

# **Dhanlaxmi**

## **Fabrics Limited**

**17<sup>th</sup>  
Annual Report  
2008 - 09**

### **BOARD OF DIRECTORS**

Shri Ramautar S. Jhavar - Chairman  
Shri Vinod S. Jhavar - Managing Director  
Shri Mahesh S. Jhavar - Director  
Shri N. C. Sharma - Director  
Shri Durgesh Kabra - Director  
Shri S. Sivaswami - Director  
Shri Mihir Mehta - Director

### **AUDITORS**

S. G. Kabra & Co.  
Chartered Accountants

### **BANKERS**

ING Vysya Bank,  
AXIS Bank,  
HDFC Bank Ltd.,  
ABN - AMRO Bank N.V.  
State Bank of India

### **REGISTRAR & SHARE TRANSFER AGENTS**

Bigshare Services Private Limited  
E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka,  
Andheri (East), Mumbai - 400 072.  
Tel. No. 091-022-28473474 / 28470653 / 28473747 / 40430200  
Fax No. 091-022-28475207 ♦ email : [info@bigshareonline.com](mailto:info@bigshareonline.com).

### **REGISTERED OFFICE**

Manpada Road, Bhopar Village, Dombivli (East), Thane - 421 204. Maharashtra.  
Tel. No. : 091-0251- 2870589 / 590 / 591  
Fax No. : 091-0251-2870545 ♦ email : [info@dfi.net.in](mailto:info@dfi.net.in)

### **CORPORATE OFFICE**

285, Princess Street, Jhavar House, 2<sup>nd</sup> Floor, Mumbai - 400 002.  
Tel No. : 091-022-22008176/7 ♦ Fax No. 091-022-22089558

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## NOTICE

**NOTICE** is hereby given that the Seventeenth Annual General Meeting of the Members of **Dhanlaxmi Fabrics Limited** will be held at the Registered Office of the Company at Manpada Road, Bhopar Village, Dombivli (East), Thane - 421 204, Maharashtra on Saturday, the **19<sup>th</sup> day of September, 2009 at 1.00 P.M.** to transact the following business :

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2009 and the Profit & Loss Account of the year ended on that date together with the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Shri Mahesh S. Jhawar, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Mihir Mehta, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

### SPECIAL BUSINESS

5. To consider and if through fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

**"RESOLVED THAT** as per the recommendations of the Remuneration Committee and pursuant to the provisions of Section 198, 269, 309 and 311 read with Schedule XIII to the Companies Act, 1956 and subject to such approvals as may be necessary, Shri Vinod S. Jhawar be and is hereby re-appointed as a Managing Director of the Company for a period of three years with effect of 1<sup>st</sup> November, 2009 upon the terms subject to the conditions as set out hereunder, with further liberty to the Board of Directors of the Company to alter and vary the said terms and conditions including remuneration so as not exceed the limits specified in Schedule XIII to the Company Act, 1956 or any other amendments thereto, as may be agreed to between the Directors and Shri Vinod S. Jhawar."

a) Salary including Dearness Allowance Rs. 1,00,000/- per month.

b) Perquisites :

- i) Company's Contribution to provident Fund.
- ii) Gratuity as per rules of the Company.
- iii) Provision for use of Company Car for official duties.
- iv) Telephone at the residence including payment of Local/STD/ISD calls.
- v) Payment of maintenance charges of society where he is residing, as per bills.
- vi) Reimbursement of Medical expenses incurred for self and family without any ceiling.
- vii) Reimbursement of Electricity charges.
- viii) Payment of Club fees / admission fees for two Clubs.

**“RESOLVED FURTHER THAT** in the event of absence or inadequacy of net profits in any financial year, remuneration payable to the Managing Director shall be governed by Section II of Part II of Schedule XIII to the Companies Act, 1956 or any other statutory modifications thereof and the same shall be treated as the Minimum Remuneration payable to the said Managing Director.”

**“RESOLVED FURTHER THAT** Shri Ramautar S. Jhavar, Director of the Company be and is hereby authorized to take such actions and do all things as may be necessary or desirable to give effect to this resolution.”

For and on behalf of the Board of Directors

Place : Mumbai

Date : 31<sup>st</sup> July, 2009

**Ramautar S. Jhavar**  
Chairman

**REGISTERED OFFICE :**

Manpada Road,  
Bhopar Village,  
Dombivli (East),  
Thane - 421 204,  
Maharashtra.

**NOTES :**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER.**
2. **Proxies, in order to be effective, must be received at the Company's Registered Office not later than 48 (Forty Eight) hours before the time fixed for the holding the meeting.**
3. The Register of Members and Share Transfer Books shall remain closed from Saturday, 12<sup>th</sup> September, 2009, to Saturday 19<sup>th</sup> September, 2009 (both days inclusive)
4. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their queries to the Compliance Officer of the Company, so as to reach the Registered Office of the Company at least seven days before the date of the meeting, to enable the Company to make available the required information at the meeting, to the extent possible.
5. Members are requested to notify immediately any change of address, to their respective Depository Participant (DP) in respect of their electronics share accounts and to the Company's Registrar & Share Transfer Agents, Bigshare Services Private Limited at E-2/3, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai-400 072 in respect of their physical share folios.
6. Members are requested to bring their copy of Annual Report to the Meeting.
7. Members are requested to bring the Attendance slip sent herewith duly filled for attending the Meeting.
8. The relevant details as required by Clause 49 of the Listing Agreement entered into with the Stock Exchange, of persons, seeking re-appointment as Directors under Item Nos. 2 and 3 above, is annexed.

**BRIEF RESUME OF PERSONS PROPOSED TO BE RE-APPOINTED AS DIRECTORS OF THE COMPANY AT THE ANNUAL GENERAL MEETING :**

<b>Name</b>	<b>Shri Mahesh S. Jhavar</b>
Date of Birth	26th April 1961
Qualifications	B.Com
Expertise in specific functional areas :	Textile Marketing
Directorship in other Companies :	Dhanlaxmi Cotex Ltd., Dhanlaxmi Exports Fabrics Pvt. Ltd., Sohanlal Jhavar Export Fabrics Pvt. Ltd., Jhavar Commodities Pvt. Ltd., Somai Investment Pvt. Ltd., Ramautar Finance Pvt. Ltd., Jhavar Trade & Investment Pvt. Ltd., M R Share Broking Pvt. Ltd., V R M Share Broking Pvt. Ltd., Western Chlorides & Chemicals Pvt. Ltd., Dhanesh Fabrics Pvt. Ltd., DFL Fabrics Pvt. Ltd.,
Name of Cos. in Committees of which holds Membership/Chairmanship	NIL
No of Shares held in Dhanlaxmi Fabrics Limited	39100

<b>Name</b>	<b>Shri Mihir Mehta</b>
Date of Birth	7 <sup>th</sup> April 1959
Qualifications	B.Com, BAM from Jamanalal Bajaj Institute & MEP from IIM Ahmedabad.
Expertise in specific functional areas :	Textile Management & Marketing
Directorship in other Companies :	New Mahalaxmi Silk Mills Pvt. Ltd., Heena Infosys Ltd., Synthetics & Art Silk Mills Associations Ltd.
Name of Cos. in Committees of which holds Membership/Chairmanship	NIL
No of Shares held in Dhanlaxmi Fabrics Limited	NIL

**9. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 ;**

**Item No. 5**

Shri Vinod S. Jhawar was appointed as the Managing Director of the Company within the meaning of Section 2(26) of the Companies Act, 1956 with effect from 1<sup>st</sup> November, 1998.

The Board of Directors of the Company at their Meeting held on 31<sup>st</sup> July, 2009, re-appointed Shri Vinod S. Jhawar as a Managing Director of the Company for a period of three years with effect from 1<sup>st</sup> November, 2009 to 31<sup>st</sup> October, 2012 on terms and conditions as stated in the resolution.

The appointment of Shri Vinod S. Jhawar as Managing Director of the Company would require the consent of the shareholders of the company pursuant to section 269, 309, 311 & other applicable provisions of the Companies Act, 1956 (hereinafter referred to as "the said act") and subject to the limits laid down in Schedule XIII to the said Act.

The resolution is therefore, recommended for your approval.

Shri Vinod S. Jhawar is concerned or interested in the resolution given under Item No. 5 of the Notice for his appointment as Managing Director. Shri Ramautar S. Jhawar and Shri Mahesh S. Jhawar are also interested or concerned in the said resolution.

For and on behalf of the Board of Directors

Place : Mumbai  
Date : 31<sup>st</sup> July, 2009

**Ramautar S. Jhawar**  
Chairman

**DIRECTORS' REPORT**

Dear Members,

Your Directors have pleasure in presenting their Seventeenth Annual Report on the business operations and activities of the Company together with the audited accounts for the Financial year ended on 31<sup>st</sup> March, 2009.

**FINANCIAL RESULTS:**

(Rs. In Lacs)

Particulars	Year ended 31 <sup>st</sup> March 2009	Year ended 31 <sup>st</sup> March 2008
Income from Operations	4704.17	4647.10
Operating Profit	741.20	747.16
Less : Interest	121.41	132.50
Less : Depreciation	420.83	349.15
Less : Loss in currency Swap Transaction	32.00	0.00
Profit before Tax	166.96	265.51
Less : Provision for Tax	18.92	53.40
Less : Provision for FBT	1.51	2.48
Profit after Tax	146.53	209.63
Less : Deferred Tax Liability	71.12	37.53
Less : Income Tax for Earlier year	2.05	0.33
Net Profit for the year	73.36	171.77
Add : Balance brought forward	1278.55	1142.00
Amount available for appropriation	1351.91	1313.77
Less : Proposed Dividend on Equity Shares	0.00	30.10
Less : Tax on Dividends	0.00	5.12
<b>Balance Carried to Balance Sheet</b>	<b>1351.91</b>	<b>1278.55</b>

**OPERATIONS :**

For the financial year ended 31<sup>st</sup> March 2009 the Sales & Other Income of the Company increased marginally to Rs. 4704.17 Lacs as compared to Rs.4647.10 Lacs in Previous Year. The Company has earned a Net Profit of Rs. 73.36 Lacs (previous year Rs. 171.77 Lacs) for the year ended 31<sup>st</sup> March 2009.

**FUTURE OUTLOOK :**

The Future is looking very bright as far Indian Textile Industry is concerned. There has been good and consistent demand for the Garments which are manufactured in India. However, there has been stiff competition from the unorganized sector and invasion of Chinese textile products pose a real time threat to grow capabilities of the organized sector including your Company.

**DIVIDEND :**

To plough back the earnings for expansion programme, the Board does not recommend any dividend for the year 2008-2009.

**DIRECTORS :**

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri Mahesh S. Jhavar, and Shri Mihir Mehta Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting. Your Directors recommend their re-appointment

Brief profile of the Directors proposed to be re-appointed is annexed to the Notice of the ensuing Annual General Meeting.

**DIRECTORS' RESPONSIBILITY STATEMENT :**

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

- In the preparation of the annual accounts, the applicable standards have been followed.
- that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2009 and of the Profit of the Company for that period.
- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- that the Annual accounts for the year ended 31<sup>st</sup> March, 2009 have been prepared on a going concern basis.

**AUDITORS :**

M/s. S. G. Kabra & Co., Chartered Accountants, the Statutory Auditors of the Company retires at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The members are requested to appoint the Auditors and authorise the Board to fix their remuneration.

**AUDITORS' REPORT :**

The observations made by the Auditors of the Company in their report read with relevant notes as given in the Notes to the Accounts for the year ended 31<sup>st</sup> March 2009, are self-explanatory and therefore do not call for any further comments under Section 217 (3) of the Companies Act, 1956.

**FIXED DEPOSITS :**

During the year under review, the Company has not accepted or renewed any deposits within the meaning of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 and rules made there under.

**CORPORATE GOVERNANCE :**

A Report on Corporate Governance together with a Management Discussion and Analysis report along with a Certificate from M/s. Rath & Associates, Company Secretaries in practice, regarding compliance of requirements of Corporate Governance pursuant to clause 49 of the Listing Agreement with the Stock Exchange are annexed hereto.

**ALLOTMENT OF SHARES ON PREFERENTIAL BASIS :**

During the year under review, the Company had raised Share Capital of Rs. 1152.00 Lacs by issue of 2560000 Equity Share of Rs. 10/- (Rupees Ten only) each for cash at a premium of Rs. 35/- (Rupees Thirtyfive only) per share on preferential basis in accordance with the Guidelines for issue of Shares on preferential basis. The said fund is used for purchase of land and building for proposed expansion scheme of the company, repayment of Unsecured Loan and Modernisation of existing plant.



**PARTICULARS AS PER SECTION 217 (2A) OF COMPANIES ACT, 1956 :**

During the year under review, none of the employees of the Company was in receipt of remuneration aggregating Rs. 24,00,000/- or more per annum, if employed throughout the year, or Rs. 2,00,000/- or more per month, in case employed for part of the year. Hence, there are no particulars to be annexed to this report as required under section 217(2A) of the Companies Act, 1956 and the rules made there under.

**SUBSIDIARIES :**

The Balance Sheet as at 31<sup>st</sup> March, 2009 and the Profit & Loss Account for the year ended on that date along with the Directors' and Auditors' Reports and Statement Pursuant to Section 212 of the Companies Act, 1956 relating to Western Chlorides & Chemicals Pvt. Ltd., Dhanesh Fabrics Pvt. Ltd. and DFL Fabrics Pvt. Ltd. subsidiaries of the Company are attached to this report and shall be treated as forming part of the report.

The Company during the year under review formed DFL Fabrics Pvt. Ltd. wholly owned subsidiary company. The said company incorporated on 28th August, 2008. The Paid-up share capital is Rs. 1,00,000/- (Rupees One Lacs).

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

Particulars as required under section 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 are given in the Annexure I to this report.

**ACKNOWLEDGEMENTS:**

The Directors express their grateful appreciation for the support and co-operation received from Banks, Government Authorities, Customers, Vendors and Members during the year under review. The Directors wish to place on record their deep sense of appreciation for the committed services of the Executives, Staff and Workers of the Company.

For and on behalf of the Board

Place : Mumbai  
Date : 31<sup>st</sup> July, 2009

**Ramautar S. Jhawar**  
Chairman

**ANNEXURE - I TO DIRECTORS' REPORT****Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:**

During the year under review, the Company had strict control on wasteful electrical consumption.

**Conservation of Energy :**

1. Energy conservation measures taken : **NIL**
2. Additional investment and proposals, if any, being implemented for reduction of consumption : **None**
3. Impact of the measure at (1) and (2) above for reduction of energy consumption and consequent impact on the cost of production of goods : **Not - Applicable**
4. Total energy consumption and energy consumption per unit of production are as under :

	Year Ended 31-03-2009	Year Ended 31-03-2008
<b>A) Power and Fuel Consumption</b>		
1. Electricity		
a) Purchased		
Unit (Lacs)	<b>29.91</b>	<b>38.84</b>
Total Amount (Rs. in Lacs)	<b>149.15</b>	<b>189.83</b>
Avg. Rate / Unit (Rs.)	<b>4.99</b>	<b>4.89</b>
b) Own generation (Through D.G. Set)		
Unit (Lacs)	<b>0.32</b>	<b>0.43</b>
Diesel Oil Consumed Ltrs. (Lacs)	<b>0.20</b>	<b>0.29</b>
Total Amount (Rs. in Lacs)	<b>7.50</b>	<b>9.95</b>
Avg. Rate per Ltr. (Rs.)	<b>37.50</b>	<b>34.31</b>
2) Coal		
Quantity (M. Tonn)	<b>5507</b>	<b>8338</b>
Total Amount (Rs. in Lacs)	<b>293.89</b>	<b>359.76</b>
Avg. Rate/M. Tonnes (Rs.)	<b>5337</b>	<b>4315</b>
<b>B. Consumption Per Kg. of Production</b>		
Production (Lac Kgs.)	<b>23.09</b>	<b>27.16</b>
Electricity (Rs.)	<b>6.46</b>	<b>6.99</b>
Diesel Oil (Rs.)	<b>0.32</b>	<b>0.37</b>
Furnace Oil / Coal (Rs.)	<b>12.73</b>	<b>13.25</b>

**Technology Absorption :**

The Company does not need any technology up-gradation for its existing business.

**Foreign Exchange Earnings And Outgo : (Rs. in Lacs)**

	2008-09	2007-08
Foreign Exchange Outgo	137.04	190.93
Foreign Exchange Earned	0.00	26.99

For and on behalf of the Board

Place : Mumbai  
Date : 31<sup>st</sup> July, 2009

**Ramautar S. Jhawar**  
Chairman

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT :****(a) Industry Structure and Developments :**

The Government of India is keenly interested in promoting the Brand "Made In India" in global market. It is also targeted to achieve the 8% share in global export turnover by 2010. As the textile industry is the second largest sector of economy in providing employment opportunities, the Government is committed to the growth and betterment of this sector.

The Government is also supporting this expansion mood by way of Textile Park Scheme, wherein the Government is providing capital subsidy for such park upto 40% on the total infrastructure facilities in Textile Parks.

With the phasing out of Multi Fiber Agreement (MFA) from 1<sup>st</sup> January, 2005, which had imposed quota regime on Indian Textile Exports, it has opened the way for the most competitive developing countries to develop stronger clusters of textiles. The infusion of fresh capital in this sector has been evidenced by numerous companies setting up projects for spinning, weaving, processing, embroidery and garments and by way of various public issues of companies engaged in this line of business. The Companies are also expanding their line of operation by way of forward and backward integration of production facilities. The healthy capital market conditions, with series of 'bull run' on bourses, has boosted the dreams of Indian Textile industry to attain new heights in textile manufacturing and export.

**(b) Opportunities & Threats :**

The imminent opening up of the export markets without the fetters of the quota system, the strong demand for fabrics from the garment sector and the slew of policy initiatives by the Government to revitalize the industry are key factors that have led to a more favourable business environment and enhanced investor interest.

The removal of mandatory duty on pure cotton will lead to increased transparency especially in the cotton yarn market. Tax compliant mills will now have a fair deal in the market as against Tax evading/exempted mills.

The Company has set up Wind power projects, One in Dhulia, Maharashtra which is having capacity of 1.25 M.G. producing 24 Lacs units of power p.a. and second in Nettur, Tamilnadu having the capacity of 2 M. G. which is likely to produce 42 lacs units per annum.

The opening of the doors of World markets by dismantling of quotas by January 2005 is a tremendous opportunity for cost-effective and quality producers although China is expected to offer stiff competition. In order to reap the opportunities, the Company proposes to set up another Processing project in Maharashtra.

**c) Segment-wise or product-wise performance :**

The Company's main business Segment is Textile Processing but from the year 2006-2007 the company has entered into the field of Wind Power generation in Nettur, Tamilnadu to sale the generated power to Tamilnadu Electricity Board. The Turnover and Profit figures of both the segments are shown separately in Notes to Accounts.

The geographical segment is India.

**d) Outlook :**

The Company is proactively responding to the changing business environment and is confident of sustaining its market share by improving competitive position in the market. The overall business outlook for the company is promising with improvement in overall economic environment. Efforts towards higher operational efficiencies shall continue. The company continues to examine the possibilities of expansion and will make the necessary investments when attractive opportunities arise.

**e) Risks and Concerns :**

The Company continues to remain focused on its core competence product i.e. textile products. Competition in the market place continues to have an impact on the Company's operational performance and also exerts pressure on the margins.

**f) Internal Control Systems and their Adequacy :**

The Company's operating and business control procedures have been framed in order that they ensure efficient use of resources and comply with the procedures and regulatory requirements. The Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition and that transactions are authorised, recorded and reported correctly.

**g) Discussions on financial performance with respect to operational performance:**

Due to set back in export market and increase in input cost Company's operational and Financial performance has shown a down trend.

	(Rs. in Lacs)	
Turnover	2008-09	2007-08
Processing Charges Fab./Yarn	1663.53	1,993.06
Fabrics / Yarn Sale	2828.31	2506.07
Power	212.33	119.04
Weaving Job Work	0.00	0.01
Garment Export	0.00	28.92
Total	4704.17	4647.10
Profitability		
Profit after Depreciation	166.96	265.51
Less : Profit on Sale of Fixed Assets	8.53	2.33
Less : Profit on Sale of Share Trading	0.00	5.36
Net Profit by Operation	158.43	257.82

**h) Human Resource Development :**

The Company believes that the human resources are vital resource in giving the Company a competitive edge in the current business environment. The company's philosophy is to provide congenial work environment, performance oriented work culture, knowledge acquisition / dissemination, creativity and responsibility. As in the past, the Company enjoyed cordial relations with the employees at all levels.

**CORPORATE GOVERNANCE REPORT****Company's philosophy on Code of Corporate Governance**

Good Corporate Governance is a continuous process that needs to be comprehensive for maximum effectiveness. Your Company firmly believes in Corporate Governance as an ideological cornerstone and a strategic driver for long term success. The Company fundamentally believes that good Corporate Governance should be an internally driven need and is not to be looked upon as an issue of compliance dictated by statutory requirements.

