy of Financial Statements and adequacy of Internal Controls for the financial reporting purpose as required under Clause 49(V) of the Listing Agreement, for the year ended 31 March, 2009

**7. DISCLOSURES:**

7.1 During the year, there was no material/significant transaction with the directors or the management, their subsidiaries or relatives etc./ related party transactions, having any potential conflict with interest of the Company at large. The Board hereby confirms that no personnel have been denied access to the Audit Committee. The company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement. There has not been any non compliance by the Company in respect of which penalties or strictures were imposed by the Stock Exchanges or SEBI or other authority on any matter related to capital market during the last 3 years.

7.2 Disclosure of relationship between Directors inter-se: None of the Director is related to each other.

7.3 Disclosure of shares/ convertible instruments held by Non- Executive Directors on 31.03.2009

A. SHARES

1. Shri Ashish Thapar	Nil
2. Shri Vikas Nayyar	Nil
3. Shri Manmohan Sikka	Nil
4. a) Shri R.C. Singal	700
*b) RCS Financial Technology Ltd.	3071
*c) RCS Securities Pvt. Ltd.	6116

\* In RCS Financial Technology Ltd. and RCS Securities Pvt. Ltd, Sh. R.C. Singal is a Director.

B. CONVERTIBLE INSTRUMENTS

There are no outstanding convertible Instruments as at 31.03.2009.

7.4 Disclosure as to Public/ Rights/ Preferential Issues etc.

There were no fresh Public/ Rights / Preferential issues of Shares or convertible instruments during the period under review. However, the Board of Directors of the Company, in order to augment resources for the proposed opening of the Garments Retail Outlets/ Showrooms at various locations, has in its Meeting held on 25.08.2009, approved the issue of equity shares at par on rights basis to the shareholders of the Company in the ratio of seven equity shares for every twenty equity shares held in the Company and thereby proposed to raise around Rs. 2.61 crores from the abovesaid rights issue. The aforesaid issue of shares on rights basis shall be subject to necessary sanctions, approvals and applicable provisions of law.



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## 8. MEANS OF COMMUNICATION:

The Company communicates with the shareholders through its Annual Reports, Publication of quarterly Results, press releases and reports and returns filed with Stock Exchanges and Registrar of Companies etc. All information including business updates, product, process, financials such as Annual Reports, Quarterly results, Shareholding Patterns, different codes are also available on the Company's Website i.e www.bhandariexport.com and information about it is also given in the Annual Reports and publications made by the Company.

## 9. GENERAL SHAREHOLDERS INFORMATION:

### A. 15TH ANNUAL GENERAL MEETING

**DATE** 29.09.2009  
**TIME** 9.00 A.M.  
**DAY** Tuesday  
**VENUE** Regd.Office At Bhandari House, Village Meharban, Rahon Road, Ludhiana- 141007

### B. FINANCIAL CALENDAR 2009-10 (TENTATIVE)

FIRST QUARTER RESULTS : JULY, 2009  
 SECOND QUARTER RESULTS : OCTOBER, 2009  
 THIRD QUARTER RESULTS : JANUARY, 2010  
 FOURTH QUARTER : APRIL, 2010  
 ANNUAL ACCOUNTS : JULY/AUGUST, 2010

**C. DATES OF BOOK CLOSURE :** 26.09.2009 TO 29.09.2009 (BOTH DAYS INCLUSIVE)

**D. FINAL DIVIDEND PAYMENT DATE :** No Dividend has been recommended by the Board of Directors

**E. LISTING:** The Securities of the Company are listed on **Bombay Stock Exchnage Limited (BSE)**, Feroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001

**BSE SCRIP CODE:** 512608 **ISIN:** INE 474E1011

The Company has duly paid the Listing fees to the aforesaid Stock Exchange upto Financial Year 2009-10

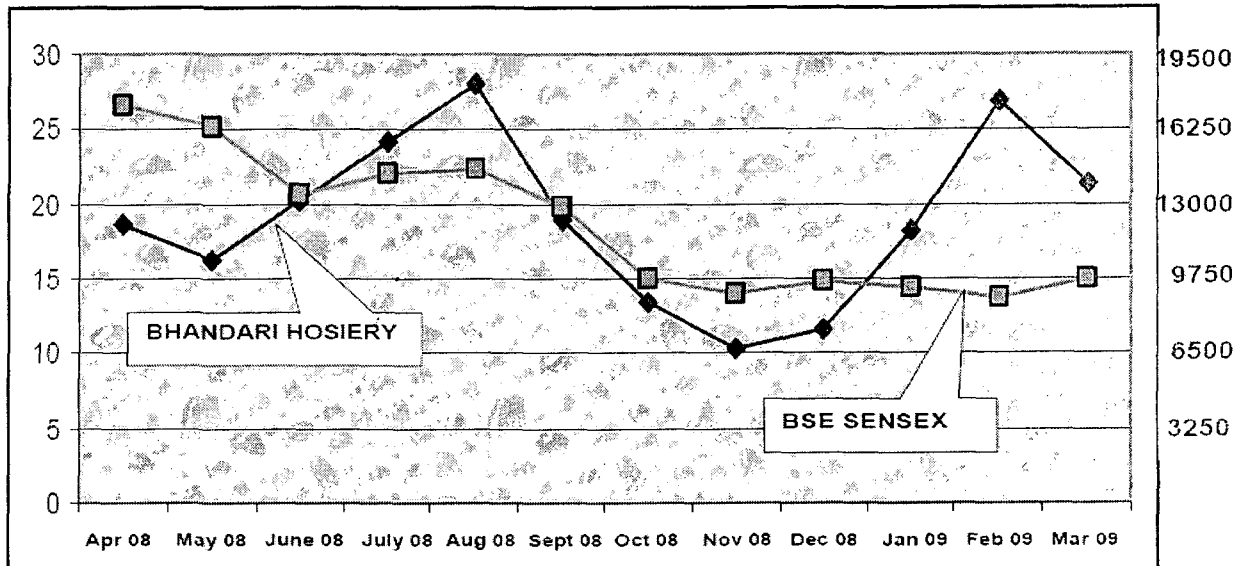
### F. STOCK MARKET DATA

The month wise highest, lowest and closing stock prices vis a vis BSE Sensex during the financial year 2008-09 are given below:

BHANDARI HOSIERY EXPORTS LIMITED				BSE SENSEX		
MONTH	HIGH	LOW	CLOSE	HIGH	LOW	CLOSE
April 2008	19.80	15.60	18.75	17,480.74	15,297.96	17,287.31
May 2008	18.50	15.25	16.30	17,735.70	16,196.02	16,415.57
June 2008	20.30	14.00	20.30	16,632.72	13,405.54	13,461.60
July 2007	25.45	17.50	24.25	15,130.09	12,514.99	14,355.75
August 2008	30.65	21.30	28.00	15,579.78	14,002.43	14,564.53
September 2008	28.85	19.00	19.00	15,107.01	12,153.55	12,860.43
October 2008	20.75	13.40	13.40	13,203.86	7,697.39	9,788.06
November 2008	14.28	10.40	10.40	10,945.41	8,316.39	9,092.72
December 2008	11.60	9.74	11.60	10,188.54	8,467.43	9,647.31
January 2009	19.85	12.18	18.20	10,469.72	8,631.60	9,424.24
February 2009	28.40	18.75	26.85	9,724.87	8,619.22	8,891.61
March 2009	28.30	18.00	21.40	10,127.09	8,047.17	9,708.50



**COMPARISON OF MONTHLY CLOSING PRICES / INDICES (BHANDHOS VS. BSE SENSEX)**



**G. REGISTRAR AND SHARE TRANSFER AGENT :**

In accordance with the Circular of Securities and Exchange Board of India (SEBI), the work of physical share transfer of the Company is with M/S **LINK INTIME INDIA PVT. LTD (former M/s INTIME SPECTRUM REGISTRY LIMITED)**, A-40, 2 FLOOR, NARAINA INDUSTRIAL AREA, PHASE II, NEAR BATRA BANQUET HALL, NEW DELHI- 110028, PHONES: 011-41410592-94, FAX: 011- 41410591. Electronic Mode i.e de-materialization of shares is already done through them. Thus activities of share transfer and de-mat are at single point with them. The ISIN of the Company is : ISIN INE 474E1011. The shares of the Company are traded compulsorily in Demat form on Bombay Stock Exchange Ltd. and the Company has participation as an issuer with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). All the fees to both Depositories stands paid till date. The shareholders may operate through any depository.

**H. SHARE TRANSFER SYSTEM:**

M/S **LINK INTIME INDIA PVT. LTD**, A-40, 2 FLOOR, NARAINA INDUSTRIAL AREA, PHASE II, NEAR BATRA BANQUET HALL, NEW DELHI- 110028, PHONES: 011- 41410592-94, FAX: 011- 41410591, are the RTAs of the Company to handle both physical and demat of shares activities. Physical Share Transfers are normally completed/replied within 15 days by RTAs .

**I. DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2009**

RANGE OF SHARES	NO. OF HOLDERS	%OF HOLDERS	NO. OF SHARES	% OF SHARES
UP TO 500	4311	94.17	538676	7.23
501-1000	128	2.80	110019	1.48
1001-2000	68	1.48	106135	1.42
2001-3000	22	0.48	57498	0.77
3001-4000	6	0.13	21690	0.29
4001-5000	5	0.11	22275	0.3
5001-10000	15	0.33	113142	1.51
10001 AND ABOVE	23	0.50	6486265	87.0
<b>TOTAL</b>	<b>4878</b>	<b>100</b>	<b>7455700</b>	<b>100</b>

**J. DEMATERIALISATION OF SHARES:**

As on 31.03.2009 approx. 44.37% comprising 3308785 equity shares were dematerialised.

**K. COMPLIANCE OFFICER :**

Shri Gurinder Makkar, Company Secretary, Phones 0161-3260742-44, Fax 0161-2690394

**L. CEO & MG. DIRECTOR:**

Shri Naresh Bhandari, Chairman cum Mg. Director, Phones 0161-3260742-44, Fax 0161-2690394

**M. CHIEF FINANCIAL OFFICER (CFO):**

Shri Parveen Malhotra, Whole Time Director (Finance)



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**N. DESIGNATED EMAIL ID FOR INVESTORS:** [investor@bhandariexport.com](mailto:investor@bhandariexport.com)

**O. Details of compliance with mandatory requirements and adoption of non-mandatory requirements of Clause 49 of the Listing Agreement**

PARTICULARS	CLAUSE OF LISTING AGREEMENT	COMPLIANCE STATUS
<b>I. BOARD OF DIRECTORS</b>	49 I	YES
A. COMPOSITION OF BOARD	49 I A	YES
B. NON EXECUTIVE DIRECTORS COMPENSATION AND DISCLOSURES	49 IB	YES
C. INDEPENDENT DIRECTORS	49IC	YES
D. BOARD PROCEDURES	49 ID	YES
E. CODE OF CONDUCT	49 IE	YES
F TERM OF OFFICE OF NON EXECUTIVE DIRECTORS	49 IF	YES
<b>II. AUDIT COMMITTEE</b>	49 II	YES
A. QUALIFIED AND INDEPENDENT AUDIT COMMITTEE	49 II A	YES
B. MEETING OF THE AUDIT COMMITTEE	49 II B	YES
C. POWERS OF THE AUDIT COMMITTEE	49 II C	YES
D. ROLE OF THE AUDIT COMMITTEE	49 II D	YES
E. REVIEW OF INFORMATION BY AUDIT COMMITTEE	49II E	YES
<b>III. AUDIT REPORTS AND AUDIT QUALIFICATIONS</b>	49 III	YES
<b>IV. WHISTLE BLOWER POLICY</b>	49 IV	YES
<b>V. SUBSIDIARY COMPANIES</b>	49V	YES
<b>VI. DISCLOSURE OF CONTINGENT LIABILITIES</b>	49 VI	YES
<b>VII. DISCLOSURES</b>	49 VII	YES
A. BASIS OF RELATED PARTY TRANSACTION	49 VII A	YES
B. BOARD DISCLOSURES	49 VII B	YES
C. PROCEEDS FROM INITIAL PUBLIC OFFERINGS	49 VII C	N.A.
D. REMUNERATION OF DIRECTORS	49 VII D	YES
E. MANAGEMENT	49 VII E	YES
F. SHAREHOLDERS	49 VII F	YES
<b>VIII. CEO/CFO CERTIFICATION</b>	49 VIII	COMPLIED
<b>IX REPORT ON CORPORATE GOVERNANCE</b>	49 IX	COMPLIED
<b>X. COMPLIANCE</b>	49 X	YES

**P. SHAREHOLDING PATTERN OF THE COMPANY AS ON 31.03.2009**

CATEGORY	NO. OF SHARES	% OF SHAREHOLDING
Promoters	5554561	74.50
Mutual Funds	0	0
Banks, Fls, Etc.	3013	0.04
Foreign Institutional Investors / Foreign Mutual Funds	0	0
Private Corporate Bodies	422682	5.67
Non Resident Indians	200	0.00
Indian Public	1475142	19.79
Clearing Members	102	0.0
<b>GRAND TOTAL</b>	<b>7455700</b>	<b>100</b>

**Q. PLANT LOCATIONS:**

Bhandari House, Village Meharban, Rahon Road, Ludhiana- 141007

**R. ADDRESS FOR CORRESPONDENCE:**

REGD. OFFICE : BHANDARI HOUSE, VILLAGE MEHARBAN, RAHON ROAD, LUDHIANA-141007  
 PHONES : 0161- 3260742-44, FAX : 0161- 2690394; EMAIL : [bhandari@bhandariexport.com](mailto:bhandari@bhandariexport.com)

The shareholders in respect of dematerialized shares should address correspondence to their respective Depository Participants (DPs)



**Bhandari Hosiery Exports Limited**  
(A.W.R.A.P., BSCI and C-TPAT Certified Company)

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

We, Naresh Bhandari, Chairman and Managing Director and Parveen Malhotra, Chief Financial Officer and Whole Time Director (Finance), to the best of our knowledge and belief hereby certify that:

- (a) We have reviewed financial statements and the cash flow statements for the year and that to the best of our knowledge and belief:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are no transactions entered into by the Company during the year that are fraudulent, illegal or violative of the Company's Code of Conduct;
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design and operations of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee:
- (i) Significant changes in the internal control over financial reporting during the year;
  - (ii) Significant changes in the accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
  - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Ludhiana  
Date: 25.08.2009

Sd/-  
**Naresh Bhandari**  
Chairman & Managing Director/(CEO)

Sd/-  
**Parveen Malhotra**  
CFO & Whole Time Director (Finance)

**Declaration**

I hereby confirm that the Company has obtained from all the members of the Board and Senior Management team, an affirmation of compliance with the Code of Conduct for Directors and Senior Management in respect of financial year ended March 31, 2009

Sd/-

Place: Ludhiana  
Date: 25.08.2009

**Naresh Bhandari**  
Chairman & Managing Director/(CEO)  
LUDHIANA (PUNJAB)

**AUDITORS' CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE UNDER CORPORATE GOVERNANCE CLAUSE OF THE LISTING AGREEMENTS.**

TO

THE MEMBERS

BHANDARI HOSIERY EXPORTS LIMITED

We have examined the compliance of the conditions of Corporate Governance by M/s Bhandari Hosiery Exports Limited for the year ended on March 31, 2009 as required in clause 49 of the Listing Agreements of the Company with the Stock Exchanges.

*The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of the 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 based on the representation made by the directors and the management, we certify that the Company has complied with the conditions of corporate governance as required under Clause 49 of the listing agreements. Further, we state that no investors' grievances are pending for a month which are unreplicated/unredressed as per records.