## A. Board Composition :

### Size and composition of the Board

The Board presently consists of a majority of Non-Executive Directors, having rich and varied experience. The Board comprises of One (1) Executive Director and Six (6) Non-Executive Directors of which Four (4) are Independent. The Chairman of the Board is a Non-Executive Director.

The constitution of the Board as on 31<sup>st</sup> March 2009 is given below :

DIRECTOR	Executive/Non-Executive/Independent*	Number of other		
		Director-ships*	Committee Member-Ships #	Committee Chairman-Ships #
Shri Ramautar S. Jhawar	Chairman, Non-Executive	1	-	-
Shri Vinod S. Jhawar	Managing Director, Executive	-	-	-
Shri Mahesh S. Jhawar	Non-Executive	1	-	-
Shri N. C. Sharma	Non-Executive, Independent	-	-	-
Shri Durgesh Kabra	Non-Executive, Independent	-	-	-
Shri S. Sivaswami	Non-Executive, Independent	-	-	-
Shri Mihir Mehta	Non-Executive, Independent	2	-	-

\* Other Directorships exclude Directorships held in Private Limited Companies.

# Committee Membership does not include Membership / Chairmanship in Committee of Directors of Dhanlaxmi Fabrics Limited.

### B. Board Meetings

The Board Meetings are generally held at the Administrative Office of the Company. The Agenda for each meeting along with explanatory notes are drafted and distributed well in advance to the Directors. Every Board Member is free to suggest the inclusion of items on the agenda. The Board meets at least once a quarter to review the quarterly results and other items on the agenda, and also on the occasion of the Annual Shareholders' Meetings. When necessary, additional meetings are held.

Seven Board Meetings were held during the year ended 31<sup>st</sup> March, 2009 i.e. on 29<sup>th</sup> April 2008, 31<sup>st</sup> July 2008, 11<sup>th</sup> August 2008, 20<sup>th</sup> September 2008, 26<sup>th</sup> September 2008, 31<sup>st</sup> October 2008 and 30<sup>th</sup> January 2009.

The Table hereunder gives the attendance record of the Directors during Financial Year 2008-2009.

Name of the Directors	Number of Board Meetings held	Number of Board Meetings attended	Whether attended last AGM
Shri Ramautar S. Jhawar	7	7	Yes
Shri Vinod S. Jhawar	7	7	Yes
Shri Mahesh S. Jhawar	7	6	Yes
Shri N.C. Sharma	7	5	Yes
Shri Durgesh Kabra	7	2	No
Shri S. Sivaswami	7	5	Yes
Shri Mihir Mehta	7	3	Yes

## C. Board Committees

Currently, the Board has four committees - the Audit Committee, the Shareholders' Investors' Grievance Committee, the Remuneration Committee, and the Management Committee.

The Board is responsible for the constitution, co-opting and fixing the terms of service for committee members of all the committees.

### 1. Audit Committee

As required under Section 292A of the Companies Act, 1956 read with the provisions of Clause 49 of the Listing Agreement, the Board has constituted an Audit Committee. It comprises of Three (3) Non-Executive, Independent Directors and One (1) Non-Executive Director. The Committee is headed by Shri N. C. Sharma and comprises of Shri S. Sivaswami, Shri Durgesh Kabra and Shri Ramautar S. Jhawar as its members.

The Audit Committee of the Company is entrusted with the responsibility to supervise the Company's internal control and financial reporting process and inter-alia performs the following functions.

- \* overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial Statements are correct, sufficient and credible
- \* recommending the appointment and removal of the external Auditors fixation of Audit fee and approval for payment of any other services;
- \* reviewing with management the Annual financial Statements before submission to the Board;
- \* reviewing with management and external Auditors, the adequacy of internal control systems;
- \* reviewing the adequacy of cost Audit function.
- \* discussing with cost Auditors any significant findings and follow up on such issues.
- \* discussing with the external Auditors before the Audit commences on the nature and scope of Audit, as well as having post Audit discussion to ascertain the area of concern, if any;
- \* reviewing the Company's financial and risk management policies; and
- \* examining reasons for substantial default in the payment to Shareholders (in case of non-payment of declared dividends) and creditors, if any.

### Attendance of Members at the Audit Committee Meetings :

The meetings of the Audit Committee are also attended by the Statutory Auditors as special invitees.

During the year ended 31<sup>st</sup> March, 2009 four Audit Committee Meetings were held on 29<sup>th</sup> April 2008, 31<sup>st</sup> July 2008, 31<sup>st</sup> October 2008 and 30<sup>th</sup> January 2009.

The table hereunder gives the attendance record of the Audit Committee Members during Financial Year 2008-2009.

Name of the Audit Committee Members	No. of Meetings held	No. of Meetings attended
Shri N.C. Sharma	4	4
Shri S. Sivaswami	4	2
Shri Ramautar S. Jhawar	4	4
Shri Durgesh Kabra	4	2

The Committee has recommended to the Board the appointment of M/s. S.G. Kabra & Co., Chartered Accountants, as the statutory and Independent Auditors of the Company for the Financial Year ending 31<sup>st</sup> March, 2010 and that necessary resolution for appointing them as Auditors be placed before the Shareholders.

## 2 Remuneration Committee:

As on 31<sup>st</sup> March 2009, the Remuneration Committee consists of three members, Shri N. C. Sharma, Shri S. Sivaswami and Shri Durgesh Kabra, all of them being Non-Executive Independent Directors. Shri N. C. Sharma is the Chairman of the Remuneration Committee.

The broad terms of reference of the Remuneration Committee is to ensure that the remuneration practices of the Company in respect of the Senior Executives including the Executive Directors are competitive keeping in view prevalent compensation packages so as to recruit and retain suitable individual(s) in such capacity.

### a) Remuneration Policy :

Non-Executive Directors are paid sitting fees for each meeting of the Board attended by them. Remuneration including perquisites and commission paid to the Managing Director of the Company are recommended by the Remuneration Committee approved by the Board and is within the limits set by the shareholders at the General Meetings.

Presently, the Company does not have any stock option plan or performance linked incentives for its Directors.

### b) Details of Remuneration to Executive Directors for the Financial year ended 31<sup>st</sup> March 2009 are as under :

Name	Salary and Perquisites	Performance Incentive/ bonus	Commission	Total
Shri Vinod S. Jhavar Managing Director	13.44 Lacs	NIL	NIL	13.44 Lacs

### c) Shareholding in the Company and Remuneration paid to Non-Executive Directors :

Name of the Non Executive Directors	Equity Share held (Number)	Sitting Fees (Rs. in Lacs)
Shri Ramautar S. Jhavar	6,22,830	0.16
Shri Mahesh S. Jhavar	39,100	0.12
Shri N.C. Sharma	Nil	0.08
Shri Durgesh Kabra	Nil	0.08
Shri S. Sivaswami	50	0.08
Shri Mihir Mehta	Nil	0.12

During the year ended 31<sup>st</sup> March 2009, no meeting of Remuneration Committee was held.

## 3 Shareholders' / Investors' Grievance Committee:

As at 31<sup>st</sup> March 2009, the Shareholders'/Investor grievance committee consists of Shri N. C. Sharma, Shri S. Sivaswami and Shri Durgesh Kabra, all of them being Non-Executive, Independent Directors. Shri N. C. Sharma is the Chairman of the Committee and acts as the Compliance Officer.

The Shareholders'/Investor grievance committee inter-alia deals with various matters relating to redressal of shareholders and investors complaints like delay in transfer/ transmission of shares, non-receipt of balance sheet, non-receipt of dividends etc. and also recommends measures to improve the performance of investor services.

### Meetings And Attendance ;

Six Share holders' / Investors Grievance Committee meetings were held during the year ended 31<sup>st</sup> March, 2009.

The attendance record of members is given in the table hereunder :

Name of the Shareholders'/ Investors' grievance Committee Members	No. of Meetings held	No. of Meetings attended
Shri N.C. Sharma	6	6
Shri Durgesh Kabra	6	6
Shri S. Sivaswami	6	6

The Committee expresses satisfaction with the company's performance in dealing with investors' grievance and its share transfer system.

### Details of Shareholders' complaints received, not solved and pending during the Financial year ended 31<sup>st</sup> March, 2009.

The total number of complaints received and replied to the satisfaction of the Shareholders during the year ended 31<sup>st</sup> March, 2009 were 2. There were no pending/unattended complaints as on 31<sup>st</sup> March, 2009.

## 4. Management Committee

The Management Committee consists of Shri Vinod S. Jhavar, Shri Ramautar S. Jhavar, Shri Mahesh S. Jhavar, Shri S. Sivaswami and Shri N. C. Sharma. The Committee is headed by N. C. Sharma.

The Management Committee meetings are generally held at the Registered office of the Company. Agenda for each meeting are drafted and circulated in advance to the Directors. Every Committee Member is at a liberty to suggest the inclusion of items on the agenda. There is however no schedule as to when a Management Committee meeting is held. These meetings are held only to take a review of the overall functioning of the company.

### Meetings And Attendance ;

There were only Two Management Committee Meetings during the year ended 31<sup>st</sup> March, 2009, i.e. on 22<sup>nd</sup> September, 2008 and 16<sup>th</sup> March, 2009.

The table hereunder gives the attendance record of the Members.

Name of the Directors	No. of Meetings held	No. of Meetings attended
Shri Vinod S. Jhavar	2	2
Shri Ramautar S. Jhavar	2	2
Shri Mahesh S. Jhavar	2	2
Shri N.C. Sharma	2	2
Shri S. Sivaswami	2	2

**D. General Body Meetings :**

Details of last **Three** Annual General Body Meetings are given here under :

Year	Date	Venue/Details of Special Resolution passed	Time
2006	23/09/2006	Manpada Road, Bhonar Village, Dombivli (East), Thane-421 204. Special resolution was passed.	1:00 P.M.
2007	29/09/2007	Manpada Road, Bhonar Village, Dombivli (East), Thane-421 204. No special resolution was passed.	1:00 P.M.
2008	20/09/2008	Manpada Road, Bhonar Village, Dombivli (East), Thane-421 204. Special resolution was passed.	1:00 P.M.

**Special Resolution :**

In the Annual General Meeting held on 23<sup>rd</sup> September, 2006 following Special Resolutions were passed :

1. Amendment of Articles of Association of the Company in relation to the Buy Back of Shares, Fixing of record date, Passing the Resolution by Postal Ballot, Appointment of Nominee Director(s) and Audit Committee.
2. Amendment of Clause III A (Main Objects Clause) of the Memorandum of Association of the Company
3. Increase in Authorized Capital of the Company from Rupees Seven Crores Twenty Five Lacs to Rupees Fifteen Crores only and reclassification of Preference Shares into Equity Shares.
4. Amendment of existing Articles No. 3 of Articles of Association of the company in relation to Authorised Share Capital of the Company. In the Annual General Meeting held on 20th September, 2008, of the following Special Resolution was passed.

Preferential issue of 25,60,000 Equity Shares of Rs. 10/- (Rupees Ten only) each for cash at a premium of Rs. 35/- (Rupees Thirty Five only) per share aggregating Rs. 11,52,00,000/- (Rupees Eleven Crores Fifty Two Lacs only)

**Postal Ballots :**

At the Annual General Meeting of the Company held on 23<sup>rd</sup> September 2006 a special resolution amending the Main Object Clause of the Memorandum of Association so as to provide for Manufacturing and trading in readymade garments and generation and selling of power was passed through Postal Ballot.

No Special Resolution requiring postal ballot is being proposed at the ensuing Annual General Meeting.

**E. Disclosures :**

1. There are no transactions of material nature with Directors/ Promoters or any related entity, which will have any potential conflict with the interests of the Company at large except the transactions mentioned under the Annexure to be Auditors' Report which form a part of the Auditors' Report for the year ended 31<sup>st</sup> Marh, 2009.
2. There is no non-compliance by the Company or any penalties, strictures imposed by the Stock Exchange. SEBI or any other Statutory authority on any matter related to capital markets, during the last three years / period.
3. The Company has not established the non-mandatory requirement of Whistle Blower Policy. However, the Company's personnel have access to the Chairman of the Audit Committee in cases such as concerns about unethical behaviour, frauds and other grievances. No personnel of the Company have been denied access to the Audit Committee.

4. The Company has complied with all mandatory requirements of Clause 49 of the Listing Agreement and has framed the Remuneration Committee which is amongst the Non-Mandatory Requirements.

**F. Means of Communication to the Shareholders**

The quarterly results of the Company are published in two news papers in compliance with the provisions of Clause 41 of the Listing Agreement. Generally, the same are published in "Free Press Journal" (English Language) and Nav-Shakti (Marathi Language)". As the results of the Company are published in the newspapers, half yearly reports are not sent to each household of shareholders. The quarterly results as well as the proceedings of the Annual General Meetings are submitted to the Stock Exchange, Mumbai immediately after the conclusion of the respective meeting. No presentations were made to the institutional investors or to analysts during the year under review.

**G. Certificate on Corporate Governance :**

As required by Clause 49 of the Listing Agreement, a certificate issued by M/s. Rathi & Associates, Practicing Company Secretaries, regarding compliance with Corporate Governance norms is given as an Annexure to this Report.

**H. CEO Declaration :**

The Managing Director of the Company has certified positively to the Board on the matters specified under Clause 49 (V) of the Listing Agreement.

**I. General Shareholder Information :**

1. Date, time and venue of Annual General Meeting of Shareholders 19<sup>th</sup> September 2009, 1.00 p.m. Manpada Road, Bhonar Village, Dombivli (East), Thane-421 204.
2. Financial Year 2008-2009
3. Dates of book closures 12<sup>th</sup> September 2009 to 19<sup>th</sup> September 2009
4. Financial Calendar (tentative and subject to change) **Financial reporting for quarter ended**  
June 30, 2009 : by July 31, 2009,  
September 30, 2009: by October 31, 2009,  
December 31, 2009: by January 31, 2010  
March 31, 2009 : by April 30, 2009  
Annual General Meeting for year ended March 31<sup>st</sup> 2010, by September 30<sup>th</sup>, 2010.
5. Listing on Stock Exchanges Bombay Stock Exchange Limited
6. Stock Code 521151
7. Listing Fees Paid for year 2009-2010 to The Stock Exchange, Mumbai
8. Registered Office : Manpada Road, Bhonar Village, Dombivli (East), Thane-421 204. Maharashtra.
9. Registrar and Share Transfer agents Bigshare Services Private Limited  
E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai-400 072.  
Tel. No. : 091-022- 28473474/28470653/ 28473747.  
Fax No. : 091-022-28475207  
Email : bigshare@bom7.vsnl.net.in

**10. Share Transfer System :**

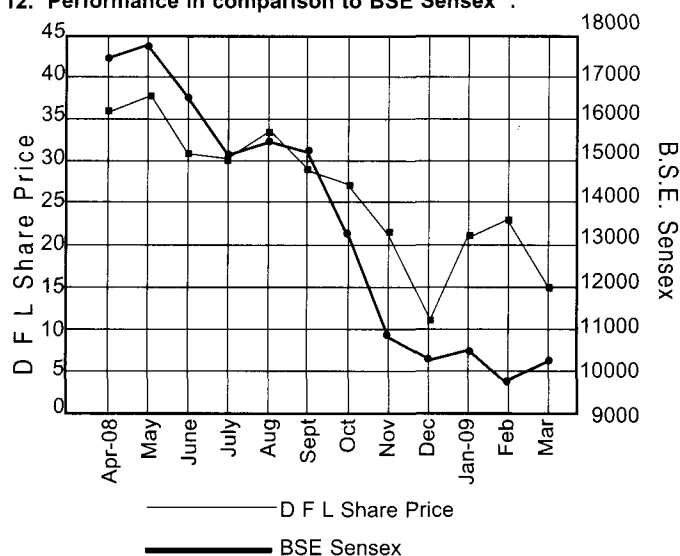
Shares sent for physical transfer are generally registered and returned within a period of 30 days from the date of receipt, if the documents are clear in all respects. The Share Transfer committee of the Company meets as often as required. Most of the Share Transfers are handled by the Registrar and Transfer Agents and timely reports are sent by them to the Company in respect of transfers that have taken place for the approval of Shareholders' Grievance Committee in its Meeting.

The total number of shares transferred in physical form during the year 2008-2009 was 4500 shares.

**11. Stock Market price data :**

Monthly high and low at the Bombay Stock Exchange Limited, Mumbai for financial year ended 31<sup>st</sup> March 2009 :

Month	Volume	Dhanlaxmi Fabrics		BSE Sensex	
		High Rs.	Low Rs.	High	Low
April, 2008	24087	36.20	27.50	17481	15298
May	1641	37.00	32.80	17736	16196
June	4132	31.50	29.50	16633	13406
July	26313	31.50	28.00	15130	12514
August	21613	34.25	29.50	15580	14002
September	4290	29.40	26.50	15107	12154
October	49990	26.50	23.10	13204	7697
November	999	21.95	11.20	10945	8316
December	43361	10.65	9.14	10189	8467
January, 2009	115465	21.00	11.05	10470	8632
February	27188	22.05	14.95	9725	8619
March	26398	15.20	11.80	10127	8047

**12. Performance in comparison to BSE Sensex :****13. Distribution of Shareholding as on March 31, 2009**

No. of Equity Shares held	No. of Shareholders	% of Shareholders	Amt. in Rs.	% of Total
1 - 5,000	801	78.15	1799390	2.10
5,001 - 10,000	80	7.80	697060	0.81
10,001 - 20,000	52	5.07	815770	0.95
20,001 - 30,000	15	1.46	394250	0.46
30,001 - 40,000	6	0.59	212550	0.25
40,001 - 50,000	11	1.07	517240	0.60
50,001 - 1,00,000	8	0.78	609280	0.71
1,00,001 - & Above	52	5.08	80765460	94.12
<b>TOTAL</b>	<b>1025</b>	<b>100.00</b>	<b>85811000</b>	<b>100.00</b>

**14. Categories of Shareholding as on March 31, 2009.**

Category	Shareholders		Shares	
	Number	% of Shareholders	Number	% of Total Capital
Promoters	37	3.61	5642485	65.75
Mutual Fund	1	0.10	300000	3.50
Private Corporate Bodies	53	5.17	2035237	23.72
NRI's / OCBs	7	0.68	3299	0.04
Indian Public	927	90.44	600079	6.99
Clearing Member	0	0	0	0
<b>Total</b>	<b>1025</b>	<b>100.00</b>	<b>8581100</b>	<b>100.00</b>

**15. Dematerialisation of shares and liquidity. :**

The Company has established required connectivity with Central Depository Services (India) Limited and National Securities Depository Limited and the same are available in electronic segment under ISIN No. INE953D01016.

**16. Plant Location:**

Manpada Road, Bhopar Village,  
Dombivli (East), Thane-421 204.  
Maharashtra

**17. Address for correspondence :**

Bigshare Services Private Limited  
E-2/3, Ansa Industrial Estate,  
Sakivihar Road, Saki Naka, Andheri (E),  
Mumbai-400 072.  
Tel. No. : 0 28473474/28470653/28473747/40430200  
Fax No.: 091-022-28475207  
Email : info@bigshare online. com.

**18. Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity.**

There are no outstanding convertible instruments as on date.

For and on behalf of the Board

Place : Mumbai  
Date : 31<sup>st</sup> July, 2009

**Ramautar S. Jhawar**  
Chairman

**PRACTICING COMPANY SECRETARIES' CERTIFICATE ON CORPORATE GOVERNANCE**

To  
The Members of,  
**DHANLAXMI FABRICS LIMITED**  
**MUMBAI.**

We have reviewed the relevant records of Dhanlaxmi Fabrics Limited (the Company) for the year ended on 31<sup>st</sup> March 2009, relating to compliance with the requirements of Corporate Governance as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management.

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

In our opinion and according to the information and explanations given to us, we state that to the best of our knowledge the Company has complied with the conditions of Corporate Governance stipulated in the aforesaid clause of the Listing Agreement.

Based on the report given by the Company's Registrar and Share Transfer Agents to the Shareholders Committee, we state that no investors grievance matters are pending for a period exceeding one month, against the Company.

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 and on behalf of  
M/s. Rathi & Associates  
Company Secretaries

Place : Mumbai  
Date : 31<sup>st</sup> July, 2009

Narayan Rathi  
Partner  
FCS No. : 1433

**CODE OF CONDUCT DECLARATION**

Pursuant to Clause 49 I(D) of the Listing Agreement entered into with the Stock Exchange, I hereby declare that all the Board Members and senior management personnel of the Company have affirmed compliances with the Code of Conduct for the year ended 31<sup>st</sup> March, 2009.

Place : Mumbai  
Date : 31<sup>st</sup> July, 2009

Vinod S. Jhavar  
Managing Director

## AUDITORS' REPORT

To  
The Members of  
**Dhanlaxmi Fabrics Limited**

We have audited the attached Balance Sheet of Dhanlaxmi Fabrics Limited as at 31<sup>st</sup> March, 2009, and also the Profit & Loss Account and Cash Flow Statement of the Company 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 in these financial statements based on our audit.

We have conducted our audit in accordance with 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 a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by The Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of section 227(4A) of the Companies Act 1956, and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 & 5 of the said order.

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 account, as required by the law have been kept by the Company so far as it appears from our examination of books and records.
- c) The Balance Sheet, Profit & Loss Accounts and Cash Flow Statement, dealt with by this report, are in agreement with the books of account.
- d) In our opinion, the Balance Sheet, Profit & 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 the Directors as on 31<sup>st</sup> March, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2009 from being appointed as a director in terms of clause(g) of sub section (1) of section 274 of the Companies Act, 1956.
- 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 Accounting policies and Notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
  - i. In the case of Balance Sheet of the State of affairs of the Company as at 31<sup>st</sup> March 2009,
  - ii. In the case of Profit & Loss Account of the Profit for the year ended on that date, and
  - iii. In the case of Cash Flow Statement of the cash flows for the year ended on that date.

**For S. G. Kabra & Co.**  
Chartered Accountants

**S. G. Kabra**  
Partner  
Membership No. 38867

Place : Mumbai  
Date : 31<sup>st</sup> July, 2009



## ANNEXURE TO THE AUDITORS' REPORT (Annexure referred to in our report of even date)

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets .
- (b) The Company has phased programme of physical verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Management has physically verified certain fixed assets during the year. Discrepancies noticed on such physical verification as compared to book records, which were not material, have been properly adjusted in the books of account.
- (c) Fixed assets disposed off during the year were not substantial and, therefore, do not affect the going concern assumption.
2. (a) The inventory, except material lying with third parties and in transit, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
- (b) The procedure for the physical verification of inventory followed by the management are in our opinion, reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) In our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account.
3. In respect of loans secured or unsecured, granted or taken by the Company to / from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956;
  - (a) The Company has not granted or taken any loan, secured or unsecured to companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act 1956. The Company
  - (b) In our opinion and according to the information and explanations given to us, the rate of interest, wherever applicable and other terms and conditions are not prima facie prejudicial to the interest of the Company.
  - (c) In respect of loan taken from one Party an amount of Rupees 605.40 Lacs, has been repaid during the year and the loan was interest free and was repayable on demand.
  - (d) There is no overdue amount in respect of loan taken by the company.
4. In our opinion and according to the information and explanations given to us, during the course of audit, there are adequate internal control procedures commensurate with size of the Company and nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. Further, on the basis of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control procedures.
5. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register in pursuance of section 301 of the Act, have been so entered.
- (b) In respect of transactions with parties with whom transactions exceeding the value of five lacs rupees have been entered during the financial year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time except in case of some transactions which we are unable to comment owing to the specialized nature of the items involved and absence of any comparable prices.
6. During the year, the Company has not accepted any deposits from the public.
7. In our opinion the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the Cost Accounting records, maintained by the Company pursuant to the Rules prescribed by the Central Government for the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We are, however, not required to make a detailed examination of such books and records.

9. a) According to the records of the Company, undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales Tax, Wealth -Tax, Excise - Duty, Cess and other statutory dues have been regularly deposited with the appropriate authorities during the year.
- b) According to the information and explanations given to us and as per the books and records examined by us, there are no dues of Income-Tax, Sales Tax, Excise Duty and Cess which have not been deposited on account of any dispute.
10. There are no accumulated losses of the Company at the end of the financial year. There are no cash losses during the financial year.
11. According to the information and explanations given to us and as per the books and records examined by us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders.
12. According to the information and explanations given to us, the Company has not granted intercorporate advances / Loans on the security by way of pledge of share, debentures and other securities.
13. The Company does not fall within the category of Chit Fund / Nidhis / Mutual Benefit Fund / Society and hence the related reporting requirements are not applicable.
14. In respect of the Company's dealing in shares and other securities, proper records have been maintained of the transaction and contracts and timely entries have been made there in. The shares, debentures and other securities held by the Company have been held by the Company in its own name except to the extent of the exemption granted under section 49 of the Act.
15. The Company has not given any guarantees against loans taken by others from banks and financial institutions.
16. In our opinion and according to the information and explanations given to us, the term loans raised during the year by the Company have been applied for the purpose for which the said loans were obtained, where such end use has been stipulated by the lenders.
17. According to information and explanation given to us and as per the books and records examined by us, as on the date of Balance Sheet, the funds raised by the Company on short term basis have not been applied for Long Term Investments. Long Term Funds have not been applied for Short Term Investments.
18. The Company has made preferential allotment of 1280000 Equity Shares to one party aggregating to Rs. 576 Lacs including Share premium of Rs.448 Lacs covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
19. The Company has not issued any debentures and accordingly no securities were required to be created in respect of debentures.
20. The company has not raised any money by way of public issues during the year.
21. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud by the Company, noticed and reported during the year, nor have we been informed of such case by the management.

**For S.G.Kabra & Co.**  
Chartered Accountants

**S. G. Kabra**  
Partner  
M. No. 38867

Place : Mumbai  
Date : 31<sup>st</sup> July, 2009

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

(Rs. in Lacs)

PARTICULARS	SCHEDULE	AS AT 31-03-2009	AS AT 31-03-2008
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
SHARE CAPITAL	"A"	858.11	602.11
RESERVES & SURPLUS	"B"	2329.85	1360.49
DEFERRED TAX LIABILITY		730.81	659.69
(Refer Note 13 of schedule "Q")			
<b>LOAN FUNDS</b>			
SECURED LOANS	"C"	1474.43	1406.72
UNSECURED LOANS	"D"	00.00	605.40
		1474.43	2012.12
<b>GRAND TOTAL</b>		<b>5393.20</b>	<b>4634.41</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>	"E"		
GROSS BLOCK		5560.32	4838.42
LESS: DEPRECIATION		2151.39	1763.13
NET BLOCK		3408.93	3075.29
<b>CAPITAL WORK IN PROGRESS (NEW PROJECT)</b>		743.44	149.64
<b>INVESTMENTS</b>	"F"	67.08	66.08
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>	"G"		
INVENTORIES		599.35	569.23
SUNDRY DEBTORS		809.36	718.72
CASH / BANK BALANCES		32.75	68.83
LOANS, ADVANCES & DEPOSITS		621.70	777.39
		2063.16	2134.17
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>	"H"		
CURRENT LIABILITIES		737.97	544.28
PROVISIONS		151.44	246.49
		889.41	790.77
<b>NET CURRENT ASSETS</b>		1173.75	1343.40
<b>GRAND TOTAL</b>		<b>5393.20</b>	<b>4634.41</b>
<b>NOTES TO ACCOUNTS</b>	"Q"		

As per our report of even date attached,

For **S. G. Kabra & Co.**  
Chartered Accountants**S. G. Kabra**  
Partner  
M. No. 38867Place : Mumbai  
Date : 31<sup>st</sup> July, 2009

For and on behalf of the Board,

**Ramautar S. Jhawar**  
Chairman**Vinod S. Jhawar**  
Managing Director**Mahesh S. Jhawar**  
Director

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2009**

(Rs. in Lacs)

PARTICULARS	SCHEDULE	FOR THE YEAR ENDED 31-03-2009	FOR THE YEAR ENDED 31-03-2008
<b>INCOME</b>			
SALES & PROCESSING CHARGES	"I"	4704.17	4647.10
OTHER INCOME	"J"	33.86	28.16
INCREASE / (DECREASE) IN STOCK	"K"	31.82	0.00
<b>TOTAL</b>		<b>4769.85</b>	<b>4675.26</b>
<b>EXPENDITURE</b>			
(INCREASE ) DECREASE IN STOCK	"K"	0.00	180.11
PURCHASES	"L"	2522.62	1810.22
RAW MATERIAL CONSUMED	"M"	896.99	1132.12
MANUFACTURING EXPENSES	"N"	410.64	564.53
ADMINISTRATIVE EXPENSES	"O"	198.40	241.12
FINANCIAL EXPENSES	"P"	121.41	132.50
LOSS IN CURRENCY SWAP TRANSACTION		32.00	0.00
<b>TOTAL</b>		<b>4182.06</b>	<b>4060.60</b>
<b>PROFIT BEFORE DEPRECIATION &amp; TAX</b>		<b>587.79</b>	<b>614.66</b>
LESS: DEPRECIATION		420.83	349.15
<b>PROFIT BEFORE TAX</b>		<b>166.96</b>	<b>265.51</b>
LESS : PROVISION FOR TAX		18.92	53.40
LESS : PROVISION FOR FRINGE BENEFIT TAX		1.51	2.48
<b>PROFIT AFTER TAX</b>		<b>146.53</b>	<b>209.63</b>
LESS : DEFERRED TAX LIABILITY		71.12	37.53
LESS : INCOME TAX FOR EARLIER YEAR		2.05	0.33
<b>NET PROFIT</b>		<b>73.36</b>	<b>171.77</b>
ADD. : BALANCE BROUGHT FORWARD FROM LAST YEAR		1278.55	1142.00
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>		<b>1351.91</b>	<b>1313.77</b>
LESS : PROVISION FOR DIVIDEND ON EQUITY SHARES		0.00	30.10
LESS : TAX ON DIVIDEND		0.00	5.12
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>1351.91</b>	<b>1278.55</b>
 EARNINGS PER SHARE IN RUPEES		 0.85	 2.85

NOTES ON ACCOUNTS

"Q"

As per our report of even date attached

For and on behalf of the Board,

**For S. G. Kabra & Co.**  
Chartered Accountants

**Ramautar S. Jhavar**  
Chairman

**S. G. Kabra**  
Partner  
M. No. 38867

**Vinod S. Jhavar**  
Managing Director

**Mahesh S. Jhavar**  
Director

Place : Mumbai  
Date : 31<sup>st</sup> July, 2009

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

(Rs. in Lacs)

PARTICULARS	AS AT 31-03-2009	AS AT 31-03-2008	PARTICULARS	AS AT 31-03-2009	AS AT 31-03-2008
<b>SCHEDULE "A"</b>			<b>SCHEDULE "C"</b>		
<b>SHARE CAPITAL</b>			<b>SECURED LOANS</b>		
<b>AUTHORISED CAPITAL</b>			<b>TERM LOAN</b>		
15000000, Equity Shares of Rs.10/- each			<b>FROM ING VYSYA BANK</b>	<b>838.33</b>	433.73
(Previous year 15000000 Equity Shares			<b>FROM ABN AMRO BANK</b>	<b>487.50</b>	697.50
of Rs.10/- each.)	<b>1500.00</b>	1500.00	(Secured by way of first charge over the entire fixed assets of the company., both present & future created out of the term loan, Personal guarantee of three Directors and Corporate guarantee of M/s. Western Chloride & Chemicals Pvt. Ltd. subsidiary of the Company. Paripassu charges on the unincumbered assets with ING Vysya Bank and ABN Amro Bank)		
<b>TOTAL</b>	<b>1500.00</b>	1500.00			
<b>ISSUED, SUBSCRIBED &amp; PAID UP CAPITAL</b>			<b>CASH CREDIT FROM ING VYSYA BANK</b>	<b>145.23</b>	0.00
8581100 Equity Shares of Rs. 10/- each			<b>CASH CREDIT FROM ABN AMRO BANK</b>	<b>3.37</b>	275.49
fully paid up.(Previous year 6021100 Equity	<b>858.11</b>	602.11	(Secured by way of Hypothecation of Stock and Book Debts & Personal Guarantee of three directors and corporate Guarantee of M/s Western Chloride & Chemicals Pvt. Ltd. Subsidiary of the Company)		
Shares of Rs.10/- each.)			<b>TOTAL</b>	<b>1474.43</b>	1406.72
<b>TOTAL</b>	<b>858.11</b>	602.11			
<b>SCHEDULE "B"</b>			<b>SCHEDULE "D"</b>		
<b>RESERVES &amp; SURPLUS</b>			<b>UNSECURED LOANS</b>		
<b>GENERAL RESERVE</b>	<b>81.94</b>	81.94	Promtech Impex Pvt. Ltd.	<b>0.00</b>	605.40
<b>EQUITY SHARE PREMIUM</b>	<b>896.00</b>	0.00	<b>TOTAL</b>	<b>0.00</b>	605.40
<b>PROFIT &amp; LOSS A/C.</b>					
Opening Balance	<b>1278.55</b>	1142.00			
Add : Profit during the year	<b>73.36</b>	171.77			
Less : Proposed Dividend on Equity Share & Tax	<b>0.00</b>	35.22			
<b>SUB-TOTAL</b>	<b>1351.91</b>	1278.55			
<b>TOTAL</b>	<b>2329.85</b>	1360.49			

**SCHEDULE "E" FIXED ASSETS**

(Rs. in Lacs)

Description of the Assets	Gross Block at Cost				Depreciation				Net Block	
	As at 1-04-2008	Addition during the year	Sold during the year	Total as at 31-03-2009	Upto 31-03-2008	Provided for the year	Adjusted during the year	Upto 31-03-2009	As at 31-03-2009	As at 31-03-2008
1. Land	122.36	0.00	0.00	122.36	0.00	0.00	0.00	0.00	122.36	122.36
2. Building	416.18	0.00	0.00	416.18	140.40	13.90	0.00	154.30	261.88	275.78
3. Plant & Machinery	2370.35	750.39	33.80	3086.94	1047.29	221.89	32.57	1236.61	1850.33	1323.06
4. Electrical Installation	100.86	0.00	0.00	100.86	46.30	4.79	0.00	51.09	49.77	54.56
5. Pipe Fitting	34.63	0.00	0.00	34.63	10.18	3.58	0.00	13.76	20.87	24.45
6. Furniture & Fixture	104.29	0.00	0.00	104.29	32.15	6.60	0.00	38.75	65.54	72.14
7. Laboratory Equipment	21.36	1.75	0.00	23.11	4.89	1.06	0.00	5.95	17.16	16.47
8. Office Equipment	6.88	0.00	0.00	6.88	2.94	0.33	0.00	3.27	3.61	3.94
9. Air Conditioner	8.73	0.00	0.00	8.73	3.45	0.41	0.00	3.86	4.87	5.28
10. Computer	33.13	0.87	0.00	34.00	28.56	3.85	0.00	32.41	1.59	4.57
11. Motor Vehicle	62.54	0.00	0.00	62.54	21.15	5.94	0.00	27.09	35.45	41.39
12. Misc. Fixed Assets	25.09	3.71	0.00	28.80	4.73	1.21	0.00	5.94	22.86	20.36
13. Leased Steam Boiler & Thermopac	1.02	0.00	1.02	0.00	0.00	0.00	0.00	0.00	0.00	1.02
<b>SUB-TOTAL</b>	<b>3307.42</b>	<b>756.72</b>	<b>34.82</b>	<b>4029.32</b>	<b>1342.04</b>	<b>263.56</b>	<b>32.57</b>	<b>1573.03</b>	<b>2456.29</b>	<b>1965.38</b>
Wind Power Division										
1. Land	10.00	0.00	0.00	10.00	0.00	0.00	0.00	0.00	10.00	10.00
2. Plant And Machinery	1521.00	0.00	0.00	1521.00	421.09	157.27	0.00	578.36	942.64	1099.91
<b>Sub Total</b>	<b>1531.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1531.00</b>	<b>421.09</b>	<b>157.27</b>	<b>0.00</b>	<b>578.36</b>	<b>952.64</b>	<b>1109.91</b>
<b>Total</b>	<b>4838.42</b>	<b>756.72</b>	<b>34.82</b>	<b>5560.32</b>	<b>1763.13</b>	<b>420.83</b>	<b>32.57</b>	<b>2151.39</b>	<b>3408.93</b>	<b>3075.29</b>
<b>PREVIOUS YEAR</b>	<b>4238.39</b>	<b>687.82</b>	<b>87.79</b>	<b>4838.42</b>	<b>1492.61</b>	<b>349.15</b>	<b>78.63</b>	<b>1763.13</b>	<b>3075.29</b>	

Capital Work in Progress **743.44** (Previous Year 149.64)

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

(Rs. in Lacs)

PARTICULARS	AS AT 31-03-2009	AS AT 31-03-2008	PARTICULARS	AS AT 31-03-2009	AS AT 31-03-2008
<b>SCHEDULE "F"</b>			<b>SCHEDULE "H"</b>		
<b>INVESTMENTS</b>			<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>UNQUOTED (AT COST)</b>			<b>CURRENT LIABILITIES</b>		
2999 Equity Shares of Western Chlorides & Chemicals Pvt. Ltd. (subsidiary Company) @Rs.2170/- per share, face value Rs. 100/- each.	65.08	65.08	SUNDRY CREDITORS	668.25	480.09
9999 Equity Shares of Dhanesh Fabrics Pvt Ltd. (subsidiary Company) @Rs.10/- per share.	1.00	1.00	ADVANCE RECEIVED FROM CUSTOMERS	6.12	3.04
9980 Equity Shares of DFL Fabrics Pvt Ltd. (subsidiary Company) @Rs.10/- per share.	1.00	0.00	OTHER LIABILITIES	53.66	49.95
			OUTSTANDING EXPENSES	9.94	11.20
			SUB TOTAL	737.97	544.28
<b>TOTAL</b>	<b>67.08</b>	<b>66.08</b>	<b>PROVISIONS:</b>		
			INCOME TAX PROVISION	149.93	208.79
			FRINGE BENEFIT TAX PROVISION	1.51	2.48
			PROVISIONS FOR DIVIDEND	0.00	30.10
			PROVISIONS FOR TAX ON DIVIDEND	0.00	5.12
			SUB TOTAL	151.44	246.49
			<b>TOTAL :</b>	<b>889.41</b>	<b>790.77</b>
<b>SCHEDULE "G"</b>			<b>SCHEDULES FORMING</b>		
<b>CURRENT ASSETS, LOANS &amp; ADVANCES.</b>			<b>PART OF THE PROFIT &amp; LOSS ACCOUNT</b>		
<b>INVENTORIES</b>				(Rs.in Lacs)	
(At lower of cost or Realisable value, as certified by Managing Director)			<b>PARTICULARS</b>	<b>FOR THE YEAR ENDED 31-03-2009</b>	<b>FOR THE YEAR ENDED 31-03-2008</b>
YARN, CLOTH & W.I. P.	513.87	485.77			
DYES & CHEMICALS	55.32	55.86			
FURNACE OIL	0.00	0.38			
COAL	1.94	1.69			
PACKING MATERIAL	4.77	4.36			
DIESEL	0.27	0.35			
STORES & SPARES	17.14	18.50			
POWER	6.04	2.32			
<b>SUB TOTAL</b>	<b>599.35</b>	<b>569.23</b>			
<b>SUNDRY DEBTORS</b>			<b>SCHEDULE "I"</b>		
(Unsecured, Considered good)			<b>SALES &amp; PROCESSING CHARGES</b>		
MORE THAN SIX MONTHS	117.29	88.34	PROCESSING CHARGES (FABRICS)	1464.01	1792.27
OTHERS	692.07	630.38	PROCESSING CHARGES (YARN)	199.52	200.79
<b>SUB TOTAL</b>	<b>809.36</b>	<b>718.72</b>	FABRICS SALES	2783.66	2441.06
			YARN SALES	44.65	65.01
<b>CASH &amp; BANK BALANCES</b>			POWER SALES	212.33	119.04
CASH BALANCES	5.41	7.51	JOB WORK CHARGES (WEAVING)	0.00	0.01
BALANCE WITH SCHEDULE BANKS	7.05	31.81	GARMENT EXPORT	0.00	26.99
FIXED DEPOSIT WITH BANKS	20.29	29.51	DUTY DRAWBACK RECEIVED	0.00	1.93
<b>SUB TOTAL</b>	<b>32.75</b>	<b>68.83</b>	<b>TOTAL</b>	<b>4704.17</b>	<b>4647.10</b>
<b>LOANS, ADVANCES &amp; DEPOSITS</b>			<b>SCHEDULE "J"</b>		
ADVANCES TO SUPPLIERS	115.48	44.47	<b>OTHER INCOME</b>		
ADVANCES TO STAFF	1.42	1.02	INTEREST INCOME	22.52	20.36
PREPAID EXPENSES	4.47	4.27	PROFIT ON SALE OF MACHINERY	8.53	2.33
SUNDRY DEPOSITS & ADVANCES	500.33	727.63	PROFIT ON SHARE TRADING	0.00	5.36
<b>SUB TOTAL</b>	<b>621.70</b>	<b>777.39</b>	SUNDRY BALANCE WRITTEN OFF	2.05	0.11
<b>TOTAL</b>	<b>2063.16</b>	<b>2134.17</b>	MISC. INCOME	0.76	0.00
				<b>33.86</b>	<b>28.16</b>