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

For VIPAN KUMAR AGGARWAL & CO.  
(CHARTERED ACCOUNTANTS)

Sd/-  
(VIPAN AGGARWAL)  
PROPRIETOR

PLACE : LUDHIANA  
DATED : 25.08.2009  
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# Bhandari Hosiery Exports Limited

(A.W.R.A.P., BSCI and C-TPAT Certified Company)

## AUDITORS' REPORT

The Members,

**M/s BHANDARI HOSIERY EXPORTS LIMITED,  
Ludhiana.**

1. We have audited the attached Balance Sheet of M/s Bhandari Hosiery Exports Limited as at 31st March 2009, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with the auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on test basis, the 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 reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub section (4A) of Section 227 of the Companies Act, 1956. We enclose in the Annexure a statement on the matters specified by in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:-
  - a) We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of accounts as required by law have been kept by the company so far as it appears from our examination of those books.
  - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with books of accounts.
  - d) In our opinion, the Balance Sheet, Profit & 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.
  - e) On the basis of written representations received from Directors 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 Director in terms of clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with the notes appearing in Schedule-U 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:-
    - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2009, and
    - ii) In the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date.
    - iii) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For Vipin Kumar Aggarwal & Co.,  
(Chartered Accountants)  
Sd/-  
**(Vipin Aggarwal)**  
(Prop.)

Place : Ludhiana.  
Date : 25.08.2009





### **ANNEXURE TO THE AUDITORS' REPORT**

Referred to in paragraph (3) of our report of even date on the accounts for the year ended 31st March, 2009 of Bhandari Hosiery Exports Limited.

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets.  
(b) According to the information and explanations given to us, the management during the year has physically verified fixed assets. No discrepancies were noticed on such verification. In our opinion, the frequency of physical verification of fixed assets is reasonable having regard to the size of the company and the nature of its business.
2. (a) According to the information and explanations given to us, inventories have been physically verified during the year by the management at the close of the year.  
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
(c) On the basis of our examination of the records of the company, we are of the opinion that the company is maintaining proper records of inventory. No discrepancies have been noticed on verification between the physical stocks & book records.
3. (a) According to the information and explanations given to us, the company has not accepted interest free loans from its directors covered in the register maintained under section 301 of the Companies Act, 1956 and the year end balance of loans taken from such parties was Rs. NIL.  
(b) In our opinion and according to the information and explanations given to us no loans have been taken from the party listed in the registers maintained under Section 301.  
(c) Not Applicable. The company has not taken any loans from the parties listed in the register under sec 301 of the Companies Act 1956  
(d) Not Applicable, as no loans taken from or granted to the companies, firms or other parties listed in the registers maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control procedures.
5. Based on the audit procedures applied by us and according to the information and explanations given to us, the transactions that need to be entered in the register maintained under Section 301 have been so entered.
6. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or agreements entered in the registers maintained under Section 301 and exceeding the value of five lakh rupees in respect of any party during the year have been made at prices which are reasonable having regard to the prevalent market prices at the relevant time.
7. In our opinion and according to the information and explanations give to us, the company has not invited or accepted any deposits from the public during the year under review.
8. In our opinion, the company has internal audit system commensurate with the size and nature of its business.
9. The maintenance of cost records has not been prescribed by the Central Government u/s 209 (1) (d) of the Companies Act, 1956 in respect of the Company's products.
10. (a) According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Customs Duty, Excise Duty, Cess and other statutory dues applicable to it.  
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty were outstanding as at 31st March, 2009 for a period of more than six months from the date they become payable.



**Bhandari Hosiery Exports Limited**  
(A.W.R.A.P., BSCI and C-TPAT Certified Company)

- (c) According to the records of the company, there are no dues of sales tax, income tax, custom duty tax, wealth tax, excise duty/ Cess which have not been deposited on account of any dispute.
11. There are no accumulated losses of the company and the company has not incurred any cash losses during the year covered by our audit and in the immediately preceding financial year under review.
  12. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to banks.
  13. According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
  14. The company is a manufacturing company and therefore, the provisions of Clause 4 (xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
  15. According to the information and explanations given to us, the Company has not dealt or traded in shares, securities, debentures and other investments. Therefore, the provisions of Clause 4 (xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
  16. The company has not given any guarantee for loans taken by others from bank or financial institutions.
  17. To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, term loans availed by the company were, prima facie, applied by the company during the year for the purposes for which the loans were obtained.
  18. In our opinion and 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. Further no long term funds have been used to finance short term assets.
  19. During the year under review, the company has not issued any debentures. The question of creation of any security in respect of any debentures does not arise.
  20. The company has not raised any money by way of public issue during the year. Therefore, the provisions of Clause 4 (xx) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
  21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For Vipin Kumar Aggarwal & Co.,  
(Chartered Accountants)

Sd/-

(Vipin Aggarwal)  
(Prop.)

Place : Ludhiana.  
Date : 25.08.2009



# Bhandari Hosiery Exports Limited

(A.W.R.A.P., BSCI and C-TPAT Certified Company)

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2009

PARTICULARS	SCHEDULE		AS AT 31.03.2009 (Rs.)		AS AT 31.03.2008 (Rs.)
<b>I. SOURCES OF FUNDS</b>					
1. Shareholders' Funds					
a) Share Capital	A	74,557,000		74,557,000	
b) Reserves & Surplus	B	120,595,771	195,152,771	109,466,078	184,023,078
2. Loan Funds					
Secured Loans	C		152,577,462		138,890,112
Deferred Tax Liability	D		16,660,658		15,154,557
<b>Total Funds employed</b>			<b>364,390,891</b>		<b>338,067,747</b>
<b>II. APPLICATION OF FUNDS</b>					
<b>1. Fixed Assets</b>					
a) Gross Block	E	163,253,560		143,698,168	
b) Less: Depreciation		48,179,095	115,074,465	40,610,595	103,087,573
<b>2. Current Assets, Loans &amp; Advances</b>					
a) Inventories	F	221,855,933		150,329,002	
b) Sundry Debtors	G	39,784,858		61,658,179	
c) Cash & Bank Balances	H	10,532,320		35,495,725	
d) Loans & Advances	I	22,062,372		30,325,390	
e) Other Current Assets	J	15,100,039		20,514,255	
		<b>309,335,522</b>		<b>298,322,551</b>	
<u>Less: Current Liabilities</u>	K	54,093,238		52,797,109	
<u>Less:-Provisions</u>	K	5,925,858	249,316,426	10,545,269	234,980,174
<b>Total Application of funds</b>			<b>364,390,891</b>		<b>338,067,747</b>
<b>Notes on Accounts</b>	U				

The schedules referred to above form an integral part of the Balance Sheet.  
As per our report of even date attached to the Balance Sheet.

For Vipin Kumar Aggarwal & Co.

Chartered Accountants

Sd/-

(Vipin Kumar Aggarwal )  
Proprietor

Sd/-

(Naresh Bhandari)  
Chairman & Mg. Director

Sd/-

(Parveen Malhotra)  
Whole Time Director

Sd/-

(Gurinder Makkar)  
Company Secretary

Place : Ludhiana

Date : 25.08.2009



# Bhandari Hosiery Exports Limited

(A.W.R.A.P., BSCI and C-TPAT Certified Company)

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2009

PARTICULARS	ANNEXURE		AS AT 31.03.2009 (Rs.)	AS AT 31.03.2008 (Rs.)
<b>INCOME</b>				
Turnover	L		802,761,413	750,792,029
Other Income	M		1,175,583	1,644,187
			<b>803,936,996</b>	<b>752,436,216</b>
<b>EXPENDITURE</b>				
Raw material consumed	N		631,752,230	550,255,658
Manufacturing Expenses	O		121,692,061	114,080,251
Personnel Expenses	P		21,781,154	25,480,915
Office & Administrative Expenses	Q		25,066,749	25,261,891
Financial Expenses	R		23,667,276	19,085,479
Selling & Distribution Expenses	S		39,508,054	31,393,346
(Increase)/Decrease in Stock	T		(83,184,498)	(47,274,383)
Depreciation	E		7,640,789	6,596,745
<b>TOTAL</b>			<b>787,923,814</b>	<b>724,879,899</b>
Profit before taxation			16,013,182	27,556,317
Provision for Income Tax		4,667,996		9,585,950
Provision for Deferred Tax		1,506,100		1,385,100
Fringe Benefits Tax		474,500		339,876
Short Provisions for earlier years		-		258,004
			<b>6,648,596</b>	<b>11,568,930</b>
Profit after taxation			9,364,586	15,987,387
Balance brought forward			54,566,078	38,578,691
Available for appropriations			63,930,664	54,566,078
Excess Provision of Income Tax Written Back			1,765,107	-
Surplus carried over to Balance Sheet			65,695,771	54,566,078
Net Profit available for Equity Shareholders			9,364,586	15,987,386
Number of equity shares			7,455,700	7,455,700
<b>Basic Earning per Share of Rs. 10/- each</b>			1.26	2.65
<b>Diluted Earning per Share of Rs. 10/- each</b>			1.26	2.65
Notes on Accounts	U			

The schedules referred to above form an integral part of the Balance Sheet and Profit & Loss Account.