## SCHEDULES FORMING PART OF THE PROFIT &amp; LOSS ACCOUNT

(Rs. in Lacs)

PARTICULARS	FOR THE YEAR ENDED 31-03-2009	FOR THE YEAR ENDED 31-03-2008	PARTICULARS	FOR THE YEAR ENDED 31-03-2009	FOR THE YEAR ENDED 31-03-2008
<b>SCHEDULE "K"</b>			<b>SCHEDULE "O"</b>		
<b>INCREASE / (DECREASE) IN STOCK</b>			<b>ADMINISTRATIVE EXPENSES</b>		
<b>OPENING STOCK</b>			SALARY, BONUS AND OTHERS	123.86	119.17
YARN	47.16	48.21	(Incl. P.F. and E.S.I. contribution)		
FABRICS	393.48	572.31	RENT, RATES & TAXES	2.58	2.38
WORK IN PROGRESS	45.13	45.25	TRAVELLING EXPENSES	3.07	6.85
POWER	2.32	2.43	POSTAGE & TELEGRAPH	0.59	0.99
SUB-TOTAL	488.09	668.20	LEGAL & PROFESSIONAL FEES	4.52	4.09
<b>LESS CLOSING STOCK</b>			PRINTING & STATIONERY	5.24	8.97
YARN	30.88	47.16	ADVERTISING	0.50	1.13
FABRICS	447.88	393.48	CONVEYANCE	2.86	3.66
WORK IN PROGRESS	35.11	45.13	STAMP DUTY & REGISTRATION FEES	0.00	0.95
POWER	6.04	2.32	GENERAL EXPENSES	2.61	1.91
SUB-TOTAL	519.91	488.09	LISTING FEES	0.15	0.15
TOTAL	31.82	(180.11)	BANK CHARGES	1.11	3.61
<b>SCHEDULE "L"</b>			VEHICLE EXPENSES	3.93	4.75
<b>PURCHASES</b>			SALES PROMOTION	0.07	3.22
YARN (MFG. DIVISION)	2.94	57.44	COMMISSION & BROKERAGE	6.24	31.87
YARN (YARN DIVISION)	23.48	42.67	TRUNK & TELEPHONE CHARGES	4.83	7.71
FABRICS	2496.20	1710.11	STAFF WELFARE	1.67	2.01
TOTAL	2522.62	1810.22	GRATUITY FUND CONTRIBUTION	2.15	1.42
<b>SCHEDULE "M"</b>			AUDITORS REMUNERATION :		
<b>RAW MATERIAL CONSUMED</b>			AUDIT FEES	0.55	0.56
DYES & CHEMICALS	529.12	657.79	INTERNAL AUDIT FEES	0.77	0.79
PACKING MATERIAL	17.74	30.86	MEDICAL EXPENSES	0.17	0.31
DIESEL	7.50	9.95	LIC KEYMAN INSURANCE	16.29	16.29
COAL	293.89	359.76	DIRECTORS REMUNERATION	13.44	13.40
STORES & SPARES	48.74	73.76	SITTING FEES	0.64	0.60
TOTAL	896.99	1132.12	LOSS ON SALE OF MOTOR CAR	0.00	4.33
<b>SCHEDULE "N"</b>			PREFERENTIAL SHARE ALLOTMENT		
<b>MANUFACTURING EXPENSES</b>			EXPENSES	0.56	0.00
JOB WORK CHARGES PAID	16.90	53.94			
ELECTRICITY CHARGES	149.15	189.83	TOTAL	198.40	241.12
WATER EXPENSES	109.45	155.64			
REPAIRS & MAINTENANCES	37.57	24.61	<b>SCHEDULE "P"</b>		
LABOUR WELFARE EXPENSES	0.02	0.02	<b>FINANCIAL EXPENSES</b>		
LABOUR CHARGES	76.32	107.20	BANK INTEREST-CASH CREDIT	6.01	11.03
FREIGHT & FORWARDING EXPENSES	9.43	14.94	INTEREST ON TERM LOAN (NET OF T U F)	115.40	121.44
LABORATORY EXPENSES	0.63	0.91	INTEREST ON CAR LOAN	0.00	0.03
INSURANCE	4.98	7.93			
PROPERTY TAX	4.74	4.74	TOTAL	121.41	132.50
CONTRIBUTION FOR HAZARDOUS WASTE	0.38	0.32			
SAMPLE EXPENSES	0.28	3.45			
WAGES	0.06	0.30			
ANALYSIS CHARGES	0.73	0.70			
TOTAL	410.64	564.53			

**SCHEDULE ATTACHED TO AND FORMING PART OF THE ACCOUNT:****SCHEDULE "Q"****NOTES TO ACCOUNTS****1. SIGNIFICANT ACCOUNTING POLICIES:****a) General**

The Company follows accrual basis of accounting & recognizes Income & Expenditure on accrual basis except Bonus which is accounted on cash basis. The accounts are prepared on historical cost convention and materially comply with the Mandatory Accounting Standards issued by the Institute of Chartered Accountants of India.

**b) Fixed Assets**

Fixed assets are stated at cost of acquisition, inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational, start-up and trial run expenses form part of the value of the assets capitalized. As per practice, expenses incurred on modernization / debottle necking / relocation / relining of plant and equipment are capitalized. Fixed assets other than lease hold land, acquired on lease are not treated as assets of the Company and lease rentals are charged off as revenue expenses.

**c) Depreciation**

Depreciation is provided on Fixed Assets used during the year under straight line method at the rates specified in schedule XIV of the Companies Act, 1956 on tripple shift basis.

**d) Valuation of Inventories**

- Finished goods at cost or Market Value whichever is less.
- Raw materials, consumable stores, packing material, and screen & engraving material at cost.

**e) Foreign Currency Transaction :-**

Foreign Exchange Outgo	-	Rs. 137.04 Lacs
Foreign Exchange Earned	-	Rs. NIL

f) Un-provided contingent liabilities are disclosed in the accounts by way of notes giving the nature and quantum of such liabilities.

**g) CONTINGENT LIABILITIES:****a) Contingent liabilities not provided for in respect of**

As at  
31-03-2009  
(R. in Lacs)

i) Bank Guarantees	Rs. 12.30
ii) Property Tax for the year 2008-2009	Rs. 4.74
iii) Govt. of India under EPCG Scheme	Rs. 202.69
iv) Maharashtra State Electricity Distribution Co. Ltd. For Wheeling & Rewheeling Charges.	Rs. 56.03
v) Maharashtra Industrial Development Corporation Standing Charges for Drainage connection	Rs. 32.46

2. In the opinion of Board of Directors, the "Current Assets, Loans & Advances" have a value, on realisation in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.

**3. RETIREMENT BENEFITS :**

The Company provides for gratuity to all employees. The benefit is in the form of lump sum payments to vested employees on retirement, on death while in employment or on termination of employment of an amount equivalent to 15 days basic salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company makes annual contributions to funds administered by trustees and managed by Insurance Companies for amounts notified by the said Insurance Companies. The Company accounts for the liability for future gratuity benefits based on an independent external actuarial valuation carried out annually as at March 31.

4. As stipulated in AS 28 the Consideration is given at each balance sheet date to determine, whether there is any indication of impairment of the carrying amount of the Companies Fixed Assets. If any indications exists: an Assets recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an assets exceeds its recoverable amount. The recoverable amount is greater than the net selling price and value in use. In Assessing value in use, the estimated future Cash Flows are discounted to their present value based on an appropriate discount factor.

5. Disclosure under section 22 of the Micro, Small and Medium enterprises Development Act, 2006 could not be furnished as none of the suppliers of the Company have provided the details of their registration under the said Act.

**6. ADDITIONAL INFORMATION :**

<b>CAPACITY &amp; PRODUCTION</b>		<b>2008-2009</b>	<b>2007-2008</b>
a. Licensed Capacity		N.A.	N.A.
b. Installed Capacity			
Processing Capacity			
Fabric	30 Lac Kgs. or		30 Lac Kgs. or
	180 Lac Mtr p.a.		180 Lac Mtrs. p.a.
Yarn	6.80 Lac Kgs. p.a.		6.80 Lac Kgs. p.a.
c. Actual Production			
COTTON & MMF	151.40 Lac Mtrs.		179.72 Lac Mtrs.
HOSIERY FABRICS	0.25 Lac Kgs.		0.13 Lac Kgs.
	i.e. equivalent to		i.e. equivalent to
	153.15 Lac Mtrs.		180.62 Lac Mtrs.
	19.84 Lac Kgs.		23.83 Lac Kgs.
Yarn	3.25 Lac Kgs.		3.33 Lac Kgs.

<b>7. Management Remuneration</b>		(Rs. in Lacs)
Remuneration to		
Managing Director	13.44	13.40

<b>8. Auditors Remuneration</b>		(Rs. in Lacs)
Audit Fee	0.55	0.56
Internal Audit Fee	0.77	0.79



**9. VALUE OF RAW MATERIAL CONSUMED :**

Raw - Material	Quantity	FOR THE YEAR ENDED 31-03-2009		FOR THE YEAR ENDED 31-03-2008	
		Rs. in lacs	%	Rs. in lacs	%
Dyes & Chemicals	There are numerous items in dyes & chemicals	529.12	58.99	657.79	58.09
Packing Materials	In packing material each item cost is less than 5% of total consumption, so there is no principal item of consumption	17.74	1.98	30.86	2.73
Diesel	----- Do -----	7.50	0.84	9.95	0.88
Stores & Spares	----- Do -----	48.74	5.43	73.76	6.52
Coal	2008-09 5507 M.T. 2007-08 8338 M.T.	293.89	32.76	359.76	31.78
<b>TOTAL</b>		<b>896.99</b>	<b>100.00</b>	<b>1132.12</b>	<b>100.00</b>

**10 (A). PARTICULARS OF PURCHASES, SALES & STOCK OF FABRICS :**

PARTICULARS	FOR THE YEAR ENDED 31-03-2009		FOR THE YEAR ENDED 31-03-2008	
	Qty. Lac Mtrs.	Rs. in Lacs	Qty. Lac Mtrs.	Rs. in Lacs
<b>PURCHASES</b>				
Fabric Purchases	36.98	2496.20	46.30	1710.11
Fabric Mfd *	0.35	32.76	2.30	112.54
<b>TOTAL</b>		<b>2528.96</b>		<b>1822.65</b>
<b>SALES :</b>				
Fabric	40.66	2783.66	48.88	2441.06
<b>TOTAL</b>		<b>2783.66</b>		<b>2441.06</b>
<b>Opening Stock :</b>				
Fabric	10.41	393.48	12.06	572.31
WIP (Value Addition)	0.00	45.13	0.00	45.25
<b>TOTAL</b>		<b>438.61</b>		<b>617.56</b>
<b>Closing Stock :</b>				
Fabric	7.37	447.88	10.41	393.48
WIP (Value Addition)	0.00	35.11	0.00	45.13
<b>TOTAL</b>		<b>482.99</b>		<b>438.61</b>

\* Cost includes Yarn consumed and Expenses.

**10 (B). PARTICULARS OF PURCHASES, SALES & STOCK OF YARN**

PARTICULARS	FOR THE YEAR ENDED 31-03-2009		FOR THE YEAR ENDED 31-03-2008	
	Qty Lacs Kgs.	Rs.in Lacs	Qty Lacs Kgs.	Rs.in Lacs
Opening Stock (Mfg.Div.)	0.17	37.48	0.24	46.04
Yarn Purchase (Mfg. Div.)	0.02	2.94	0.35	57.44
Yarn Utilised for Mfg. of Fabric	0.07	15.86	0.42	66.00
Closing Stock (Mfg. Div.)	0.12	24.56	0.17	37.48
Opening Stock (Yarn Div.)	0.07	9.68	0.02	2.17
Yarn Purchase (Yarn Div.)	0.21	23.48	0.42	42.67
Yarn Sale (Yarn Div.)	0.23	44.65	0.35	65.01
Closing Stock (Yarn Div.)	0.04	6.31	0.07	9.68

11. Figures for previous year have been regrouped / rearranged wherever considered necessary.

12. The Company had taken land on lease from Western Chlorides & Chemicals Pvt. Ltd. wholly owned subsidiary company to set up processing plant at Dombivli.

**13. Deferred Tax :**

The Deferred Tax Liability as on 31 <sup>st</sup> March, 2009. is as under...	(Rs. in Lacs)
Deferred Tax Liability as on 01-04-2008	659.69
Add : Deferred Tax Liability for the year (Difference between book and tax depreciation)	71.12
<b>Net Deferred Tax Liability</b>	<b>730.81</b>

The Deferred Tax balances have arisen principally on account of timing difference between the depreciation admissible under the Income Tax Act, 1961 and depreciation adjusted in account. Though adjustment has been made in terms of Accounting Standard 22, having regard to the normal capital expenditure which the Company is expected to continue to make in future years, the timing difference not effectively reversed and to cash outgo likely to materialize on account thereof.

14. Related Party Disclosures as required by the Accounting Standard 18 "Related Party Disclosures" are given below :

(a) List of related parties with whom the company entered into transaction during the year in the ordinary course of business.

**Associate Companies :**

1. Dhanlaxmi Cotex Ltd.
2. Sohanlal Jhawar Export Fabrics Pvt. Ltd.
3. Sohanlal Jhawar Family Trust.
4. Dhanlaxmi Export Fabrics Pvt. Ltd.
5. Promtech Impex Pvt. Ltd.
6. MR Share Broking Pvt. Ltd.
7. VRM Share Broking Pvt. Ltd.

**Wholly Owned Subsidiary**

1. Western Chlorides & Chemicals Pvt. Ltd.
2. Dhanesh Fabrics Pvt. Ltd.
3. DFL Fabrics Pvt. Ltd.

**Key Management Personnel and Relatives**

1. Shri Vinod S. Jhawar - Managing Director

## (b) Transaction with related parties:

(Rs. in Lacs)

Nature of Transaction	Sub-sidiaries	Assoc-iates	Key Manage-ment Personnel	Total
1. Sales & Other Income	326.75	0.05	-	326.80
2. Purchases	4.96	0.10	-	5.06
3. Expenditure on service Rent	0.60	-	-	0.60
4. Outstanding balances as on 31-03-2009	-	-	-	-
Receiveables	107.35	0.05	-	107.40
Payables	3.19	0.10	-	3.29
5. Managerial Remuneration	-	-	13.44	13.44

## 15. Earning Per Share :

Computation of Earning Per Share	Year Ended 31-03-2009	Year Ended 31-03-2008
Net Profit after Tax (Rs. in Lacs)	73.36	171.77
Weighted Average of No. of Equity Share of Rs. 10/- each Outstanding during the year (In Lacs)	85.811	60.211
Basic earning per share (Rs.)	0.85	2.85

Note : The Company does not have any outstanding, dilutive potential equity shares, consequently basic earning per share of the Company remains the same.

## 16. Segment Informaion :

The Company is currently organized into two business operating systems. Textile Processing and Power Generation.

The accounting principles used in preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments. Revenue and direct expenses in relation to segments are categorized based on items that are individually identifiable or allocable on a reasonable basis to that segment. Certain corporate level revenue and expenses, besides financial costs and taxes are not allocated to operating segments and are included in "unallocable".

Assets and liabilities represent assets employed in operations and liabilities owed to a Third party that is individually identifiable or allocable on a reasonable basis to that segment. Assets and liabilities excluded from allocation to operating segments such as investments, corporate debt and taxes etc. are included in "unallocable".

Segment assets employed in the company's various business segments are all located in India. Capital expenditure includes expenditure incurred during the year on acquisition of segment fixed assets.

The company has considered geographical segment as secondary reporting segment for disclosure. For this purpose, revenues are bifurcated based on sales in India and Outside India.

## A) Primary Segment :

(Rs. in Lacs)

Particulars	Textile Processing 2008-09	2007-08	Power Generation 2008-09	2007-08	Total 2008-09	2007-08
Segment Revenue	4491.84	4528.06	212.33	119.04	4704.17	4647.10
Other Income	33.86	28.16	0.00	0.00	33.86	28.16
Total Income	4525.70	4556.22	212.33	119.04	4738.03	4675.26
Operating Profit	253.26	437.48	35.11	(39.47)	288.37	398.01
Financial Cost	59.05	59.49	62.36	73.01	121.41	132.50
Taxes	93.60	93.74	0.00	0.00	93.60	93.74
Net Profit	100.61	284.25	(27.25)	(112.48)	73.36	171.77
Segment Assets	2456.29	1965.38	952.64	1109.91	3408.93	3075.29
Segment Liabilities	1078.88	1354.02	395.55	658.10	1474.43	2012.12
Capital Employed	4230.11	3379.45	1163.09	1254.95	5393.20	4634.40
Depreciation	263.56	192.20	157.27	156.95	420.83	349.15

17. Additional information pursuant to the provision of part IV of schedule VI to the Companies Act, 1956 is as per Annexure 1.

As per our report of even date attached,

For S. G. Kabra & Co.  
Chartered Accountants

S. G. Kabra  
Partner  
M. No. 38867

Signature to Schedule "A" to "Q"  
For and on behalf of the Board,

Ramautar S. Jhawar  
Chairman

Vinod S. Jhawar  
Managing Director

Mahesh S. Jhawar  
Director

Place : Mumbai  
Date : 31<sup>st</sup> July, 2009

**Annexure 1 (Refer Note No. 17 of Schedule "Q")**

Statement in pursuance to part IV of Schedule VI of the Companies Act., 1956.

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****I Registration Details**

Registration No.	68861	State Code 11
Balance Sheet Date	31-03-2009	
	For the year ended 31-03-2009	(Rs. in Lacs) For the year ended 31-03-2008

**II Capital Raised during the year**

Public Issue	NIL	NIL
Bonus Issue	NIL	NIL
Right Issue	NIL	NIL
Private Placement / Others	256.00	NIL

**III Position of Mobilisation and Deployment of Funds**

Total Liabilities	5393.20	4634.41
Total Assets	5393.20	4634.41

**Source of Funds**

Paid-up-Capital	858.11	602.11
Secured Loans	1474.43	1406.72
Reserves & Surplus	2329.85	1360.49
Unsecured Loans	0.00	605.40
Deferred Tax liability	730.81	659.69

**Application of Funds**

Net Fixed Asset	3408.93	3075.29
Capital Work In Progress	743.44	149.64
Net Current Assets	1173.75	1343.40
Investments	67.08	66.08

**IV Performance of Company**

Turnover	4738.03	4675.26
Total Expenditure	4571.07	4409.75
Profit (Loss) before Tax	166.96	265.51
Profit (Loss) after Tax	73.36	171.77
Earning per Share (Rs.)	0.85	2.85

**V Generic Names of Principal product/services of Co.**

Item no. 5208 (Bleaching, Dyeing, Printing of Cotton/Rayon Manufactured on Job Basis  
Processing of Fabrics)

For and on behalf of the Board,

As per our report of even date attached,

**For S. G. Kabra & Co.**  
Chartered Accountants

**S. G. Kabra**  
Partner  
M. No. 38867

**Ramautar S. Jhawar**  
Chairman

**Vinod S. Jhawar**  
Managing Director

**Mahesh S. Jhawar**  
Director

Place : Mumbai  
Date : 31<sup>st</sup> July, 2009

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009**

(Pursuant to clause 32 of the Listing Agreement)

(Rs. in Lacs)

	FOR THE YEAR ENDED 31-03-2009	FOR THE YEAR ENDED 31-03-2008
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net profit/(loss) before tax and extraordinary items	166.96	265.51
Adjustment for:		
Depreciation	420.83	349.15
Loss on Sale of Assets	0.00	4.33
Interest paid	121.41	132.50
Other Income Received	(33.86)	(28.16)
	508.38	457.82
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>675.34</b>	<b>723.33</b>
Adjustment for:		
Trade & Other Receivables	65.05	(30.21)
Inventories	(30.12)	220.22
Trade Payable	98.64	78.37
	133.57	268.38
<b>CASH FLOW FROM OPERATIONS</b>	<b>808.91</b>	<b>991.71</b>
Interest Paid	(121.41)	(132.50)
Direct Tax Paid	(22.48)	(56.21)
	(143.89)	(188.71)
<b>Net Cash Flow From Operating Activities (A)</b>	<b>665.02</b>	<b>803.00</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(1,350.52)	(687.81)
Sales of Fixed Assets	2.25	4.82
Other Income Received	33.86	28.16
Investment	(1.00)	(1.00)
	(1315.41)	(655.83)
<b>Net Cash used in Investing Activities (B)</b>	<b>(1315.41)</b>	<b>(655.83)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long term borrowings	67.71	205.00
Repayment of Finance/lease liabilities	(605.40)	(366.92)
Dividend paid	0.00	(35.23)
Increase in Share Capital	256.00	0.00
Share Premium Received	896.00	0.00
	614.31	(197.15)
<b>Net cash used in financing Activities (C)</b>	<b>614.31</b>	<b>(197.15)</b>
<b>Net Increase in Cash &amp; Cash equivalent (A+B+C)</b>	<b>(36.08)</b>	<b>(49.98)</b>
Cash & Cash Equivalent (Opening Balance)	68.83	118.81
Cash & Cash Equivalent (Closing Balance)	32.75	68.83
	(36.08)	(49.98)

As per our report of even date attached,

**For S. G. Kabra & Co.**  
Chartered Accountants

**S. G. Kabra**  
Partner  
M. No. 38867

Place : Mumbai  
Date : 31<sup>st</sup> July, 2009

For and on behalf of the Board,

**Ramautar S. Jhawar**  
Chairman

**Vinod S. Jhawar**  
Managing Director

**Mahesh S. Jhawar**  
Director

**STATEMENT UNDER SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUB-SIDIARY COMPANY**

Sr. No.	Subsidiary Company	Western Chlorides & Chemicals Pvt. Ltd.	Dhanesh Fabrics Pvt.Ltd.	DFL Fabrics Pvt. Ltd.
1	Financial year of the Subsidiary Company ended on	31-03-2009	31-03-2009	31-03-2009
2	Year from which it become subsidiary Companies	01-12-1992	16-08-2007	07-02-2009
3	Country of Incorporation	India	India	India
4	(a) No. of Shares held by the Company & face value (b) Extent of holding	2999 Equity Shares of Rs. 100/- 99.99%	9999 Equity Shares of Rs.10/- 99.99%	9980 Equity Shares of Rs.10/- 99.80%
5	Net aggregate amount of subsidiary's Profit/ (Loss) so far as it concerns the members of the Holding Company.  a) Not dealt with in the accounts of the Holding Company.  For the financial year ended 31 <sup>st</sup> March, 2009 For the Previous Financial Years, since it became the Holding Company's Subsidiary.  b) Dealt with in the accounts of the Holding Company.  For the financial year ended 31 <sup>st</sup> March, 2009. For the Previous Financial Years, since it became the Holding Company's Subsidiary.	0.31 (1.13)  Nil Nil	1.40 2.24  Nil Nil	0.35 Nil  Nil Nil

**WESTERN CHLORIDES & CHEMICALS PVT. LTD.****Directors' Report**

To,  
The Members,  
**Western Chlorides & Chemicals Pvt. Ltd.**

Your Directors present herewith the 38<sup>th</sup> Annual Report and the audited accounts of the Company for the year ended 31st March, 2009.