As per our report of even date attached to the Balance Sheet.

For Vipan Kumar Aggarwal & Co.

Chartered Accountants

Sd/-

(Vipan Kumar Aggarwal )

Proprietor

Place : Ludhiana

Date : 25.08.2009

Sd/-

(Naresh Bhandari)  
Chairman & Mg. Director

Sd/-

(Parveen Malhotra)  
Whole Time Director

Sd/-

(Gurinder Makkar)  
Company Secretary



**ANNEXURES FORMING PART OF BALANCE SHEET AS ON 31.03.2008**

PARTICULARS	AS AT	AS AT
	31.03.2009 (Rs.)	31.03.2008 (Rs.)
<b>SHARE CAPITAL</b>		<b>Schedule - A</b>
<b>Authorised Capital</b>	(Rs.) <b>250,000,000</b>	(Rs.) 250,000,000
2,50,00,000 equity shares of Rs. 10/- each (Previous Year 25000000 equity shares of Rs. 10/- each)		
<b>Issued, Subscribed &amp; Paid up Capital</b>		
7455,700 equity shares of Rs. 10/- each (fully paid up) (Previous Year 7455700 equity shares of Rs. 10/ each fully paid up)	<b>74,557,000</b>	74,557,000
	<b>74,557,000</b>	74,557,000
<b>RESERVES AND SURPLUS</b>		<b>Schedule - B</b>
General Reserve	<b>31,700,000</b>	31,700,000
Share Premium Reserves	<b>23,200,000</b>	23,200,000
Profit & Loss Account	<b>65,695,771</b>	54,566,078
	<b>120,595,771</b>	109,466,078
<b>SECURED LOANS</b>		<b>Schedule - C</b>
S.B.I. E.P.C. * (A)	<b>134,032,683</b>	129,724,779
S.B.I. Term Loan A/c * (B)	<b>16,092,267</b>	5,367,333
Axis Bank Ltd. Car Loan A/c * (C)	<b>2,331,900</b>	3,798,000
HDFC Bank Car Loan A/c * (D)	<b>120,612</b>	-
	<b>152,577,462</b>	<b>138,890,112</b>

NOTE:\*(A) Secured against hypothecation of Stocks, Confirmed LC's and all Current Assets and Equitable Mortgage of Factory Land and Buildings. \*(B) Secured against first charge of Land & Buildings and Plant and Machinery. \*(A) & (B) are also secured against equitable mortgage of Land, Buildings and Gross Block of Assets and also collaterally secured by equitable mortgage of Land and Buildings of M/s Bhandari Knit Exports. (C) Secured against hypothecation of Car (D) Secured against hypothecation of sumo Car.

PARTICULARS		Schedule - D
Opening Balance	<b>15,154,558</b>	13,769,458
Add:-Provision for the year	<b>1,506,100</b>	1,385,100
	<b>16,660,658</b>	15,154,558

**SCHEDULE OF FIXED ASSETS FOR THE YEAR ENDED 31.03.2009**

**Schedule - E**

PARTICULARS	GROSS BLOCK	ADDITIONS DURING THE YEAR	SALE/TRF. YEAR	GROSS BLOCK	DEPRICIATION UP TO 31.03.2008	DEPRICIATION WRITTEN BACK	DEPRICIATION FOR THE YR.	DEPRICIATION UP TO 31.03.2009	NET BLOCK	NET BLOCK
	AS AT 01.04.2008			AS AT 31.03.2009					AS AT 31.03.2009	AS AT 31.03.2008
FREE HOLD LAND	3,732,500	-	-	3,732,500	-	-	-	-	3,732,500	3,732,500
BUILDING SITE & DEVELOPMENT	26,969,043	7,981,253	-	34,950,296	6,411,556	-	900,766	7,312,322	27,637,974	20,557,487
TEMPORARY FITTING	916,131	-	-	916,131	399,066	-	27,759	426,825	489,306	517,065
PLANT & MACHINERY	83,983,525	7,166,769	-	91,150,294	25,961,514	-	4,196,286	30,157,800	60,992,494	58,022,011
FURNITURE & FIXTURE	4,439,168	869,782	-	5,308,950	1,271,025	-	311,235	1,582,260	3,726,690	3,168,143
OFFICE EQUIPMENT	1,535,510	134,579	-	1,670,089	387,916	-	76,575	464,491	1,205,598	1,147,594
ELECTRIC FITTING & EQUIPMENT	8,978,409	3,506,704	-	12,485,113	3,052,087	-	881,086	3,933,173	8,551,940	5,026,322
VEHICLES	13,143,882	136,710	461,363	12,819,229	3,127,431	72,289	1,245,333	4,300,745	8,518,754	10,016,451
INTEGIBLE ASSETS	-	220,958	-	220,958	-	-	1,749	1,749	219,209	-
<b>TOTAL</b>	<b>143,698,168</b>	<b>20,016,755</b>	<b>461,363</b>	<b>163,253,560</b>	<b>40,610,595</b>	<b>72,289</b>	<b>7,640,789</b>	<b>48,178,095</b>	<b>115,074,465</b>	<b>103,087,573</b>
PREVIOUS YEAR	123,805,306	26,882,741	6,969,879	143,698,168	34,013,850	114,836	6,596,745	40,610,595	103,087,573	89,791,456



# Bhandari Hosiery Exports Limited

(A.W.R.A.P., BSCI and C-TPAT Certified Company)

PARTICULARS	AS AT 31.03.2009 (RS.)		AS AT 31.03.2008 (RS.)
<b><u>CURRENT ASSETS, LOANS &amp; ADVANCES</u></b>			<b>Schedule – F</b>
<b><u>Inventories</u></b> (Valued at Cost or net realisable value, whichever is lower as certified by the Management of the Company)			
Stores and Spares( At cost )	7,559,035		7,923,865
Raw Materials ( At cost )	22,672,991		33,965,728
Finished Goods & wastage ( At cost or net realisable value whichever is lower )	39,989,388		20,558,426
Work-in-Progress( At estimated cost)	151,634,519		87,880,983
	<b>221,855,933</b>		<b>150,329,002</b>
<b><u>SUNDRY DEBTORS</u></b> (Unsecured, Considered Goods unless otherwise stated)			<b>Schedule – G</b>
<b><u>a) Debts more than six month</u></b>			
Domestic	4,266,152	3,120,950	
Foreign	990,107	1,151,168	4,272,118
<b><u>b) Debts less than six month</u></b>			
Domestic	19,981,283	48,950,777	
Foreign	14,547,316	8,435,284	57,386,061
	<b>39,784,858</b>		<b>61,658,179</b>
<b><u>CASH AND BANK BALANCES</u></b>			<b>Schedule - H</b>
Balance with scheduled banks	8,457,107		34,134,941
Cash in hand	2,075,213		1,360,784
	<b>10,532,320</b>		<b>35,495,725</b>
<b><u>LOANS AND ADVANCES</u></b> ( Unsecured, Considered Good unless otherwise stated )			<b>Schedule - I</b>
<b>a) Advances recoverable in cash or kind or value to be received</b> (Considered Good)	<b>20,344,370</b>		<b>28,611,011</b>
<b>b) Securities and Deposits</b>	<b>1,683,002</b>		<b>1,679,379</b>
<b>c) Advances to Suppliers of Capital goods</b>	<b>35,000</b>		<b>35,000</b>
	<b>22,062,372</b>		<b>30,325,390</b>
<b><u>OTHER CURRENT ASSETS</u></b>			<b>Schedule - J</b>
VAT Refund Receivable	10,006,362		10,437,723
Export incentive Receivables	4,620,200		9,698,266
Others	473,477		378,266
	<b>15,100,039</b>		<b>20,514,255</b>
<b><u>CURRENT LIABILITIES &amp; PROVISIONS</u></b>			<b>Schedule – K</b>
<b><u>Current Liabilities</u></b>			
Sundry Creditors	33,708,701	27,750,826	
Current Liabilities	20,384,537	25,046,283	52,797,109
<b><u>Provisions</u></b>			
Provision for Gratuity	783,362	619,443	
Provision for Income-Tax	4,667,996	9,585,950	
Provision for FBT	474,500	339,876	10,545,269
	<b>5,925,858</b>		<b>10,545,269</b>
	<b>60,019,096</b>		<b>63,342,378</b>
<b><u>TURNOVER</u></b>			<b>Schedule – L</b>
Sales -Export	267,387,579		299,303,267
Sales-Domestic	535,373,834		451,488,762
	<b>802,761,413</b>		<b>750,792,029</b>