**FINANCIAL RESULTS :**

	(Rs. in Lacs)	
	Year ended 31-03-2009	Year ended 31-03-2008
Profit (Loss) before Depreciation	0.46	0.50
Less :Depreciation	0.01	0.02
Profit/(Loss) Before Tax	0.45	0.48
Less :Provision for Tax	0.14	0.16
Profit /(Loss) after Tax	0.31	0.32
Add: Balance brought forward from previous year	(1.13)	(1.45)
Balance carried to Balance Sheet	(0.82)	(1.13)

**DIVIDEND :**

In view of the carried forward losses, your Directors regret their inability to recommend any dividend.

**DIRECTORS :**

There were no changes in the Directorship of the Company during the year under review.

**DIRECTORS' RESPONSIBILITY STATEMENT :**

The Directors would like to assure the Members that the financial statement for the year under review confirm in their entirety to the requirement of the Companies Act, 1956.

The Directors confirm that :

- The Annual Accounts have been prepared in conformity with the applicable Accounting Standards;
- The Accounting Policies selected and applied on a consistent basis, give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March 2009 and of the profit for the year ended on that date.
- Sufficient care has been taken that adequate accounting records have been maintained for safeguarding the assets of the Company and for prevention and detection of fraud and other irregularities;
- The Annual Accounts have been prepared on a going concern basis.

**AUDITORS :**

M/s S.G.Kabra & Co. Chartered Accountants retire as Auditors of the Company and are being eligible for reappointment. It is recommended that they be reappointed and their remuneration be fixed.

**AUDITORS' REPORT:**

Observations made in the Auditors' Report read with eleven Notes in the Notes on Accounts, are self explanatory and their for, do not call for any further comments under Section 217(3) of the Companies Act, 1956.

**FIXED DEPOSITS :**

During the year under review, the Company has not accepted or renewed any deposits within the meaning of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 and rules made there under.

**PARTICULARS AS PER SECTION 217 (2A) OF COMPANIES ACT, 1956.**

During the year under review, none of the employees of the Company was in receipt of remuneration aggregating Rs. 24,00,000/- or more per annum, if employed throughout the year, or Rs. 2,00,000/- or more per month, in case employed for part of the year. Hence, there are no particulars to be annexed to this report as required under section 217 (A) of the Companies Act, 1956 and the rules made thereunder.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO:**

There was no foreign exchange earnings or outgo during the year 2008-2009.

**CONSERVATION OF ENERGY :**

1. Energy conservation measures taken : Nil
2. Additional investment and proposals, if any, being Implemented for reduction of consumption : None
3. Impact of the measure at (1) and (2) above for reduction of energy consumption and consequent impact on the cost of production of goods : Not Applicable

**Technology Absorption :**

The Company does not need any technology up-gradation for its existing business.

**ACKNOWLEDGEMENT :**

Your Directors take this opportunity to thank all associates for their co-operation.

For and on behalf of the Board

**Ramautar S. Jhavar**  
Director

**Mahesh S. Jhavar**  
Director

Place : Mumbai  
Date : 31<sup>st</sup> July, 2009

**Auditors' Report**

To,

The Members of

**Western Chlorides & Chemicals Pvt. Ltd.**

We have audited the attached Balance Sheet of Western Chlorides & Chemicals Pvt. Ltd. as at 31<sup>st</sup> March, 2009, and also the Profit & Loss Account of the Company 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 in these financial statements based on our audit.

We have conducted our audit in accordance with 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 mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of section 227(4A) of the Companies Act 1956, is not applicable to the Company.

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 account, as required by the law have been kept by the Company so far as it appears from our examination of those books.

- c) The Balance Sheet, Profit & Loss Accounts dealt with by this report, are in agreement with the books of account.
- d) In our opinion, the Balance Sheet, Profit & Loss Account 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 the Directors as on 31<sup>st</sup> March, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2009 from being appointed as a director in terms of clause(g) of subsection (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 Accounting policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India.

i. In the case of Balance Sheet, of the State of affairs of the Company as at 31<sup>st</sup> March, 2009.

ii. In the case of Profit & Loss Account of the Profit for the year ended on that date.

**For S. G. Kabra & Co.**  
Chartered Accountants

**S. G. Kabra**  
Partner  
M. No. 38867

Place : Mumbai  
Date : 31<sup>st</sup> July, 2009

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

(Rs. in Lacs)

Particulars	Schedule	As at 31 <sup>st</sup> March, 2009		As at 31 <sup>st</sup> March 2008	
<b>Sources of Funds</b>					
Share Capital	"A"	3.00		3.00	
Reserve & Surplus	"B"	11.07	14.07	11.07	14.07
<b>TOTAL</b>			<b>14.07</b>		<b>14.07</b>
<b>Application of Funds</b>					
Fixed Assets (Gross Block)	"C"	53.51		4.25	
Less : Depreciation		4.11		4.10	
Net Block			49.40		0.15
<b>Current Assets, Loans &amp; Advances</b>	"D"	13.74		13.41	
<b>Less: Current Liabilities &amp; Provisions</b>	"E"	49.89		0.62	
<b>Net Current Assests</b>			(36.15)		12.79
<b>Profit &amp; Loss Account</b>			0.82		1.13
<b>TOTAL</b>			<b>14.07</b>		<b>14.07</b>
<b>Notes to the Account</b>	"H"				

As per our report of even date attached  
**For S.G.Kabra & Co.**  
Chartered Accountants

**S.G.Kabra**  
Partner  
M. No. 38867

Place : Mumbai  
Date : 31<sup>st</sup> July, 2009

For and on behalf of the Board

**Ramautar S. Jhawar**  
Director

**Mahesh S. Jhawar**  
Director

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009**

(Rs. in Lacs)

Particulars	Schedule	For the Year Ended 31-03-2009	For the Year Ended 31-03-2008
INCOME			
Other Income	"F"	1.36	1.36
<b>TOTAL</b>		<b>1.36</b>	<b>1.36</b>
EXPENDITURE			
Administrative & Selling Expenses	"G"	0.91	0.88
<b>TOTAL</b>		<b>0.91</b>	<b>0.88</b>
Profit Before Tax		0.45	0.48
Provision for Income Tax		0.14	0.16
Profit After Tax		0.31	0.32
Balance brought down from last year		(1.13)	(1.45)
Balance transferred to Balance Sheet		(0.82)	(1.13)
Notes to the Account	"H"		

As per our report of even date attached

**For S.G.Kabra & Co.**

Chartered Accountants

**S.G.Kabra**

Partner, M. No. 38867

Place : Mumbai

Date : 31<sup>st</sup> July, 2009

For and on behalf of the Board

**Ramautar S. Jhawar**

Director

**Mahesh S. Jhawar**

Director

**SCHEDULE FORMING PART OF BALANCE SHEET**

(Rs. in Lacs)

Particulars	As at 31-03-2009	As at 31-03-2008	Particulars	As at 31-03-2009	As at 31-03-2008
<b>Schedule "A"</b>			<b>Schedule "B"</b>		
Share Capital			<b>Reserves &amp; Surplus</b>		
<b>Authorised</b>			General Reserve	10.62	10.62
5000 Equity Share of Rs.100 each			Investment Allowance Reserve	0.45	0.45
(Previous year 5000 Equity Shares			<b>TOTAL</b>	<b>11.07</b>	<b>11.07</b>
Rs. 100/-each)	5.00	5.00			
<b>Issued, Subscribed &amp; Paid up</b>					
3000 equity shares of Rs.100/-each.					
Fully paid up in cash					
(Previous year 3000 Equity Shares	3.00	3.00			
Rs. 100/-each)					

**Schedule "C"**

(Rs. in Lacs)

**Fixed Assets**

Description of the Assets	Gross Block at Cost				Depreciation				Net Block	
	As at 1-4-2008	Addition during the year	Sold during the year	Total as at 31-3-2009	Upto 31-3-2008	Provided during the year	Adjusted during the year	Upto 31-3-2009	As at 31-3-2009	As at 31-3-2008
Land	0.00	49.26	0.00	49.26	0.00	0.00	0.00	0.00	49.26	0.00
Building	3.22	0.00	0.00	3.22	3.08	0.01	0.00	3.09	0.13	0.14
Weighing Scale	0.20	0.00	0.00	0.20	0.20	0.00	0.00	0.20	0.00	0.00
Furniture & Fixture	0.28	0.00	0.00	0.28	0.28	0.00	0.00	0.28	0.00	0.00
Office Equipment	0.21	0.00	0.00	0.21	0.21	0.00	0.00	0.21	0.00	0.00
Factory Equipment	0.32	0.00	0.00	0.32	0.31	0.00	0.00	0.31	0.01	0.01
Hand Cart & Cycle	0.02	0.00	0.00	0.02	0.02	0.00	0.00	0.02	0.00	0.00
<b>TOTAL</b>	<b>4.25</b>	<b>49.26</b>	<b>0.00</b>	<b>53.51</b>	<b>4.10</b>	<b>0.01</b>	<b>0.00</b>	<b>4.11</b>	<b>49.40</b>	<b>0.15</b>
<b>PREVIOUS YEAR</b>	<b>4.25</b>	<b>0.00</b>	<b>0.00</b>	<b>4.25</b>	<b>4.08</b>	<b>0.02</b>	<b>0.00</b>	<b>4.10</b>	<b>0.15</b>	



**SCHEDULE FORMING PART OF BALANCE SHEET (Rs. in Lacs)**

Particulars	As at 31-03-09	As at 31-03-08
<b>Schedule "D"</b>		
<b>Current Assets Loans &amp; Advances</b>		
<b>Current Assets:</b>		
<b>Cash &amp; Bank Balance</b>		
Cash in hand	0.06	0.01
Bank Balance with Schedule Bank	0.93	0.48
<b>SUB TOTAL</b>	<b>0.99</b>	<b>0.49</b>
<b>Loans and advances</b>		
(Unsecured considered good)		
Loans	11.51	11.70
Advances recoverable in cash or kind	0.01	0.01
Deposits	0.62	0.62
Other Current Assets	0.61	0.59
<b>SUB TOTAL</b>	<b>12.75</b>	<b>12.92</b>
<b>TOTAL</b>	<b>13.74</b>	<b>13.41</b>
<b>Schedule "E"</b>		
<b>Current Liabilities</b>		
Sundry Creditors	49.89	0.62
<b>TOTAL</b>	<b>49.89</b>	<b>0.62</b>

**SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT (Rs. in Lacs)**

Particulars	For the year ended 31-03-2009	For the year ended 31-03-2008
<b>Schedule "F"</b>		
<b>Other Income</b>		
Lease Charges Received	0.60	0.60
Interest	0.76	0.76
<b>TOTAL</b>	<b>1.36</b>	<b>1.36</b>
<b>Schedule "G"</b>		
<b>Administrative &amp; Selling Expenses</b>		
Salary	0.84	0.72
Depreciation	0.01	0.02
Legal & Professional Fees	0.00	0.03
Audit Fees	0.01	0.01
Staff Welfare	0.00	0.04
General Expenses	0.00	0.03
Filing Fees	0.01	0.03
Bank Charges	0.04	0.00
<b>TOTAL</b>	<b>0.91</b>	<b>0.88</b>

**Schedule "H"****NOTES TO ACCOUNTS:**

(Attached to and forming part of the Accounts for the year ended 31<sup>st</sup> March, 2009.)

**A) Significant Accounting Policies****1. Accounting Policies:**

The Company follows accrual basis of accounting & recognizing Income & Expenditure on accrual basis. The accounts are prepared on historical cost convention and materially comply with the Mandatory Accounting Standards issued by the Institute of Chartered Accountants of India. The significant accounting policies followed by the Company are as stated below :

- Fixed Assets are shown at cost :
- Depreciation is provided on fixed assets using written down value method provided in schedule (xiv) of the Companies Act 1956.
- Investments are valued at cost of acquisition.
- Retirement benefits : Gratuity / Retirement benefits are recorded only on crystallisation of liability on account thereof.
- Recognition of Income & Expenditure Items of Income & Expenditure are generally recognised on accrual basis.

**2. Contingent Liabilities : NIL**

- In the opinion of the Board of Directors, the Current Assets, Loans & Advances have a value on realisation, in the ordinary course of business, at least equal to the amount at which they are stated in the Balance Sheet.
- The Company has leased out its factory land at Dombivli to the Holding Company for setting up Textile process house.
- Disclosure under section 22 of the Micro, Small and Medium enterprises Development Act, 2006 could not be furnished as none of the suppliers of the Company have provided the details of their registration under the said Act.
- Additional information pursuant to provisions 3 & 4 of Part II of Schedule VI of the Company's Act, 1956.
  - Licensed Capacity Not Applicable
  - Installed Capacity Not applicable
  - The Company did not have
    - Any employees drawing aggregate remuneration.
      - Of Rs. 24 lakhs per annum or more in respect of employees employed throughout the year.
      - At a rate equal to Rs. 2 lakh per month or more in respect of employees employed for part of the year.
    - Any imports during the year.
    - Any earnings/expenditure in foreign currency.
    - Any non-resident shareholders.
- Figures of the previous year have been regrouped wherever necessary.

**8. Deferred Tax :**

The company has adopted Accounting Standard -22, "Accounting for Taxes on Income" with effect from 1st April 2003. Since the Company has provided depreciation in its books of account as per Income Tax Act 1956. Therefore there is no difference between the depreciation provided in books and depreciation considered in income Tax return so this Accounting Standard is not applicable to the Company.

## 9. STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE.****I Registration Details**

Registration No.	14919	State Code 11
Balance Sheet Date	31-03-2009	

(Rs. in Thousands)

**For the year ended**  
**31-03-2009**

**For the year ended**  
**31-03-2008**

**II Capital Raised during the year**

Public Issue	NIL	NIL
Bonus Issue	NIL	NIL
Right Issue	NIL	NIL
Private Placement / Others	NIL	NIL

**III Position of Mobilisation and Deployment of Funds**

Total Liabilities	1407	1407
Total Assets	1407	1407
<b>Source of Funds</b>		
Paid-up-Capital	300	300
Secured Loans	0	0
Reserve & Surplus	1107	1107
Unsecured Loans	0	0

**Application of Funds**

Net Fixed Assets	4940	15
Net Current Assets	(3615)	1279
Accumulated Losses	82	113
Investments	0	0
Misc. Expenditure	0	0
Capital Work in Progress	0	0

**IV Performance of company**

Turnover	136	136
Total Expenditure	91	88
Profit before Tax	45	48
Profit after Tax	31	32
Earning per Share (Rs.)	10.33	10.67

**V Generic Names of Principal product / services of Co.**

Item No. N.A.

Signatures to Schedules "A" to "H"

As per our report of even date attached

For and on behalf of the Board

**For S.G. Kabra & Co.****Ramautar S. Jhawar**

Chartered Accountants

Director

**S.G. Kabra****Mahesh S. Jhawar**

Partner, M. No. 38867

Director

Place : Mumbai

Date : 31<sup>st</sup> July, 2009

**DHANESH FABRICS PVT. LTD.**

**Directors' Report**

To,  
The Members,  
Dhanesh Fabrics Pvt. Ltd.

Your Directors present herewith 10<sup>th</sup> Annual Report and the audited accounts of the Company for the year ended 31<sup>st</sup> March, 2009.

**FINANCIAL RESULTS :**

	Year ended 31-03-2009	(Rs. in Lacs) Year ended 31-03-2008
Sales Turnover	268.66	0.00
Profit /(Loss) Before Tax	2.05	(0.17)
Less : Provision for Tax	0.65	-
Net Profit /(Loss) for the year	1.40	(0.17)
Add: Balance brought from previous year	2.24	2.41
Balance carried to Balance Sheet	3.64	2.24

**DIVIDEND :**

With a view to conserve resource your Directors do not recommend any dividend for the year under review.

**DIRECTORS :**

There were no changes in the Directorship of the Company during the year under review.

**DIRECTORS' RESPONSIBILITY STATEMENT :**

The Directors would like to assure the Members that the financial statement for the year under review confirm in their entirety to the requirement of the Companies Act, 1956.

The Directors confirm that :

The Directors confirm that :

- The Annual Accounts have been prepared in conformity with the applicable Accounting Standards;
- The Accounting Policies selected and applied on a consistent basis, give a true and fair view of the state of affairs of the Company and of the profit for the year ended 31<sup>st</sup> March 2009.
- Sufficient care has been taken that adequate accounting records have been maintained for safeguarding the assets of the Company and for prevention and detection of fraud and other irregularities;
- The Annual Accounts have been prepared on a going concern basis.

**AUDITORS :**

M/s S.G.Kabra & Co. Chartered Accountants retires as Auditors of the Company and are being eligible for reappointment. It is recommended that they be reappointed and their remuneration be fixed.

**AUDITORS' REPORT:**

Observations made in the Auditors' Report read with eleven Notes in the Notes on Accounts, are self explanatory and therefore, do not call for any further comments under Section 217(3) of the Companies Act, 1956.

**FIXED DEPOSITS :**

During the year under review, the Company has not accepted or renewed any deposits within the meaning of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 and rules made there under.

**PARTICULARS AS PER SECTION 217 (2A) OF COMPANIES ACT, 1956.**

During the year under review, none of the employees of the Company was in receipt of remuneration aggregating Rs. 24,00,000/- or more per annum, if employed throughout the year, or Rs. 2,00,000/- or more per month, in case employed for part of the year. Hence, there are no particulars to be annexed to this report as required under section 217 (2A) of the Companies Act, 1956 and the rules made thereunder.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO:**

There was no foreign exchange earnings or outgo during the year 2008-2009.

**CONSERVATION OF ENERGY :**

1. Energy conservation measures taken : Nil
2. Additional investment and proposals, if any, being Implemented for reduction of consumption : None
3. Impact of the measure at (1) and (2) above for reduction of energy consumption and consequent impact on the cost of production of goods : Not Applicable

**Technology Absorption :**

The Company does not need any technology up-gradation for its existing business.

**ACKNOWLEDGEMENT :**

Your Directors take this opportunity to thank all associates for their co-operation.

For and on behalf of the Board  
**Mahesh S. Jhawar**  
Director

Place : Mumbai  
Date : 31<sup>st</sup> July, 2009

**Vinod S. Jhawar**  
Director

**Auditors' Report**

To,  
The Members of  
Dhanesh Fabrics Pvt. Ltd.