# Bhandari Hosiery Exports Limited

(A.W.R.A.P., BSCI and C-TIPAT Certified Company)

PARTICULARS	AS AT 31.03.2009 (RS.)		AS AT 31.03.2008 (RS.) <b>Schedule – M</b>
Misc. Income	1,175,583		1,644,187
	<b>1,175,583</b>		<b>1,644,187</b>
<b><u>RAW MATERIAL CONSUMED</u></b>			<b>Schedule –N</b>
Opening stock of Raw materials	33,965,728	20,274,064	
Purchase of raw materials	80,549,927	113,449,560	
Add: Purchase of Raw Cotton	229,690,138	290,829,822	
	<u>344,205,793</u>	424,553,446	
Less: Closing stock of raw materials	<u>22,672,991</u>	33,965,728	
Raw material consumed	<b>321,532,802</b>		390,587,718
Add: Purchase of finished and semi-finished goods	<b>310,219,428</b>		159,667,940
	<b>631,752,230</b>		<b>550,255,658</b>
<b><u>MANUFACTURING EXPENSES</u></b>			<b>Schedule –O</b>
Consumables	28,131,442		21,817,119
Dyeing & Finishing	31,964,631		31,469,029
Wages	21,301,977		21,709,503
Knitting Charges	14,476,741		17,222,998
Power & Fuel	25,817,270		21,861,602
	<b>121,692,061</b>		<b>114,080,251</b>
<b><u>PERSONNEL EXPENSES</u></b>			<b>Schedule –P</b>
Director's Remuneration	1,798,105		1,791,478
H.R.A.to Director	133,602		128,522
Gratuity	163,919		233,016
Salary	15,139,282		18,037,541
Contr. to PF, ESI etc.	3,162,402		3,442,035
Worker's Welfare, Bonus, LWW, L.T.C. etc.	1,383,844		1,848,323
	<b>21,781,154</b>		<b>25,480,915</b>
<b><u>OFFICE &amp; ADMINISTRATIVE EXPENSES</u></b>			<b>Schedule –Q</b>
Repair & Maintenance	4,638,518		6,994,765
<u>Auditors Remuneration</u>			
- Audit Fees	39,000		39,326
- Tax Audit Fees	11,000		11,236
Telephone & Telex	958,195		1,053,635
Printing & Stationery	664,401		892,191
Insurance Charges	816,713		993,605
<u>Travelling &amp; Conveyance</u>			
- Directors (Foreign)	1,747,884		2,015,372
- Directors (Domestic)	729,380		721,359
- Others	1,688,407		2,362,870
Charity and Donation	25,440		71,405
Vehicle Running Expenses	544,135		510,139
Legal & Professional	2,036,530		1,888,464
Rent	7,841,581		44,86,677
Fee & Taxes	111,538		243,678
Courier Charges	2,116,014		2,132,896



**Bhandari Hosiery Exports Limited**  
(A.W.R.A.P., BSCI and C-TPAT Certified Company)

PARTICULARS	AS AT 31.03.2009 (RS.)	AS AT 31.03.2008 (RS.)
	Misc. Expenses	998,939
Loss On Sale Of Car	99074	
	<b>25,066,749</b>	<b>25,261,891</b>
<b><u>FINANCIAL EXPENSES</u></b>		<b>Schedule –R</b>
Bank Interest	16,386,509	11,143,124
Bank Charges and Commission	6,724,446	7,274,101
Interest to others	556,321	668,254
	<b>23,667,276</b>	<b>19,085,479</b>
<b><u>SELLING &amp; DISTRIBUTION EXPENSES</u></b>		<b>Schedule –S</b>
Commission (Domestic)	3,781,532	3,925,146
Export Expenses'	75,500	82,185
Exchange Fluctuation	-	1,379,246
Packing Expenses	10,557,011	7,353,608
Rebate & Discount ( Others )	16,724,779	728,814
Rebate & Discount ( Quality Claim )	-	2,862,756
Sale Promotion & Exhibition	2,344,524	2,175,424
Shipping & Freight	6,024,708	12,886,166
	<b>39,508,054</b>	<b>31,393,345</b>
<b><u>INCREASE OR DECREASE IN STOCK</u></b>		<b>Schedule –T</b>
Closing stock of WIP	151,634,519	87,880,983
Closing stock of finished goods	<b>39,989,388</b>	20,558,426
<b>Less:</b>		
Opening stock of Work-in-Process	87,880,983	48,227,996
Opening stock of finished goods	<b>20,558,426</b>	12,937,030
<b>Decrease/(Increase in stock)</b>	<b>83,184,498</b>	<b>47,274,383</b>





**ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

**SCHEDULE- U**

**1. ACCOUNTING POLICIES**

**(a) Basis of Accounting :**

The accounts of the Company are prepared on accrual basis under the historical cost convention and comply with the mandatory accounting standards issued by the Institute of Chartered Accountants of India and the disclosure requirements of Schedule VI to the Companies Act, 1956.

**(b) Revenue Recognition:**

- (i) Sale is recognized on despatch of goods and returns if any made by the parties.
- (ii) Claims and Benefits: Insurance and other claims are accounted for to the extent realized, as the ultimate collection thereof is uncertain at the time of raising the claim.
- (iii) Opening Stock, Purchases, Sales and Closing stock are stated at net value excluding VAT. Any amount payable/ receivable towards VAT is shown in the Balance Sheet under the head Current Liabilities/ Current Assets.

**(c) Retirement Benefits:**

- (i) Gratuity: Provision for gratuity liability to employees is made on the basis of accrued liability calculated under the Payment of Gratuity Act, 1972.
- (ii) Provident Fund: Contribution to Provident Fund is made in accordance with the provisions of the Employees Provident Fund and Miscellaneous Provisions Act, 1952.
- (iii) Leave with Wages: Provisions for leave with wages is made on the basis of leaves accrued to the employees during the year.

**(d) Fixed Assets:**

Fixed Assets are stated at historical cost less accumulated depreciation. The company has capitalized all costs relating to acquisition and installation of fixed assets. No borrowing Costs have been capitalized during the year.

**(e) Depreciation:**

Depreciation for the year is provided on straight-line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

**(f) Investments :**

Investments of the company in unquoted shares are valued at NIL because of their negative intrinsic value.

**(g) Inventories:**

Stores and spares and raw material are valued at Cost.

Semi Finished Goods are valued at cost of materials and labour together with relevant factory overheads or net realizable value, whichever, is less.

Finished goods are valued at cost or net realizable value, whichever is less. Cost includes materials, direct labour and allocable overheads.

**(h) Foreign Currency Conversion/Translation**

- (i) The export sales are converted at the exchange rates prevailing on the date of custom clearance of export bills. The fluctuations in the exchange rates are accounted for as and when the payment is received and the amount is credited/ debited to the respective Sale Account.
- (ii) In respect of export bills remaining unrealized at the year end against which the payments received in the subsequent years the difference arising thereon is recognized as difference in exchange rates under the head misc. income/expenses.
- (iii) The total sales are inclusive of export incentives and rebate & discounts and rebate of Rs.14455071 allowed has been shown separately under selling expenses in Profit and Loss account.