We have audited the attached Balance Sheet of Dhanesh Fabrics Pvt. Ltd. as at 31<sup>st</sup> March, 2009, and also the Profit & Loss Account of the Company 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 in these financial statements based on our audit.

We have conducted our audit in accordance with 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 mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. The Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of section 227(4A) of the Companies Act 1956, is not applicable to the Company.

Further to our comments in the Annexure referred to above, we report that:

- 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.
- In our opinion, proper books of account, as required by the law have been kept by the Company so far as it appears from our examination of the books.
- The Balance Sheet, Profit & Loss Accounts dealt with by this report, are in agreement with the books of account.

- In our opinion, the Balance Sheet, Profit & Loss Account dealt with by this report, comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- On the basis of written representations received from the Directors as on 31<sup>st</sup> March, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2009 from being appointed as a director in terms of clause(g) of subsection (1) of section 274 of the Companies Act, 1956.
- In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the Accounting policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India.
  - In the case of Balance Sheet, of the State of affairs of the Company as at 31<sup>st</sup> March 2009.
  - In the case of Profit & Loss Account of the Profit for the year ended on that date.

**For S. G. Kabra & Co.**  
Chartered Accountants

**S. G. Kabra**  
Partner  
M. No. 38867

Place : Mumbai  
Date : 31<sup>st</sup> July, 2009

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

(Rs. in Lacs)

Particulars	Schedule	As at 31 <sup>st</sup> March, 2009		As at 31 <sup>st</sup> March 2008	
<b>Sources of Funds</b>					
Share Capital	"A"	1.00		1.00	
Reserve & Surplus	"B"	3.64	4.64	2.24	3.24
<b>TOTAL</b>			<b>4.64</b>		<b>3.24</b>
<b>Application of Funds</b>					
Fixed Assets	"C"		49.27		0.00
<b>Current Assets</b>	"D"				
Inventory		21.33		0.00	
Sundry Debtors		66.35		0.31	
Cash & Bank Balances		9.49		2.86	
Loans Advance & Deposits		1.50		0.00	
		<b>98.67</b>		<b>3.17</b>	
<b>Less Current Liabilities</b>	"E"				
Current Liabilities		142.73		0.03	
Provisions		0.65		0.00	
		<b>143.38</b>		<b>0.03</b>	
<b>Net Current Assets</b>			<b>(44.71)</b>		<b>3.14</b>
<b>Miscellaneous Expenditure to the Extent not written off</b>	"F"		<b>0.08</b>		<b>0.10</b>
<b>TOTAL</b>			<b>4.64</b>		<b>3.24</b>
<b>Notes to the Account</b>	"L"				

As per our report of even date attached  
**For S.G.Kabra & Co.**  
Chartered Accountants

**S.G.Kabra**  
Partner  
M. No. 38867

Place : Mumbai  
Date : 31<sup>st</sup> July, 2009

For and on behalf of the Board

**Mahesh S. Jhawar**  
Director

**Vinod S. Jhawar**  
Director

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009**

(Rs. in Lacs)

Particulars	Schedule	For the Year Ended 31-03-2009	For the Year Ended 31-03-2008
<b>INCOME</b>			
Sales of Cloth	"G"	268.66	0.00
Increase /(Decrease) in Stock	"H"	21.33	0.00
<b>TOTAL</b>		<b>289.99</b>	<b>0.00</b>
<b>EXPENDITURE</b>			
Purchase of Cloth	"I"	209.10	0.00
Direct Expenses	"J"	74.82	0.00
Administrative & Selling Expenses	"K"	4.00	0.17
Preliminary Expenses W/O	"F"	0.02	0.00
<b>TOTAL</b>		<b>287.94</b>	<b>0.17</b>
<b>Profit /(Loss) Before Tax</b>		<b>2.05</b>	<b>(0.17)</b>
Less : Provision for Income Tax		0.64	0.00
Less : Provision for Freigne Benefit Tax		0.01	0.00
<b>Net Profit / (Loss) After Tax</b>		<b>1.40</b>	<b>(0.17)</b>
Add : Balance brought forward from Previous year		2.24	2.41
Balance transferred to Balance Sheet		3.64	2.24

**Notes to the Account**

L"

As per our report of even date attached  
**For S.G.Kabra & Co.**  
 Chartered Accountants  
**S.G.Kabra**  
 Partner, M. No. 38867  
 Place : Mumbai  
 Date : 31<sup>st</sup> July, 2009

For and on behalf of the Board

**Maresh S. Jhawar**  
 Director

**Vinod S. Jhawar**  
 Director

**SCHEDULE FORMING PART OF BALANCE SHEET (Rs. in Lacs)**

Particulars	As at 31-03-09	As at 31-03-08
<b>Schedule "A"</b>		
<b>Share Capital</b>		
Authorised	1.00	1.00
10000 Equity Shares of Rs. 10/- each		
<b>TOTAL</b>	<b>1.00</b>	<b>1.00</b>
<b>Issued, Subscribed &amp; Paid up</b>	<b>1.00</b>	<b>1.00</b>
10000 Equity Shares Rs. 10/- each fully paid up in cash		
<b>TOTAL</b>	<b>1.00</b>	<b>1.00</b>
<b>Schedule "B"</b>		
<b>Reserves &amp; Surplus</b>		
Profit & (Loss) A/c	3.64	2.24
<b>TOTAL</b>	<b>3.64</b>	<b>2.24</b>
<b>Schedule "C"</b>		
<b>Fixed Assets :</b>		
Land	49.27	0.00
(Land taken on Lease from Shri Dhairyasheel Mane Textile Park, in Kagai, Kolhapur, M.I.D.C.)		
<b>TOTAL</b>	<b>49.27</b>	<b>0.00</b>
<b>Schedule "D"</b>		
<b>Current Assets Loans &amp; Advances</b>		
Inventory at Cost		
Stock Cloth	21.33	0.00
<b>SUB TOTAL</b>	<b>21.33</b>	<b>0.00</b>
<b>Sundry Debtors</b>		
(Unsecured considered good)		
More than 6 months	1.85	0.00
Others	64.50	0.31
<b>SUB TOTAL</b>	<b>66.35</b>	<b>0.31</b>

**SCHEDULE FORMING PART OF BALANCE SHEET (Rs. in Lacs)**

Particulars	As at 31-03-09	As at 31-03-08
<b>Cash &amp; Bank Balance</b>		
Cash Balance	1.94	0.83
Balance with Bank	7.55	2.03
<b>SUB TOTAL</b>	<b>9.49</b>	<b>2.86</b>
<b>Loans, Advances &amp; Deposits</b>		
Loan & Advances	1.50	0.00
T.D.S. Receivable	0.00	0.00
<b>SUB TOTAL</b>	<b>1.50</b>	<b>0.00</b>
<b>TOTAL</b>	<b>98.67</b>	<b>3.17</b>
<b>Schedule "E"</b>		
<b>Current Liabilities &amp; Provisions</b>		
Current Liabilities	0.13	0.00
Sundry Creditors	142.60	0.03
<b>SUB TOTAL</b>	<b>142.73</b>	<b>0.03</b>
Provision for Income Tax	0.65	0.00
<b>SUB TOTAL</b>	<b>0.65</b>	<b>0.00</b>
<b>TOTAL</b>	<b>143.38</b>	<b>0.03</b>
<b>Schedule "F"</b>		
<b>Miscellaneous Expenses to the Extent not written off</b>		
Preliminary Expenses	0.10	0.10
Less : 1/5 Expenses Written off	0.02	0.00
<b>TOTAL</b>	<b>0.08</b>	<b>0.10</b>

**SCHEDULE FORMING PART OF PROFIT & LOSS ACCOUNT**
**(Rs. in Lacs)**

Particulars	For the year ended 31-03-09	For the year ended 31-03-08	Particulars	For the year ended 31-03-09	For the year ended 31-03-08
<b>Schedule "G"</b>			<b>Schedule "K"</b>		
Sale of Cloth	268.66	0.00	<b>Administrative &amp; Selling Expenses</b>		
			Salary & Wages	1.82	0.00
<b>TOTAL</b>	<b>268.66</b>	<b>0.00</b>	Trunk & Telephone Expenses	0.08	0.00
<b>Schedule "H"</b>			Traveling Expenses	0.04	0.00
Increase / (Decrease) in Stock			Conveyance	0.04	0.00
Opening Stock	0.00	0.00	Printing & Stationery	0.01	0.00
Less: Closing Stock	21.33	0.00	Bank Charges	0.02	0.00
			General Expenses	0.03	0.00
<b>TOTAL</b>	<b>21.33</b>	<b>0.00</b>	Interest	1.84	0.00
<b>Schedule "I"</b>			Auditors Remuneration		
Purchase of Cloth	209.10	0.00	Auditors Fee	0.10	0.03
			Service Tax	0.01	0.00
<b>TOTAL</b>	<b>209.10</b>	<b>0.00</b>	Filing Fees	0.01	0.01
<b>Schedule "J"</b>			Legal & Professional Fees	0.00	0.13
<b>Direct Expenses</b>			Sundry Balances Write Off	0.00	0.00
Processing Charges	67.46	0.00	<b>TOTAL</b>	<b>4.00</b>	<b>0.17</b>
Printing & Engraving Charges	4.54	0.00			
Screen Charges	2.09	0.00			
Transport Charges	0.48	0.00			
Grey Checking Charges	0.24	0.00			
Sampaling Charges	0.01	0.00			
<b>TOTAL</b>	<b>74.82</b>	<b>0.00</b>			

**Schedule "L"**
**NOTES TO THE ACCOUNTS :**

 (Attached to and forming part of the Accounts for the year ended 31<sup>st</sup> March, 2009.)

**A) Significant Accounting Policies**
**1. Accounting Policies:**

The Company follows accrual basis of accounting & recognizing Income & Expenditure on accrual basis. The accounts are prepared on historical cost convention and materially comply with the Mandatory Accounting Standards issued by the Institute of Chartered Accountants of India.

2. In the opinion of the Board of Directors, the Current Assets, Loans & Advances have a value on realisation, in the ordinary course of business, at least equal to the amount at which they are stated in the Balance Sheet.
3. Disclosure under section 22 of the Micro, Small and Medium enterprises Development act, 2006 could not be furnished as none of the suppliers of the Company have provided the details of their registration under the said act.
4. Additional information pursuant to provisions 3 & 4 of Part II of Schedule VI of the Company's Act, 1956.

- i. Licensed Capacity Not Applicable
- ii. Installed Capacity Not applicable
- iii. The Company did not have

a) Any employee drawing aggregate remuneration.

- i. Of Rs. 24,00,000/- per annum or more in respect of employees employed through out the year.
- ii. At a rate equal to Rs. 2,00,000/- per month or more in respect of employees employed for part of the year.

b) Any imports during the year.

c) Any Earnings / Expenditure in Foreign Currency.

d) Any non-resident shareholders.

5. Contingent Liabilities : NIL

**6. PARTICULARS OF PURCHASEES, SALES & STOCK OF FABRICS :**

	For the Year Ended 31-03-09		For the Year Ended 31-03-08	
	Quantity (Lac Mtrs.)	Rs. in Lacs	Quantity (Lac Mtrs.)	Rs. in Lacs
<b>Purchases :</b>				
Fabrics	4.66	209.10	0.00	0.00
<b>Sales :</b>				
Fabrics	4.08	268.66	0.00	0.00
<b>Opening Stock :</b>				
Fabrics	0.00	0.00	0.00	0.00
<b>Closing Stock :</b>				
Fabrics	0.55	21.33	0.00	0.00

7. Figures of the previous year have been regrouped / rearranged wherever necessary.

8. Additional information pursuant to the provision of part IV of schedule VI to the Companies Act, 1956 is as per Annexure 1.

Signatures to Schedules "A" to "L"

As per our report of even date attached

For and on behalf of the Board

**For S.G. Kabra & Co.**  
Chartered Accountants  
**S.G. Kabra**

**Mahesh S. Jhawar**  
Director

Partner, M. No. 38867  
Place : Mumbai

**Vinod S. Jhawar**  
Director

Date : 31<sup>st</sup> July, 2009

**ANNEXURE 1 (REFER NOTE NO. 8 OF SCHEDULE "L")**

STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE.**
**I Registration Details**

Registration No.	120739	State Code 11
Balance Sheet Date	31-03-2009	

(Rs. in Thousands)

**For the year ended  
31-03-2009**
**For the year ended  
31-03-2008**
**II Capital Raised during the year**

Public Issue	NIL	NIL
Bonus Issue	NIL	NIL
Right Issue	NIL	NIL
Private Placement / Others	NIL	NIL

**III Position of Mobilisation and Deployment of Funds**

Total Liabilities	464	324
Total Assets	464	324

**Source of Funds**

Paid-up-Capital	100	100
Secured Loans	0	0
Reserve & Surplus	364	224

**Application of Funds**

Net Fixed Assets	4927	0
Net Current Assets	(4471)	314
Accumulated Losses	0	0
Misc. Expenditure	8	10
Capital Work in Progress	0	0

**IV Performance of company**

Turnover	26866	0
Expenditure	26661	17
Profit / (Loss) before Tax	205	(17)
Profit / (Loss) after Tax	140	(17)
Earning per Share (Rs.)	14	-
Dividend (%)	0	0

**V Generic Names of Principal product / services of Co.  
Item No. N.A.**

As per our report of even date attached

**For S.G. Kabra & Co.**

Chartered Accountants

**S.G.Kabra**

Partner, M. No. 38867

Place : Mumbai

 Date : 31<sup>st</sup> July, 2009

For and on behalf of the Board

**Vinod S. Jhavar**

Director

**Mahesh S. Jhavar**

Director



**DFL FABRICS PVT. LTD.****Directors' Report**

To,  
The Members,  
**DFL Fabrics Pvt. Ltd.,**

Your Directors present herewith 1<sup>st</sup> Annual Report and the audited accounts of the Company for the period from 28-08-2008 to 31<sup>st</sup> March, 2009.

**FINANCIAL RESULTS :**

(Rs. in Lacs)

	<b>Year ended 31-03-2009</b>
Sales Turn Over	<b>58.05</b>
Profit Before Tax	<b>0.54</b>
Less :Provision for Tax	<b>0.19</b>
Net Profit after Tax	<b>0.35</b>
Balance carried to Balance Sheet	<b>0.35</b>

**OPERATION :**

The Company was incorporated on 28<sup>th</sup> August 2008 during the year under review. The Company received total income of Rs. 58.05 Lacs from its operation, after deducting total expenditure, the company has earned Net Profit after Tax of Rs. 0.35 Lacs, which was carried forward to balance sheet.

**DIVIDEND :**

With a view to conserve resources your Directors do not recommend any dividend for the year under review.

**CHANGE OF NAME OF THE COMPANY :**

In order to reflect the new business activity, the name of the Company has been changed from Arun Commodities Pvt. Ltd. to DFL Fabrics Pvt. Ltd. in accordance with the special resolutions passed by the members of the company in the Extra Ordinary General Meeting of the Members of the Company on 22<sup>nd</sup> November, 2008 and has received requisite approval in the form of a Fresh Certificate of Incorporation from the Registrar of Companies, Mumbai, Maharashtra vide their certificate dated December 05, 2008.

**ALTERATION OF OBJECTS CLAUSE OF THE MEMORANDUM OF ASSOCIATION OF THE COMPANY :**

During the period under review, the Main Object Clause of the Memorandum of Association of the Company was altered vide Special Resolution passed at the Extra Ordinary General Meeting of the Members of the Company on 22<sup>nd</sup> November, 2008 to include business activities pertaining to the manufactures, exporters, importers, distributors, traders, commission agents and dealers in all kinds of yarns, textiles, readymade garments.

The Company complied with the statutory formalities as stipulated pursuant to Section 17 and other applicable provisions of the Companies Act, 1956 and requisite approval from the Registrar of Companies, Mumbai, Maharashtra in this regard has been duly obtained by the Company.

**SHIFTING OF REGISTERED OFFICE :**

The Registered Office of the Company has been shifted from 2, 3<sup>rd</sup> floor, Abbas Manzil, Opp. Cigarette Factory, Andheri (East), Mumbai - 400 009 to a more suitable location at Dhanlaxmi Fabrics Ltd., Manpada Road, Bhopar Village, Dombivli (East), Thane- 421 204 with effect from 17<sup>th</sup> October, 2008.

**DIRECTORS :**

During the period under review Mr. Ramautar S. Jhawar, Mr. Mahesh S. Jhawar and Mr. Vinod S. Jhawar were appointed as an Additional Director of the Company on 17<sup>th</sup> October, 2008, pursuant to provision of Section 260 of the Companies Act, 1956. The term of office of the additional Director would expire at ensuing Annual General Meeting. The resolutions proposing their appointments as Directors of the Company have been included in the Notice to the Annual General Meeting and the Board recommends their appointment.

Mr. Rahul C. Dubey and Mr. Prashant N. Thakkar resigned from the office of the Director of the Company with effect from 5<sup>th</sup> December, 2008. The Board records its appreciation for the valuable contribution made by them during their tenure as a Director of the Company.

**DIRECTORS' RESPONSIBILITY STATEMENT :**

The Directors would like to assure the Members that the financial statement for the year under review confirm in their entirety to the requirement of the Companies Act, 1956.

The Directors confirm that :

- The Annual Accounts have been prepared in conformity with the applicable Accounting Standards;
- The Accounting Policies selected and applied on a consistent basis, give a true and fair view of the state of affairs of the Company of the profit for the financial year ended 31<sup>st</sup> March 2009
- Sufficient care has been taken that adequate accounting records have been maintained for safeguarding the assets of the Company and for prevention and detection of fraud and other irregularities;
- The Annual Accounts have been prepared on a going concern basis.

**AUDITORS :**

M/s S.G. Kabra & Co. Chartered Accountants retires as Auditors of the Company and are being eligible for reappointment. It is recommended that they be reappointed and their remuneration be fixed.

**AUDITORS' REPORT:**

Observations made in the Auditors' Report read with eleven Notes in the Notes on Accounts, are self explanatory and therefore, do not call for any further comments under Section 217(3) of the Companies Act, 1956

**FIXED DEPOSITS :**

During the year under review, the Company has not accepted or renewed any deposits within the meaning of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 and rules made there under.

**PARTICULARS AS PER SECTION 217(2A) OF COMPANIES ACT, 1956.**

During the year under review, none of the employees of the Company was in receipt of remuneration aggregating Rs. 24,00,000/- or more per annum, if employed throughout the year, or Rs. 2,00,000/- or more per month, in case employed for part of the year. Hence, there are no particulars to be annexed to this report as required under section 217 (2A) of the Companies Act, 1956 and the rules made thereunder.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO:**

There was no foreign exchange earnings or outgo during the year 2008-2009.

**CONSERVATION OF ENERGY :**

- |  |                |
|--|----------------|
| 1. Energy conservation measures taken :  | Nil            |
| 2. Additional investment and proposals, if any, being Implemented for reduction of consumption :   | None           |
| 3. Impact of the measure at (1) and (2) above for reduction of energy consumption and consequent impact on the cost of production of goods : | Not Applicable |

**Technology Absorption :**

The Company does not need any technology up-gradation for its existing business.

**ACKNOWLEDGEMENT :**

Your Directors take this opportunity to thank all associates for their co-operation.

For and on behalf of the Board  
**Mahesh S. Jhavar**  
Director

**Vinod S. Jhavar**  
Director

Place : Mumbai  
Date : 31<sup>st</sup> July, 2009

**Auditors' Report**

To,  
The Members of  
**DFL Fabrics Pvt. Ltd.,**

We have audited the attached Balance Sheet of DFL Fabrics Pvt. Ltd., as at 31<sup>st</sup> March, 2009, and also the Profit & Loss Account of the Company 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 in these financial statements based on our audit.

We have conducted our audit in accordance with 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 mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of section 227(4A) of the Companies Act 1956, is not applicable to the Company.

Further to our comments in the Annexure referred to above, we report that:

- 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.
- In our opinion, proper books of account, as required by the law have been kept by the Company so far as it appears from our examination of the books.
- The Balance Sheet, Profit & Loss Accounts dealt with by this report, are in agreement with the books of account.
- In our opinion, the Balance Sheet, Profit & Loss Account dealt with by this report, comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- On the basis of written representations received from the Directors as on 31<sup>st</sup> March, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2009 from being appointed as a director in terms of clause(g) of sub section (1) of section 274 of the Companies Act, 1956.

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 Accounting policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India.

i. In the case of Balance Sheet, of the State of affairs of the Company as at 31<sup>st</sup> March, 2009.

ii. In the case of Profit & Loss Account of the Profit for the year ended on that date.