**2. Contingent Liabilities not provided for**

(Rs. In Lacs)

Particulars	As at 31.3.2009	As at 31.3.2008
(a) Letter of Credit Outstanding	134.78	177.13
(b) Bank Guarantees Outstanding	NIL	240.00
(c) Bill discounting with bank against irrevocable Letter of Credit	NIL	NIL

3. (a) Sales tax/ VAT liability has been provided for as per the return filed. According to our view there is no other liability in addition to the liability provided but in case any additional liability arises at the time of assessment, the same shall be provided at that time.



# Bhandari Hosiery Exports Limited

(A.W.R.A.P., BSCI and C-TPAT Certified Company)

(b) Provision for Income Tax has been made in the Profit & Loss Account on the basis of actual tax liability as per the Income Tax Act, 1961. Deferred Tax Liability has been calculated on the basis of timing difference as per the provisions of AS-22.

4. **Impairment of Assets:-** An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss will be charged to the profit and loss account in the year in which an assets is identified as impaired.
5. Party's balances under Debtors, Creditors and Advances are subject to confirmation, if any.
6. In the opinion of the Board, current assets, loans and advances have a value in the ordinary course of business at least equal to that stated in the Balance Sheet.
7. Previous year's figures have been recast/ regrouped wherever necessary to make them comparable with the current year's figures.

8. Payment to Auditors include : -

(Rs. In Lacs)

Particulars	As at 31.3.2009	As at 31.3.2008
Audit Fee	0.39	0.39
Tax Audit Fee	0.11	0.11
Total	0.50	0.50

9. The paid up Share Capital of the Company includes 12,85,000 equity shares of Rs. 10/- each fully paid up in consideration other than cash.
10. Interest on STDR's is accounted for on accrual basis and the same has been accounted for under the head Misc. Income.
11. The other income includes interest recd against FDR, rent, and refund of service tax paid in the preceding year.

## 12. Earning per Share

	2008-09
Profits attributable to the Equity Shareholders	Rs. 9,364,586
Basic and Weighted Average No. of Equity Shares outstanding during the year	7,455,700
Weighted EPS	Rs. 1.26
Nominal Value per share	Rs.10/-each

13. The Company's operations predominantly comprise of only one segment i.e. Textiles. Therefore, the figures as shown in the Balance Sheet relate to that segment only.

## 14. Micro, Small and Medium Industries:-

In accordance with the Notification No.GSR 719 (E) dated 16.11.2007 issued by the Ministry of Corporate Affairs ,certain disclosers are required to be made relating to Micro ,Small and Medium Enterprises as defined under the Micro ,Small and Medium Development Act,2006. The Company is in the process of compiling relevant information from its suppliers about their coverage under the said Act. Since the relevant information is not readily available, no disclosures have been made in these Financial Statement. However, in the considered view of the management and as relied upon by the auditors, impact of interest, if any that may be payable in accordance with the provisions of this Act is not expected to be material.

## 15. Related Party Disclosure

Detail of disclosures as required by Accounting Standard (AS-18) on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are as under: -

Particulars	Key Management Personnel	Enterprises over which KMP is able to exercise significant influence	Total (Amt. in Rs.)
(1)	(2)	(3)	(4)
Purchase of Goods/Job work	NIL	216,012,159	216,012,159
Sale of Goods / Job Work	NIL	134,057,099	134,057,099
Managerial Remuneration	19,31,707	NIL	19,31,707
Rent	NIL	5,921,646	5,921,646

Note :-

1. Associates : Bhandari Export Industries Limited
2. Key Management Personnel : Sh. Naresh Bhandari
3. Enterprises over which KMP is able to exercise Significant influence : M/s Bhandari Knit Exports



# Bhandari Hosiery Exports Limited

(A.W.R.A.P., BSCI and C-TPAT Certified Company)

**16. Managerial Remuneration includes :**  
Amount in Rs.

	Year 2008-09	Year 2007-08
Salary	17,98,105	17,91,478
Perquisites	148,002	128,522

17. Information pursuant to Para 3 & 4 of Part II of Schedule VI to the Companies Act, 1956 (to the extent applicable) is as under: -

**a) Capacities, Production, Turnover and Stocks**

**(i) Licensed and Installed Capacities**

Hosiery Garments

Installed Capacity 20,40,000 Pcs Per Annum

(As Certified by the Management and being technical matter not verified by the Auditors )

**(ii) Production, Purchase and Turnover**

Particulars	Unit	Year ended 31st March	Production	Purchases	Turnover	Value Rs.
Hosiery Garments	Pcs	2009	1295500	1743	1213611	271816155
	Pcs	2008	1895250	1036	1793017	297425462
Raw Material	Kgs	2009	NIL	4446588	3723813	504378295
	Kgs	2008	NIL	4454970	2564398	423078488
Others		2009	-	-	-	4138572
		2008	-	-	-	2443962

**(iii) Closing Stock of Finished Goods and Raw Materials**

Particulars	Year ended 31st March	Quantity Pcs./Kgs.	Value Rs.
a) Hosiery Garments	2009	272367	39765582
	2008	188735	19815600
b) Raw Material (Yarn)	2009	87045	8989170
	2008	89316	8910255

**b) Raw Material Consumed**

(a) Cotton Yarn	2009	Kgs	1027110	119447559
	2008	Kgs	1618316	234032807
(b) Hosiery Garments	2009	Pcs	1743	84895
	2008	Pcs	1036	190609

**c) Value of Imports Calculated on C.I.F. Basis**

	2009		2008
	Rs.		Rs.
(i) Stores, Spares, Needles, Labels , Packing Material, Leather goods etc.	11150050		6831703

**d) Expenditure in Foreign Currency**

(a) Travelling and Conveyance	2330542		2686763
(b) Quality claim, rebate & discount etc.			

**e) Foreign Exchange Earnings**

(a) FOB Value of Exports	230504117		271459150
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**(f) The Value of Consumption of Raw Materials and Stores**

Particulars	Year ended 31st March	Raw Material	% age	Stores	% age
a) Imported	2009	NIL	NIL	9189866	32.67
b) Indigenous	2009	631752230	100	18941576	67.33
a) Imported	2008	NIL	NIL	1031421	4.72
b) Indigenous	2008	550255658	100	20785698	95.28

Schedule A to U form an integral part of Balance Sheet and Profit & Loss Account and have been duly applicable.



**Bhandari Hosiery Exports Limited**  
(A.W.R.A.P., BSCI and C-TPAT Certified Company)

Additional Information as required under Part IV of Schedule VI of the Companies Act, 1956.

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

<b>I Registration Details</b>																							
Registration No.				1	3	9	3	0	State Code											1	6		
Balance Sheet Date	2	5	-	0	8	-	0	9															
	Date	Month		Year																			
<b>II. Capital Raised During the year ( Amount in Rs. Thousands)</b>																							
Public Issue									N	I	L	Right Issue									N	I	L
Bonus Issue									N	I	L	Private Issue									N	I	L
<b>III. Position of Mobilisation and Development of Funds ( Amount in Rs.Thousands )</b>																							
Total Liabilities				3	6	4	3	9	1	Total Assets					3	6	4	3	9	1			
SOURCE OF FUND																							
Paid-up Capital					7	4	5	5	7	Reserves & Surplus					1	2	0	5	9	6			
Loans Fund				1	5	2	5	7	7	Deferred Tax Liabilities					1	6	6	6	1				
APPLICATION OF FUNDS																							
Net Fixed Assets				1	1	5	0	7	4	Investment					N	I	L						
Net Current Assets				2	4	9	3	1	6	Miscellaneous Expenditure					N	I	L						
Accumulated Losses															N	I	L						
<b>IV. Performance of Company ( Amount in Rs.Thousands )</b>																							
Total Turnover				8	0	3	9	3	7	Total Expenditure					7	8	7	9	2	4			
Profit before Tax				1	6	0	1	3	Profit after Tax									9	3	6	5		
Earning Per Share ( Rs.)					1	.	2	6	Dividend Rate											N	I	L	
<b>V.Generic Names of three principal Products/Services of Company ( As per Monetary Terms )</b>																							
Item Code No. (ITC Code)	6	1	0	9	1	0	0	0															
Production Description	M	A	N	U	F	A	C	T	U	R	E	A	N	D	E	X	P	O	R	T			
	O	F	T	-	S	H	I	R	T	S													

For Vipan Kumar Aggarwal & Co.

Chartered Accountants

Sd/-

(Vipan Kumar Aggarwal )

Proprietor

Sd/-

(Naresh Bhandari)  
Chairman & Mg. Director

Sd/-

(Parveen Malhotra)  
Whole Time Director

Sd/-

(Gurinder Makkar)  
Company Secretary

Place : Ludhiana

Date : 25.08.2009



**Bhandari Hosiery Exports Limited**  
(A.W.R.A.P., BSCI and C-TPAT Certified Company)

**CASH FLOW STATEMENT FOR THE YEAR 2008-2009**

<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>
Net Profit before Tax and Extraordinary items	160.13	275.56
Adjustment For :		
Depreciation after written back	75.69	65.97
Interest Received	(11.76)	(16.44)
Interest and Financial Expenses	236.67	190.85
Operating Profit before Working Capital Changes	460.73	515.94
Adjustment For :		
Trade and other receivables	355.51	(170.88)
Inventories	(715.27)	(611.27)
Trade Payables	(33.23)	71.02
Cash Generated from Operations	67.74	(195.18)
Interest Paid	(236.67)	(190.85)
Direct Tax Paid	(33.77)	(101.84)
Cash flow before extraordinary items	(202.71)	(487.88)
Extraordinary items	-	-
<b>Net Cash from Operating Activities</b>	<b>(202.71)</b>	<b>(487.88)</b>
<b>B) CASH FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(198.45)	(198.93)
Sale of fixed Assets	2.90	-
Interest received	11.76	16.44
Investments	-	-
<b>Net Cash from Investing Activities</b>	<b>(183.81)</b>	<b>(182.49)</b>
<b>C) CASH FROM FINANCING ACTIVITIES</b>		
Increase in Capital & Reserves	-	270.00
Share Application Money	-	(30.00)
Increase in Bank Borrowing	136.87	-
Repayment of Short Term Borrowings	-	599.46
Repayment of Unsecured Loan	-	-
<b>Net Cash from Financing Activities</b>	<b>136.87</b>	<b>839.46</b>
<b>Increase in Cash and Cash Equivalents ( A+B+C)</b>	<b>(249.64)</b>	<b>(169.10)</b>
Cash and Cash Equivalents (Opg Bal)	354.96	185.86
	105.32	354.96

By Order of the Board  
for **BHANDARI HOSIERY EXPORTS LIMITED**

Sd/-

**(NARESH BHANDARI)**

Chairman & Managing Director

PLACE : LUDHIANA

DATED : 25.08.2009

**AUDITORS' CERTIFICATE**

We have examined the attached Cash Flow Statement of **Bhandari Hosiery Exports Limited** for the year ended 31st March, 2009. The statement has been prepared by the Company in accordance with the requirements of the listing agreements of the various stock exchanges and is based on and is in agreement with the corresponding Profit & Loss Account and the Balance Sheet of the Company Covered by our report of even date of the Members of the Company.

For **Vipan Kumar Aggarwal & Co.**  
(Chartered Accountants)

Sd/-

**(Vipan Aggarwal)**

Proprietor

Place : Ludhiana

Dated : 25.08.2009



**Bhandari Hosiery Exports Limited**  
(A.W.R.A.P., BSCI and C-TPAT Certified Company)



**BHANDARI HOSIERY EXPORTS LIMITED**

Regd. Office : Bhandari House, Village Meharban, Rahon Road, Ludhiana-141 007.

**PROXY FORM**

I/We .....  
of .....  
being a Member/Members of **BHANDARI HOSIERY EXPORTS LIMITED** hereby appoint .....  
..... of .....  
or failing him/her ..... of .....  
as my/our Proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 16<sup>TH</sup> Annual General Meeting of the Company to be held on Tuesday, the 29<sup>th</sup> Day of September, 2009 at 9.00 A.M. at the Registered Office of the Company or at any adjournment thereof.

**for OFFICE USE ONLY**

Proxy No. : .....

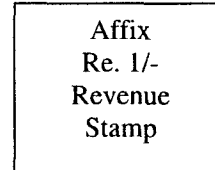
Folio No. : .....

\* DP ID .....

\* Client ID .....

No. of Shares : .....

Signature



**Notes :**

- (a) The form should be signed across the revenue stamp as per specimen signature.
- (b) The Proxy form duly completed must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the aforesaid meeting.
- \* Applicable for investors holding shares in electronic form.

**BHANDARI HOSIERY EXPORTS LIMITED**

Regd. Office : Bhandari House, Village Meharban, Rahon Road, Ludhiana-141 007.

**ATTENDANCE SLIP**

(ATTENDANCE SLIP to be filled in and handed over at the entrance of the meeting hall)

Full Name of the attending member .....

Regd. Folio No. ....

\* DP ID ..... \* Client ID .....

No. of Shares held .....

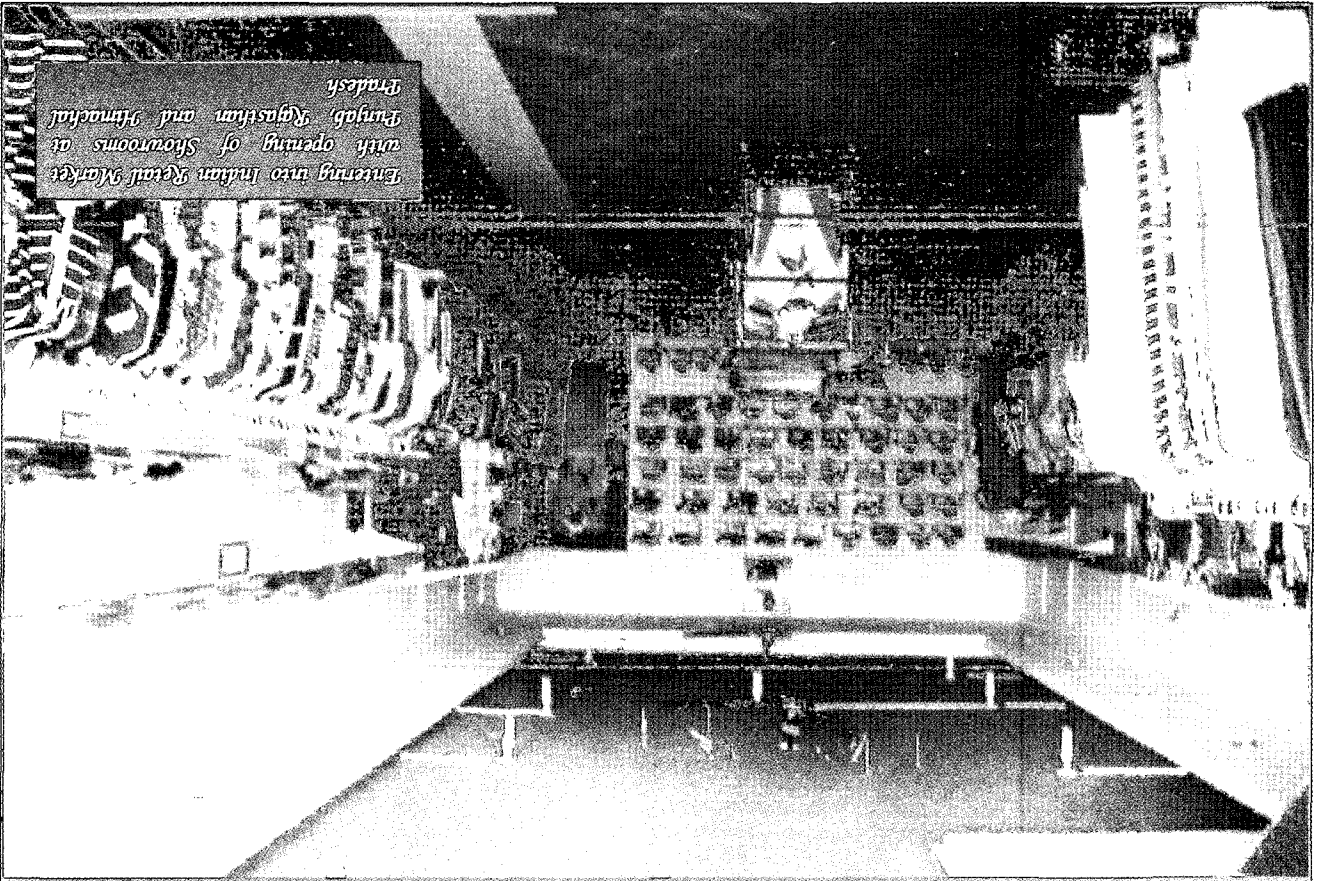
Full Name of Proxy (In BLOCK LETTERS) .....  
(If attended by Proxy)

SIGNATURE OF THE MEMBER (S) OR PROXY/PROXIES PRESENT .....