Place : Mumbai  
Date : 31<sup>st</sup> July, 2009

**For S. G. Kabra & Co.**  
Chartered Accountants

**S. G. Kabra**  
Partner  
M. No. 38867

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

(Rs. in Lacs)

Particulars	Schedule	As at 31 <sup>st</sup> March, 2009	
<b>Sources of Funds</b>			
Share Capital	"A"	1.00	
Reserve & Surplus	"B"	0.35	1.35
	<b>TOTAL</b>		<b>1.35</b>
<b>Application of Funds</b>			
<b>Current Assets</b>	"C"		
Inventory		21.01	
Sundry Debtors		18.69	
Cash & Bank Balances		5.07	
Loans Advance & Deposits		0.20	
		<b>44.97</b>	
<b>Less : Current Liabilities</b>	"D"		
Current Liabilities		43.43	
Provisions		0.19	
		<b>43.62</b>	
<b>Net Current Assets</b>			<b>1.35</b>
	<b>TOTAL</b>		<b>1.35</b>
<b>Notes to the Account</b>	"J"		

As per our report of even date attached  
**For S.G.Kabra & Co.**  
Chartered Accountants

**S.G.Kabra**  
Partner  
M. No. 38867

Place : Mumbai  
Date : 31<sup>st</sup> July, 2009

For and on behalf of the Board

**Mahesh S. Jhawar**  
Director

**Vinod S. Jhawar**  
Director

**PROFIT & LOSS ACCOUNT FOR THE PERIOD FROM 28-08-2008 TO 31-03-2009**
**(Rs. in Lacs)**

Particulars	Schedule	For the period from 28-08-2008 to 31-03-2009
<b>INCOME</b>		
Sales of Cloth	"E"	58.05
Increase / (Decrease) in Stock	"F"	21.01
<b>TOTAL</b>		<b>79.06</b>
<b>EXPENDITURE</b>		
Purchase of Cloths	"G"	61.62
Direct Expenses	"H"	15.88
Administrative & Selling Expenses	"I"	1.02
<b>TOTAL</b>		<b>78.52</b>
<b>Profit Before Tax</b>		<b>0.54</b>
Less : Provision for Income Tax		0.17
Less : Provision for Freinge Benefit Tax		0.02
<b>Profit After Tax</b>		<b>0.35</b>
Add.: Balance brought forward from previous year		0.00
Balance transfered to Balance Sheet		0.35
<b>Notes to the Account</b>	"J"	

As per our report of even date attached

For and on behalf of the Board

**For S.G.Kabra & Co.**

Chartered Accountants

**S.G.Kabra**

Partner, M. No. 38867

Place : Mumbai

Date : 31<sup>st</sup> July, 2009

**Mahesh S. Jhavar**  
Director

**Vinod S. Jhavar**  
Director

**SCHEDULE FORMING PART OF BALANCE SHEET (Rs. in Lacs)**

Particulars	As at 31-03-2009
<b>Schedule "A"</b>	
<b>Share Capital</b>	
<b>Authorised</b>	
10000 Equity Share of Rs.10/-	1.00
<b>Issued, Subscribed &amp; Paid up</b>	
10000 equity shares of Rs.10/-each.	
Fully paid up in cash	1.00
<b>Schedule "B"</b>	
<b>Reserves &amp; Surplus</b>	
Profit & Loss A/C	0.35
<b>Schedule "C"</b>	
<b>Current Assets Loans &amp; Advances</b>	
<b>Inventory at Cost</b>	
Stock of Cloth	21.01
<b>Sundry Debtors</b>	
(unsecured considered good)	18.69
<b>Cash &amp; Bank Balance</b>	
Cash Balance	0.19
Balance with Bank	4.88
<b>Loan, Advances &amp; Deposits</b>	
Loan & Advances	0.20
<b>TOTAL</b>	<b>44.97</b>
<b>Schedule "D"</b>	
<b>Current Liabilities &amp; Provisions</b>	
Current Liabilities	0.08
Sundry Creditors	43.35
Provision for Income Tax	0.19
<b>TOTAL</b>	<b>43.62</b>

**SCHEDULE FORMING PART OF PROFIT & LOSS ACCOUNT**

Particulars	For the period from 28-08-2008 to 31-03-2009
<b>Schedule "E"</b>	
Sale of Cloth	58.05
<b>Schedule "F"</b>	
Increase /(Decrease) In Stock	
Opening Stock	0.00
Less : Closing Stock	21.01
<b>Schedule "G"</b>	
Purchase of Cloth	61.62
<b>Schedule "H"</b>	
<b>Direct Expenses</b>	
Processing Charges	15.37
Transport Charges	0.03
Gray Checking Charges	0.02
Sampling Expenses	0.04
Insurance	0.42
<b>Schedule "I"</b>	
<b>Administrative &amp; Selling Expenses</b>	
Salary & Wages	0.49
Trunk & Telephone Expenses	0.11
Traveling Expenses	0.03
Conveyance	0.07
Auditors Remuneration	0.03
Legal & Professional Fees	0.19
Motor Car Expenses	0.10
<b>TOTAL</b>	<b>1.02</b>

## Schedule "J"

## NOTES TO THE ACCOUNTS :

(Attached to and forming part of the Accounts for the year ended 31<sup>st</sup> March, 2009.)

## A) Significant Accounting Policies

## 1. Accounting Policies:

The Company follows accrual basis of accounting & recognizing Income & Expenditure on accrual basis. The accounts are prepared on historical cost convention and materially comply with the Mandatory Accounting Standards issued by the Institute of Chartered Accountants of India.

2. In the opinion of the Board of Directors, the Current Assets, Loans & Advances have a value on realisation, in the ordinary course of business, at least equal to the amount at which they are stated in the Balance Sheet.
3. Disclosure under section 22 of the Micro, Small and Medium enterprises Development act, 2006 could not be furnished as none of the suppliers of the Company have provided the details of their registration under the said act.
4. Additional information pursuant to provisions 3 & 4 of Part II of Schedule VI of the Company's Act, 1956.
  - i. Licensed Capacity Not Applicable
  - ii. Installed Capacity Not applicable
  - iii. The Company did not have
    - a) Any employees drawing aggregate remuneration.
      - i. Of Rs. 24,00,000/- per annum or more in respect of employees employed throughout the year.
      - ii. At a rate equal to Rs. 2,00,000/- per month or more in respect of employees employed for part of the year.
    - b) Any imports during the year.
    - c) Any Earnings / Expenditure in Foreign Currency.
    - d) Any non-resident shareholders.
5. Contingent Liabilities : NIL

## 6. PARTICULARS OF PURCHASES, SALES &amp; STOCK OF FABRICS :

	For the period from 28-08-2008 to 31-03-2009		
	Quantity (Lac Mtrs.)	Rs. in Lacs	
<b>Purchases :</b> Fabrics	1.65	61.62	
<b>Sales :</b> Fabrics	1.04	58.05	
<b>Opening Stock :</b> Fabrics	0.00	0.00	
<b>Closing Stock :</b> Fabrics	0.66	21.01	

7. Being the first year previous year figures have not been given.

8. Additional information pursuant to the provision of Part IV of Schedule VI to the Company Act, 1956 is as per Annexure 1.

Signatures to Schedules "A" to "J"

As per our report of even date attached

For and on behalf of the Board

For S.G. Kabra &amp; Co.

Chartered Accountants

S.G.Kabra

Partner M. No. 38867

Place : Mumbai

Date : 31<sup>st</sup> July, 2009

Vinod S. Jhawar

Director

Mahesh S. Jhawar

Director

**ANNEXURE 1 (REFER NOTE NO. 8 OF SCHEDULE "J")**

9. STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE.**
**I Registration Details**

Registration No.	186271	State Code 11
Balance Sheet Date	31-03-2009	

(Rs. in Thousands)

**For the period**
**31-03-2009**
**II Capital Raised during the year**

Public Issue	NIL
Bonus Issue	NIL
Right Issue	NIL
Private Placement / Others	NIL

**III Position of Mobilisation and Deployment of Funds**

Total Liabilities	135
Total Assets	135

**Source of Funds**

Paid-up-Capital	100
Secured Loans	0
Reserve & Surplus	35

**Application of Funds**

Net Fixed Assets	NIL
Net Current Assets	135
Accumulated Losses	0
Misc. Expenditure	0
Capital Work in Progress	0

**IV Performance of company**

Turnover	5805
Expenditure	5751
Profit before Tax	54
Profit after Tax	35
Earning per Share (Rs.)	3.50
Dividend	0

**V Generic Names of Principal product / services of Co.**

Item No. N.A.

As per our report of even date attached

For and on behalf of the Board

**For S.G. Kabra & Co.**

Chartered Accountants

**Mahesh S. Jhawar**
**S.G.Kabra**

Director

Partner, M. No. 38867

**Vinod S. Jhawar**

Place : Mumbai

Director

 Date : 31<sup>st</sup> July, 2009

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED AUDITORS' REPORT

AUDITOR'S REPORT TO THE SHAREHOLDERS OF DHANLAXMI FABRICS LTD., ON THE CONSOLIDATED FINANCIAL STATEMENTS OF DHANLAXMI FABRICS LIMITED. AND ITS SUBSIDIARIES.

We have audited the attached Consolidated Balance Sheet of Dhanlaxmi Fabrics Limited and its Subsidiary Companies as at 31<sup>st</sup> March, 2009, the related Profit & Loss Account and consolidated Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India, on the basis of the individual financial statements of Dhanlaxmi Fabrics Limited and its Subsidiary Companies included in the aforesaid consolidation.

On the basis of the information & explanations given to us and on the consideration of the separate audit report on individual audited financial statement of the Company and its Subsidiaries, we are of the opinion that :

- a) The Consolidated Balance Sheet gives true & fair view of the Consolidated state of affairs of the Dhanlaxmi Fabrics Limited and its subsidiaries Western Chlorides & Chemicals Pvt. Ltd., Dhanesh Fabrics Pvt. Ltd. and DFL Fabrics Pvt. Ltd. as at 31<sup>st</sup> March, 2009 and
- b) The Consolidated Profit & Loss Account gives a true & fair view of the consolidated results of operation of Dhanlaxmi Fabrics Limited and its subsidiaries Western Chlorides & Chemicals Pvt. Ltd., Dhanesh Fabrics Pvt. Ltd. for the year ended 31<sup>st</sup> March, 2009 and DFL Fabrics Pvt. Ltd. for the period from 28<sup>th</sup> August, 2008 to 31<sup>st</sup> March, 2009.
- c) The Consolidated Cash Flow Statement gives true and fair view of the Consolidated cash flows of Dhanlaxmi Fabrics Limited and its subsidiaries Western Chlorides & Chemicals Pvt. Ltd., Dhanesh Fabrics Pvt. Ltd. for the year ended 31<sup>st</sup> March, 2009 and DFL Fabrics Pvt. Ltd. for the period from 28<sup>th</sup> August, 2008 to 31<sup>st</sup> March, 2009.

**For S. G. Kabra & Co.**  
Chartered Accountants

**S. G. Kabra**  
Partner  
M. No. 38867

Place : Mumbai  
Date : 31<sup>st</sup> July, 2009\*

# CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET AS AT 31 <sup>ST</sup> MARCH 2009				(Rs. in Lacs)	
PARTICULARS	SCHEDULE	AS AT 31-03-2009		AS AT 31-03-2008	
<b>SOURCES OF FUNDS</b>					
<b>SHARE HOLDERS FUNDS</b>					
SHARE CAPITAL	"A"		858.11		602.11
<b>RESERVES &amp; SURPLUS</b>	"B"		2344.09		1372.67
DEFERRED TAX LIABILITY			730.81		659.69
(Refer note-4 of Schedule "R")					
<b>LOAN FUNDS •</b>					
SECURED LOANS	"C"	1474.43		1406.72	
UNSECURED LOANS	"D"	0.00	1474.43	605.40	2012.12
GRAND TOTAL			5407.44	4646.59	
<b>APPLICATION OF FUNDS</b>					
<b>FIXED ASSETS</b>					
GROSS BLOCK	"E"	5663.10		4842.67	
LESS: DEPRECIATION		2155.50		1767.24	
NET BLOCK			3507.60		3075.43
<b>CAPITAL WORK IN PROGRESSS (NEW PROJECT)</b>			743.44	149.64	
<b>INVESTMENT</b>	"F"		62.08		62.08
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>					
INVENTORIES	"G"	641.69		569.23	
SUNDRY DEBTORS		894.40		719.03	
CASH/ BANK BALANCES		48.30		72.18	
LOANS, ADVANCES & DEPOSITS		636.15		790.48	
TOTAL		2220.54		2150.92	
<b>LESS : CURRENT LIABILITIES &amp; PROVISIONS</b>					
CURRENT LIABILITIES	"H"	974.02		544.93	
PROVISIONS		152.28		246.65	
TOTAL		1126.30		791.58	
<b>NET CURRENT ASSETS</b>			1094.24	1359.34	
<b>MISCELLNEOUS EXPENDITURE TO THE EXTENT "I"</b>			0.08	0.10	
<b>NOT WRITTEN OFF</b>					
GRAND TOTAL			5407.44	4646.59	
<b>NOTES TO ACCOUNTS</b>					
"R"					
As per our report of even date attached			For and on behalf of the Board		
For S.G. Kabra & Co. Chartered Accountants			Ramautar S. Jhawar Chairman		
S.G. Kabra Partner, M. No. 38867			Vinod S. Jhawar Managing Director		
Place : Mumbai Date : 31 <sup>st</sup> July, 2009			Mahesh S. Jhawar Director		



# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2009

(Rs. in Lacs)

PARTICULARS	SCHEDULE	FOR THE YEAR ENDED 31-03-2009	FOR THE YEAR ENDED 31-03-2008
<b>INCOME</b>			
SALES & PROCESSING CHARGES	"J"	5030.88	4647.10
OTHER INCOME	"K"	35.22	29.52
INCREASE IN STOCK	"L"	74.16	0.00
<b>TOTAL</b>		<b>5140.26</b>	<b>4676.62</b>
<b>EXPENDITURE</b>			
DECREASE IN STOCK	"L"	0.00	180.11
PURCHASES	"M"	2793.34	1810.22
RAW MATERIAL CONSUMED	"N"	896.99	1132.12
MANUFACTURING EXPENSES	"O"	501.34	564.53
ADMINISTRATIVE EXPENSES	"P"	202.48	242.15
FINANCIAL EXPENSES	"Q"	123.25	132.50
LOSS IN CURRENCY SWAP TRANSACTION		32.00	0.00
PRELIMINARY EXPENSES WRITTEN OFF	"I"	0.02	0.00
<b>TOTAL</b>		<b>4549.42</b>	<b>4061.63</b>
<b>PROFIT BEFORE DEPRECIATION &amp; TAX</b>		<b>590.84</b>	<b>614.99</b>
LESS: DEPRECIATION		420.84	349.17
<b>PROFIT BEFORE TAX</b>		<b>170.00</b>	<b>265.82</b>
LESS: PROVISION FOR TAX		19.87	53.56
LESS: PROVISION FOR FRINGE BENEFIT TAX		1.54	2.48
<b>PROFIT AFTER TAX</b>		<b>148.59</b>	<b>209.78</b>
LESS : DEFERRED TAX LIABILITY		71.12	37.53
LESS : INCOME TAX FOR EARLIER YEAR		2.05	0.33
<b>NET PROFIT</b>		<b>75.42</b>	<b>171.92</b>
ADD : BALANCE BROUGHT FORWARD FROM LAST YEAR		1279.66	1140.55
ADD : BALANCE BROUGHT FORWARD DHANESH FABRICS PVT. LTD. (NEW SUBSIDERY)		0.00	2.41
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>		<b>1355.08</b>	<b>1314.88</b>
LESS : PROVISION FOR DIVIDEND ON EQUITY SHARES		0.00	30.10
LESS : TAX ON DIVIDEND		0.00	5.12
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>1355.08</b>	<b>1279.66</b>
EARNINGS PER SHARE		0.88	2.84
<b>NOTES ON ACCOUNTS</b>	"R"		

As per our report of even date attached

For and on behalf of the Board

**For S.G. Kabra & Co.**  
Chartered Accountants

**Ramautar S. Jhavar**  
Chairman

**S.G. Kabra**  
Partner  
M. No. 38867

**Vinod S. Jhavar**  
Managing Director

**Mahesh S. Jhavar**  
Director

Place : Mumbai  
Date : 31<sup>st</sup> July, 2009

# CONSOLIDATED FINANCIAL STATEMENTS

## SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

(Rs. in Lacs)

PARTICULARS	AS AT 31-03-2009	AS AT 31-03-2008	PARTICULARS	AS AT 31-03-2009	AS AT 31-03-2008
<b>SCHEDULE "A"</b>			<b>SCHEDULE "C"</b>		
<b>SHARE CAPITAL</b>			<b>SECURED LOANS</b>		
<b>AUTHORISED CAPITAL</b>			<b>TERM LOAN</b>		
15000000 Equity Shares of Rs.10/- each	1500.00	1500.00	<b>FROM ING VYSYA BANK</b>	838.33	433.73
(Previous year 15000000 Equity Shares Rs. 10/- each.)			<b>FROM ABN AMRO Bank</b>	487.50	697.50
			(Secured by way of first charge over the entire fixed assets of the company., both present & future created out of the term loan, Personal guarantee of three Directors and Corporate guarantee of M/s. Western Chloride & Chemicals Pvt. Ltd. subsidiary of the Company. Paripassu charges on the unincumbered assets with ING Vysya Bank and ABN Amro Bank)		
<b>TOTAL</b>	<u>1500.00</u>	<u>1500.00</u>			
<b>ISSUED, SUBSCRIBED &amp; PAID UP CAPITAL</b>			<b>CASH CREDIT FROM ING VYSYA BANK</b>	145.23	0.00
8581100 Equity Shares of Rs. 10/- each fully paid up. (Previous year 6021100 Equity Shares of Rs.10/- each.)	858.11	602.11	<b>CASH CREDIT FROM ABN AMRO BANK</b>	3.37	275.49
			(Secured by way of Hypothecation of stock & Book Debts & Personal guarantee of three directors & corporate guarantee of M/s. Western Chloride & Chemicals Pvt. Ltd.)		
<b>TOTAL</b>	<u>858.11</u>	<u>602.11</u>	<b>TOTAL</b>	<u>1474.43</u>	<u>1406.72</u>
<b>SCHEDULE "B"</b>			<b>SCHEDULE "D"</b>		
<b>RESERVES &amp; SURPLUS</b>			<b>UNSECURED LOANS</b>		
<b>General Reserve</b>	92.56	92.56	Promtech Impex Pvt. Ltd.	0.00	605.40
			<b>TOTAL</b>	<u>0.00</u>	<u>605.40</u>
<b>SUB TOTAL</b>	<u>92.56</u>	<u>92.56</u>			
<b>Investment Allowance Reserve</b>	0.45	0.45			
<b>SUB TOTAL</b>	<u>0.45</u>	<u>0.45</u>			
<b>EQUITY SHARE PREMIUM</b>	896.00	0.00			
<b>SUB TOTAL</b>	<u>896.00</u>	<u>0.00</u>			
<b>Profit &amp; Loss A/C.</b>					
Opening Balance	1279.66	1140.55			
Add: Profit during the year	75.42	171.92			
Less : Provision for Dividend on Equity share & Tax	0.00	35.22			
Add: Opening Balance of Subsidiary Dhanesh Fabrics Pvt. Ltd.	0.00	2.41			
<b>SUB TOTAL</b>	<u>1355.08</u>	<u>1279.66</u>			
<b>TOTAL</b>	<u>2344.09</u>	<u>1372.67</u>			

## SCHEDULE "E" CONSOLIDATED FIXED ASSETS

(Rs.in Lacs)

Name of the Assets	Gross Block at Cost				Depreciation				Net Block	
	As at 01-04-2008	Addition dur- ing the year	Sold during the year	Total as at 31-03-2009	Upto 31-03-2008	Provided for the year	Adjusted dur- ing the year	Upto 31-03-2009	As at 31-03-2009	As at 31-03-2008
1. Land	122.36	98.53	0.00	220.89	0.00	0.00	0.00	0.00	220.89	122.36
2. Building	419.40	0.00	0.00	419.40	143.49	13.91	0.00	157.40	262.00	275.91
3. Plant & Machinery	2370.67	750.39	33.80	3087.26	1047.60	221.89	32.58	1236.91	1850.35	1323.07
4. Electrical Installation	100.86	0.00	0.00	100.86	46.30	4.79	0.00	51.09	49.77	54.56
5. Pipe Fitting	34.63	0.00	0.00	34.63	10.18	3.58	0.00	13.76	20.87	24.45
6. Furniture & Fixture	104.57	0.00	0.00	104.57	32.43	6.60	0.00	39.03	65.54	72.14
7. Laboratory Equipment	21.36	1.75	0.00	23.11	4.89	1.06	0.00	5.95	17.16	16.47
8. Office Equipment	7.09	0.00	0.00	7.09	3.15	0.33	0.00	3.48	3.61	3.94
9. Air Conditioner	8.73	0.00	0.00	8.73	3.45	0.41	0.00	3.86	4.87	5.28
10. Computer	33.13	0.87	0.00	34.00	28.56	3.85	0.00	32.41	1.49	4.57
11. Motor Vehicle	62.54	0.00	0.00	62.54	21.15	5.94	0.00	27.09	35.45	41.39
12. Misc. Fixed Assets	25.31	3.71	0.00	29.02	4.95	1.21	0.00	6.16	22.86	20.36
13. Leased Steam Boiler & Thermopac	1.02	0.00	1.02	0.00	0.00	0.00	0.00	0.00	0.00	1.02
<b>SUB-TOTAL</b>	<b>3311.67</b>	<b>855.25</b>	<b>34.82</b>	<b>4132.10</b>	<b>1346.15</b>	<b>263.57</b>	<b>32.58</b>	<b>1577.14</b>	<b>2554.96</b>	<b>1965.52</b>
<b>Wind Power Division</b>										
1. Land	10.00	0.00	0.00	10.00	0.00	0.00	0.00	0.00	10.00	10.00
2. Plant And Machinery	1521.00	0.00	0.00	1521.00	421.09	157.27	0.00	578.36	942.64	1099.91
<b>Sub Total</b>	<b>1531.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1531.00</b>	<b>421.09</b>	<b>157.27</b>	<b>0.00</b>	<b>578.36</b>	<b>952.64</b>	<b>1109.91</b>
<b>TOTAL</b>	<b>4842.67</b>	<b>855.25</b>	<b>34.82</b>	<b>5663.10</b>	<b>1767.24</b>	<b>420.84</b>	<b>32.58</b>	<b>2155.50</b>	<b>3507.60</b>	<b>3075.43</b>
<b>PREVIOUS YEAR</b>	<b>4242.64</b>	<b>687.82</b>	<b>87.79</b>	<b>4842.67</b>	<b>1496.70</b>	<b>349.17</b>	<b>78.63</b>	<b>1767.24</b>	<b>3075.43</b>	

# CONSOLIDATED FINANCIAL STATEMENTS

## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

(Rs. in Lacs)

PARTICULARS	AS AT 31-03-2009	AS AT 31-03-2008	PARTICULARS	AS AT 31-03-2009	AS AT 31-03-2008
<b>SCHEDULE "F"</b>			<b>SCHEDULE "H"</b>		
<b>INVESTMENT</b>			<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>UNQUOTED (AT COST)</b>			SUNDRY CREDITORS	904.30	480.74
2999 Equity Shares of Western Chlorides & Chemicals Pvt. Ltd. (subsidiary Company) @ Rs.2170/- per share, face value Rs. 100/- each.	62.08	62.08	ADVANCE RECEIVED FROM CUSTOMERS	6.12	3.04
			OTHER LIABILITIES	53.66	49.95
			OUTSTANDING EXPENSES	9.94	11.20
			<b>SUB TOTAL</b>	<b>974.02</b>	<b>544.93</b>
			<b>PROVISION :</b>		
			INCOME TAX PROVISION	150.74	208.95
			FRINGE BENEFIT TAX PROVISION	1.54	2.48
			PROVISIONS FOR DIVIDEND	0.00	30.10
			PROVISIONS FOR TAX ON DIVIDEND	0.00	5.12
			<b>SUB TOTAL</b>	<b>152.28</b>	<b>246.65</b>
<b>TOTAL</b>	<b>62.08</b>	<b>62.08</b>	<b>TOTAL</b>	<b>1126.30</b>	<b>791.58</b>
<b>SCHEDULE "G"</b>			<b>SCHEDULE "I"</b>		
<b>CURRENT ASSETS, LOANS &amp; ADVANCES.</b>			<b>Miscellaneous Expenditure</b>		
<b>INVENTORIES</b>			(To the extent of not written off / adjusted)		
(At lower of cost or Realisable value )			Preliminary Expenses	0.10	0.10
(As certified by Managing Director)			LESS 1/5 TH WRITTEN OFF	0.02	0.00
YARN, CLOTH & W .I. P.	556.21	485.77	<b>TOTAL</b>	<b>0.08</b>	<b>0.10</b>
DYES & CHEMICALS	55.32	55.86			
FURNACE OIL	0.00	0.38	<b>SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT &amp; LOSS ACCOUNT</b>		
COAL	1.94	1.69	(Rs. in Lacs)		
PACKING MATERIAL	4.77	4.36	<b>PARTICULARS</b>	<b>FOR THE YEAR ENDED 31-03-2009</b>	<b>FOR THE YEAR ENDED 31-03-2008</b>
DIESEL	0.27	0.35	<b>SCHEDULE "J"</b>		
STORES & SPARES	17.14	18.50	<b>SALES &amp; PROCESSING CHARGES</b>		
STOCK OF POWER	6.04	2.32	PROCESSING CHARGES (FABRIC)	1464.01	1792.27
<b>SUB TOTAL</b>	<b>641.69</b>	<b>569.23</b>	PROCESSING CHARGES (YARN)	199.52	200.79
<b>SUNDRY DEBTORS</b>			FABRIC SALES	3110.37	2441.06
(Unsecured, Considered good)			YARN SALES	44.65	65.01
FOR MORE THAN SIX MONTHS	119.14	88.65	POWER SALES	212.33	119.04
OTHERS	775.26	630.38	JOB WORK CHARGES	0.00	0.01
<b>SUB TOTAL</b>	<b>894.40</b>	<b>719.03</b>	GARMENT EXPORT	0.00	26.99
<b>CASH &amp; BANK BALANCES</b>			DUTY DRAW BACK	0.00	1.93
CASH BALANCES	7.60	8.35	<b>TOTAL</b>	<b>5030.88</b>	<b>4647.10</b>
BALANCE WITH SCHEDULE BANKS	20.41	34.32	<b>SCHEDULE "K"</b>		
FIXED DEPOSITS WITH BANK	20.29	29.51	<b>OTHER INCOME</b>		
<b>SUB TOTAL</b>	<b>48.30</b>	<b>72.18</b>	INTEREST INCOME	23.28	21.12
<b>LOANS, ADVANCES &amp; DEPOSITS</b>			LEASE CHARGES RECEIVED	0.60	0.60
ADVANCES TO SUPPLIERS	115.48	44.47	PROFIT ON SALE OF MACHINERY	8.53	2.33
ADVANCES TO STAFF	1.42	1.02	PROFIT OF SHARE TRADING	0.00	5.36
PREPAID EXPENSES	4.47	4.27	SUNDRY BALANCES WRITTEN OFF	2.05	0.11
SUNDRY DEPOSITS & ADVANCES	514.78	740.72	MISC. INCOME	0.76	0.00
<b>SUB TOTAL</b>	<b>636.15</b>	<b>790.48</b>	<b>TOTAL</b>	<b>35.22</b>	<b>29.52</b>
<b>TOTAL</b>	<b>2220.54</b>	<b>2150.92</b>	<b>SCHEDULE "L"</b>		
			<b>INCREASE / (DECREASE) IN STOCK</b>		
			<b>OPENING STOCK</b>		
			YARN	47.16	48.21
			FABRICS	393.48	572.31
			WORK IN PROGRESS	45.13	45.25
			POWER	2.32	2.43
			<b>SUB TOTAL</b>	<b>488.09</b>	<b>668.20</b>
			<b>LESS: CLOSING STOCK</b>		
			YARN	30.88	47.16
			FABRICS	490.22	393.48
			WORK IN PROGRESS	35.11	45.13
			POWER	6.04	2.32
			<b>SUB TOTAL</b>	<b>562.25</b>	<b>488.09</b>
			<b>TOTAL</b>	<b>74.16</b>	<b>(180.11)</b>

# CONSOLIDATED FINANCIAL STATEMENTS

## SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT

(Rs. in Lacs)

PARTICULARS	FOR THE YEAR ENDED 31-03-2009	FOR THE YEAR ENDED 31-03-2008	PARTICULARS	FOR THE YEAR ENDED 31-03-2009	FOR THE YEAR ENDED 31-03-2008
<b>SCHEDULE "M"</b>			<b>SCHEDULE "P"</b>		
<b>PURCHASES</b>			<b>ADMINISTRATIVE EXPENSES</b>		
YARN (MFG. DIV.)	2.94	57.44	SALARY, BONUS AND OTHERS (Incl. P.F. and E.S.I. contribution)	127.01	119.89
YARN (YARN DIV.)	23.48	42.67	RENT, RATES & TAXES	2.58	2.38
FABRICS	2766.92	1710.11	TRAVELLING EXPENSES	3.14	6.85
			POSTAGE & TELEGRAPH	0.59	0.99
<b>TOTAL :</b>	<b>2793.34</b>	<b>1810.22</b>	LEGAL & PROFESSIONAL FEES	4.71	4.25
			PRINTING & STATIONERY	5.25	8.97
<b>SCHEDULE "N"</b>			ADVERTISING	0.50	1.13
<b>RAW MATERIAL CONSUMED</b>			CONVEYANCE	2.97	3.66
DYES & CHEMICALS	529.12	657.79			
PACKING MATERIAL	17.74	30.86	STAMP DUTY & REGISTRATION FEES	0.00	0.95
DIESEL	7.50	9.95	GENERAL EXPENSES	2.66	1.98
COAL	293.89	359.76	LISTING FEES	0.15	0.15
STORES & SPARES	48.74	73.76	BANK CHARGES	1.17	3.61
			VEHICLE EXPENSES	4.03	4.75
<b>TOTAL</b>	<b>896.99</b>	<b>1132.12</b>	SALES PROMOTION	0.07	3.22
			COMMISSION & BROKERAGE	6.24	31.87
<b>SCHEDULE "O"</b>			TRUNK & TELEPHONE CHARGES	5.02	7.71
<b>MANUFACTURING EXPENSES</b>			STAFF WELFARE	1.67	2.05
JOB WORK CHARGES PAID	106.62	53.94	GRATUITY FUND CONTRIBUTION	2.15	1.42
ELECTRICITY CHARGES	149.15	189.83	AUDITORS REMUNERATION		
WATER EXPENSES	109.45	155.64	AUDIT FEES	0.70	0.60
REPAIRS & MAINTENANCES	37.57	24.61	INTERNAL AUDIT FEES	0.77	0.79
LABOUR WELFARE EXPENSES	0.02	0.02	MEDICAL EXPENSES	0.17	0.31
LABOUR CHARGES	76.32	107.20	LIC KEYMAN INSURANCE	16.29	16.29
FREIGHT & FORWARDING EXPENSES	9.94	14.94	DIRECTORS' REMUNERATION	13.44	13.40
LABORATORY EXPENSES	0.63	0.91	SITTING FEES	0.64	0.60
INSURANCE	5.40	7.93	LOSS ON SALE OF MOTOR CAR	0.00	4.33
PROPERTY TAX	4.74	4.74	PREFERNCIAL SHARE ALLOTMENT EXPENSES	0.56	0.00
CONTRIBUTION TO HAZARDOUS WASTE	0.38	0.32	<b>TOTAL</b>	<b>202.48</b>	<b>242.15</b>
SAMPLE EXPENSES	0.33	3.45			
WAGES	0.06	0.30	<b>SCHEDULE "Q"</b>		
ANALYSIS CHARGES	0.73	0.70	<b>FINANCIAL EXPENSES</b>		
<b>TOTAL</b>	<b>501.34</b>	<b>564.53</b>	BANK INTEREST - CASH CREDIT	7.85	11.03
			INTEREST ON TERM LOAN(NETOFTUF)	115.40	121.44
			INTEREST ON CAR LOAN	0.00	0.03
			<b>TOTAL</b>	<b>123.25</b>	<b>132.50</b>

# CONSOLIDATED FINANCIAL STATEMENTS

## SCHEDULE ATTACHED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT:

### SCHEDULE "R"

#### SIGNIFICANT ACCOUNTING POLICES AND NOTES TO ACCOUNT

##### 1. SIGNIFICANT ACCOUNTING POLICIES :

- The Consolidated Financial Statements have been prepared in accordance with the Accounting Standard-21 on 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India.
- The Consolidated Financial Statements relate to Dhanlaxmi Fabrics Ltd. (the Company) and its wholly owned subsidiaries incorporated in India Western Chlorides & Chemicals Pvt. Ltd. Dhanesh Fabrics Pvt. Ltd. and DFL Fabrics Pvt. Ltd. (the subsidiaries).
- Consolidation Procedures  
For preparation of Consolidated Financial Statements, the Financial Statements of the company and its subsidiaries have been combined on a line by line basis by adding together like items of Assets, Liabilities, Income & Expenses.
- Consolidated Financial Statements have been prepared using uniform Accounting Policies, in accordance with generally accepted Accounting Principles.
- Other Significant accounting policies :-  
These are set out in the significant Accounting Policies and notes to account of the Company and its subsidiaries.

##### 2. CONTINGENT LIABILITIES:

In the opinion of Board of Directors the "Current Assets, Loans & Advances" have a value, on realisation in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.

##### 3. ADDITIONAL INFORMATION :

CAPACITY & PRODUCTION	2008-2009	2007-2008
a. Licensed Capacity	N.A.	N.A.
b. Installed Capacity		
Processing Capacity		
Fabrics	30 Lacs Kgs. or 180 Lacs Mtr p.a.	30 Lacs Kgs. or 180 Lacs Mtr p.a.
Yarn	6.80 Lac Kgs. p.a.	6.80 Lac Kgs. p.a.
c. Actual Production		
COTTON & MMF	151.40 Lacs Mtrs.	179.72 Lacs Mtrs.
HOSIERY FABRICS	0.25 Lacs Kgs. i.e. equivalent to 153.15 Lacs Mtrs. or 19.84 Lac Kgs.	0.13 Lacs Kgs. i.e. equivalent to 180.62 Lacs Mtrs. or 23.83 Lac Kgs.
Yarn	3.25 Lac Kgs.	3.33 Lac Kgs.

##### 4. DEFERRED TAX :

- The **Deferred Tax Liability** as on 31<sup>st</sup> March, 2009, is as under...

	(Rs. in Lacs)
Deferred Tax Liability as on 01-04-2008	659.69
Add : Deferred Tax Liability for the year	71.12
(Difference between book and tax depreciation)	
Net Deferred Tax Liability	730.81

The Deferred Tax balances have arisen principally on account of timing difference between the depreciation admissible under the Income Tax Act, 1961 and depreciation adjusted in account. Though adjustment has been made in terms of Accounting Standard 22, having regard to the normal capital expenditure which the Company is expected to continue to make in future years, the timing difference not effectively reversed and to cash outgo likely to materialize on account thereof.

##### 5. Related Party Disclosures as required by the Accounting Standard 18 "Related Party Disclosures" are given below : k

- List of related parties with whom the company entered into transaction during the year in the ordinary course of business.

##### Associate Companies :

Dhanlaxmi Cotex Ltd.  
Sohanlal Jhawar Export Fabrics Pvt. Ltd.  
Sohanlal Jhawar Family Trust.  
Dhanlaxmi Export Fabrics Pvt. Ltd.  
Promotex Impex Pvt. Ltd.  
M.R. Share Broking Pvt. Ltd.  
V.R.M. Share Broking Pvt. Ltd.

##### Key Management Personnel and Relatives.

Shri Vinod S. Jhawar (Rs. in Lacs)

##### Transaction with Related Parties :

Nature of Transaction	Assoc- iates	Key Management Personnel	Total
1. Sales & Other Income	0.05	-	0.05
2. Purchase	0.10	-	0.10
3. Share Trading	-	-	-
4. Expenditure on service Rent	-	-	-
5. Outstanding balances as on 31.03.08	-	-	-
Receiveables	0.05	-	0.05
Payables	0.10	-	0.10
6. Managerial Remuneration	-	13.44	13.44

Signature to Schedules "A" to "R"

As per our report of even date attached

For and on behalf of the Board

**For S.G. Kabra & Co.**  
Chartered Accountants

**Ramautar S. Jhawar**  
Chairman

**S.G. Kabra**  
Partner  
M. No. 38867

**Vinod S. Jhawar**  
Managing Director

Place : Mumbai  
Date : 31<sup>st</sup> July 2009

**Mahesh S. Jhawar**  
Director

# CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2009 (Pursuant to clause 32 of the listing agreement)

(Rs. in Lacs)

	FOR THE YEAR ENDED 31-03-2009	FOR THE YEAR ENDED 31-03-2008
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net profit before tax and extraordinary items	170.00	265.82
Adjustment for:		
Depreciation	420.84	349.17
Loss on Sale of Assets	0.00	4.33
Interest paid	123.25	132.50
Other Income Received	(35.22)	(29.52)
	508.87	456.48
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>678.87</b>	<b>722.30</b>
Adjustment for:		
Trade & Other Receivables	(21.04)	(31.50)
Inventories	(72.46)	220.22
Trade Payable	334.72	78.68
	241.22	267.40
<b>CASH FLOW FROM OPERATIONS</b>	<b>920.09</b>	<b>989.70</b>
Interest Paid	(123.25)	(132.50)
Direct Tax Paid	(23.46)	(56.37)
	(146.71)	(188.87)
<b>Net Cash Flow From Operating Activities (A)</b>	<b>773.38</b>	<b>800.83</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(1,449.05)	(687.81)
Sales of Fixed Assets	2.26	4.82
Other Income Received	35.22	29.52
Investment		
	(1411.57)	(653.47)
<b>Net Cash used in Investing Activities (B)</b>	<b>(1411.57)</b>	<b>(653.47)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Equity & Reserve of New Subsidiary (Dhanesh Fabrics Pvt. Ltd.)	0.00	2.41
Proceeds from long term borrowings	67.71	205.00
Repayment of Finance/lease liabilities	(605.40)	(366.92)
Dividend paid	0.00	(35.23)
Increase in Share Capital	256.00	0.00
Share Premium Received	896.00	
	614.31	(194.74)
<b>Net cash used in financing Activities (C)</b>	<b>614.31</b>	<b>(194.74)</b>
<b>Net Increase in Cash &amp; Cash equivalent (A+B+C)</b>	<b>(23.88)</b>	<b>(47.38)</b>
Cash & Cash Equivalent (Opening Balance)	72.18	119.56
Cash & Cash Equivalent (Closing Balance)	48.30	72.18
	(23.88)	(47.38)

As per our report of even date attached,

For S. G. Kabra & Co.  
Chartered Accountants

S. G. Kabra  
Partner  
M. No. 38867

Place : Mumbai  
Date : 31<sup>st</sup> July, 2009

For and on behalf of the Board,

Ramautar S. Jhawar  
Chairman

Vinod S. Jhawar  
Managing Director

Mahesh S. Jhawar  
Director

## DHANLAXMI FABRICS LIMITED

Registered Office : Manpada Road, Bhopar Village, Dombivli (E), Thane -421 204. (Maharashtra)

### PROXY

I/We .....  
.....  
district of ..... being a member/members  
of the above named company hereby appoint .....  
..... of ..... in the district  
of ..... or failing him  
..... of  
of ..... as my/ our proxy  
to attend and vote for me / us and on my/ our behalf at the 17<sup>th</sup> Annual Genereal Meeting of the the company to be held on  
Saturday 19<sup>th</sup> September, 2009 at Manpada Road, Bhopar Village, Dombivli (E), Thane -421 204 (Maharashtra)  
at 1.00 p.m. and at any adjournment thereof.

Signed this ..... day of ..... 2009.

Signed by the said .....

Reg. Folio No. .... No. of Share Held .....

Client I.D. .... D. P. I. D. No. ....

Note : The Companies Acts, 1956 lays down that an instrument appointing a proxy shall be deposited at the Registered  
Office the Company not less than FORTY EIGHT hours before the time for holding the meeting.

Affix  
One  
Rupee  
Revenue  
Stamp

## DHANLAXMI FABRICS LIMITED

Registered Office : Manpada Road, Bhopar Village, Dombivli (E), Thane 421 204. (Maharashtra)

### ATTENDANCE SLIP

I hereby record my presence at the 17<sup>th</sup> Annual General Meeting of the Company held on Saturday 19<sup>th</sup> September  
2009 at Manpada Road, Bhopar Village, Dombivli (E), Thane -421 204 (Maharashtra) at 1.00 p.m.

Name of the Shareholder(s) .....

Name of the Proxy or Company Representative (In Block Letters) .....

Reg. Folio No. .... No. of Share held .....

Client I.D. .... D. P. I. D. No. ....

Signature of the Shareholder(s) or

Proxy or Company Representative .....

Note : 1. A proxy attending on behalf of a Shareholder(s) should please write the name of the Shareholder(s) for whom he holds proxy.  
2. Members are requested to bring their copy of the Annual Report with them to the Meeting as additional  
copies of the same will not be made available at the Meeting.

**BOOK-POST**

If undelivered please return to :

**DHANLAXMI FABRICS LIMITED**

Bhopar Village, Manpada Road,  
Dombivli (East) - 421 204.  
Dist. Thane, Maharashtra.