I hereby record my presence at the **SIXTEENTH ANNUAL GENERAL MEETING** held on Tuesday, the 29<sup>th</sup> day of September, 2009 at 9.00 A.M. at the Registered Office of the Company

\* Applicable for investors holding shares in electronic form.

Entering into Indian Retail Market  
with opening of Showrooms at  
Punjab, Rajasthan and Himachal  
Pradesh



Bhandari

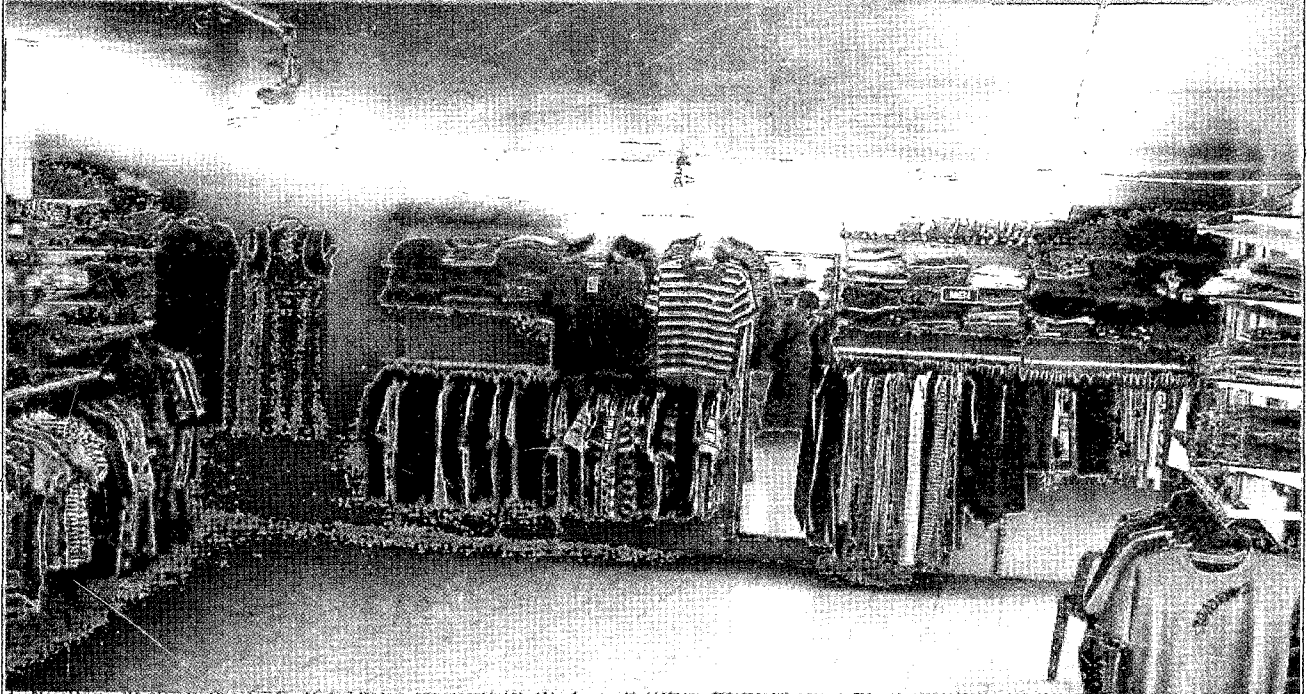


Bhandari Hosiery  
ENTER AND OTHER VIEWS OF "BHANDARI HOSEARY" SHOWROOMS/  
RETAIL OUTLETS

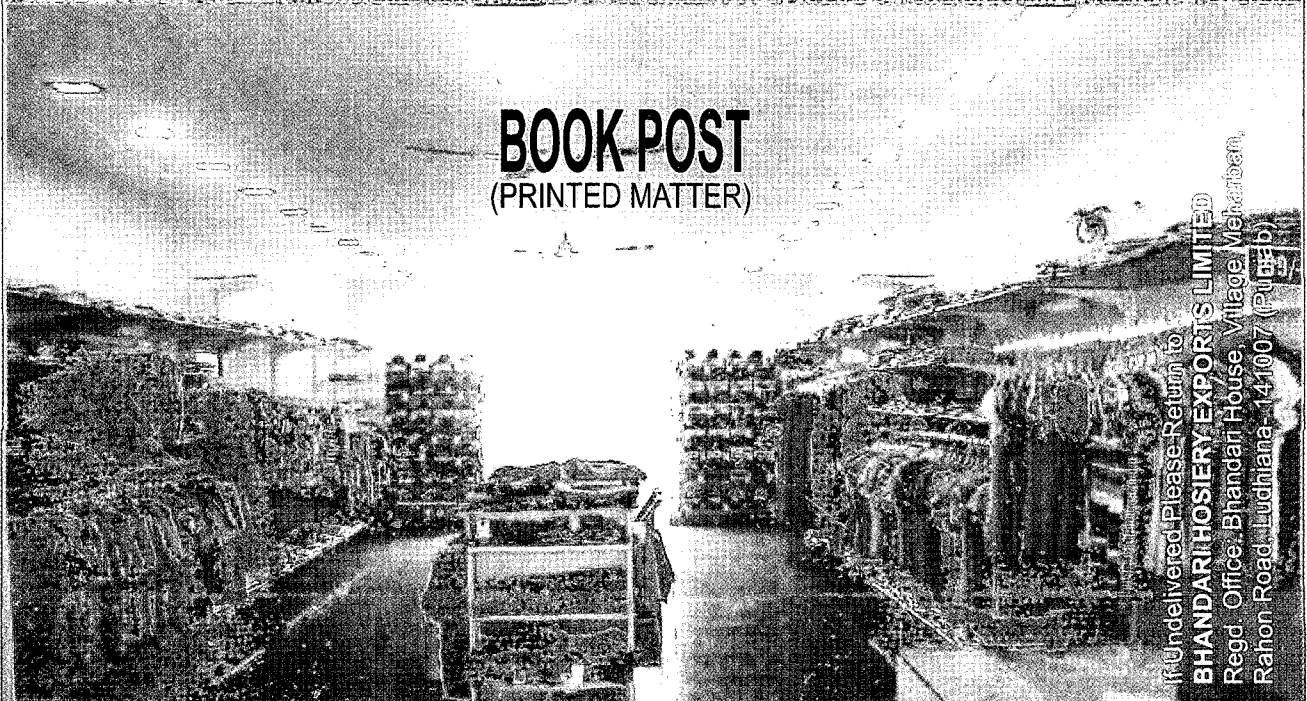


INNER VIEWS OF RETAIL OUTLETS AND SHOWROOMS

# Bhandari Hosiery



**BOOK-POST**  
(PRINTED MATTER)



If Undelivered, Please Return to  
**BHANDARI HOSIERY EXPORTS LIMITED**  
Regd. Office, Bhandari House, Village, Mehrabani,  
Rahon Road, Ludhiana - 141007 (Punjab)