

PBM POLYTEX LIMITED
91ST ANNUAL REPORT (2009-2010)

BOARD OF DIRECTORS	Shri Krishan Kumar Patodia Shri Hariprasad Siotia Shri Gopal Patodia Shri Mohankumar Patodia Shri Brijbhushanlal Kabra Shri Dharam Paul Shri Jugalkishore Todi	Chairman Managing Director Managing Director
REGISTERED OFFICE	Opposite Railway Station, Petlad-388450 Dist. Anand, Gujarat	
MUMBAI OFFICE	12 th Floor, Raheja Chambers, 213, Nariman Point, Mumbai – 400 021	
CORPORATE OFFICE	8 th Floor “Ramakrishna Chambers” Productivity Road, Alkapuri, Vadodara 390 007	
MILLS	(1) Opposite Railway Station, Petlad 388450 Dist. Anand, Gujarat. (2) Plot No. 16 to 19 Sector ‘B’ AKVN Industrial Area, Kheritaigaon, Borgaon, Dist. Chhindwara (MP) (3) Wind Power Generation Projects at (i) Vill: Suthari, Revenue Survey No. 870/p, Abdasa Taluka, Dist. Kutch (Gujarat) (ii) Vill: Okha Madhi, Survey No. 24 Part, Taluka Dwarka, District Jamnagar (Gujarat) (iii) Vill: Methan Survey No. 284, Taluka Jamjodhpur, Dist. Jamnagar (Gujarat) (iv) Vill: Methan Survey No. 284/3 paiki, Taluka Jamjodhpur, Dist. Jamnagar (Gujarat)	
BANKERS	State Bank of India IDBI Bank Limited	
AUDITORS	M/s. Mahendra N. Shah & Co. (FRN 105775W) Chartered Accountants, 3 rd Floor, ‘E’ Block, Capital Commercial Centre, Ashram Road, Ahmedabad 380009	
SHARE TRANSFER REGISTRAR	M/s. Sharepro Services (India) Pvt. Ltd. 416-420, 4 th Floor Devnandan Mall, Opp Sanyas Ashram, Ellisbridge, AHMEDABAD – 380 006.	

NOTICE TO SHAREHOLDERS

NOTICE is, hereby, given that the 91st Annual General Meeting of the Members of the Company will be held at the Registered Office of the Company at Opposite Railway Station, Petlad 388450 on Saturday the 25th day of September 2010 at 11.00 A.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report, Auditors' Report and Audited Balance Sheet as at 31st March 2010 and Profit and Loss Account for the year ended on that date.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Shri Mohan Kumar Patodia who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Hariprasad Siotia who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Shri Dharam Paul who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint Auditors for the year 2010-2011 and to fix their remuneration.

SPECIAL BUSINESS

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

7. "RESOLVED THAT pursuant to the provisions of Sections 198, 269 and 309 and other applicable provisions, if any, of the Companies Act 1956, the company hereby approves the revision in the remuneration payable to Shri Gopal Patodia a Managing Director of the Company for the remaining period of his service i.e. from 01.10.2010 to 31.03.2012 as permissible under Part II Section II(B) of Schedule XIII of the Companies Act and as sanctioned by the Remuneration Committee and approved by the Board of Directors of the Company and as contained in the draft of the agreement placed before the meeting and initialed by the Chairman for identification with power to the Board of Directors to make alteration in the same within the permissible limits in such manner as the Board in their discretion deem fit and as acceptable to Shri Gopal Patodia."

"FURTHER RESOLVED that the Board of Directors are, hereby, authorized to enter into the said agreement with such modifications or amendments as the Board may think fit."

8. "RESOLVED THAT pursuant to the provisions of Sections 198, 269 and 309 and other applicable provisions, if any, of the Companies Act 1956, the company hereby approves the revision in the remuneration payable to Shri Mohan Kumar Patodia a Managing Director of the Company for the remaining period of his service i.e. from 01.10.2010 to 31.03.2012 as permissible under Part II Section II(B) of Schedule XIII of the Companies Act and as sanctioned by the Remuneration Committee and approved by the Board of Directors of the Company and as contained in the draft of the agreement placed before the meeting and initialed by the Chairman for identification with power to the Board of Directors to make alteration in the same within the permissible limits in such manner as the Board in their discretion deem fit and as acceptable to Shri Mohan Kumar Patodia."

“FURTHER RESOLVED that the Board of Directors are, hereby, authorized to enter into the said agreement with such modifications or amendments as the Board may think fit.”

9. “RESOLVED THAT pursuant to Section 314(1B) of the Companies Act, 1956 and Director’s Relatives (Office or Place of Profit) Rules, 2003 and as approved by the Remuneration Committee and the Board of Directors, the company, hereby, accords consent, subject to the approval of the Central Government, for revision in remuneration payable to the Senior President Shri Amit Patodia, a relative of the Managing Director of the company at monthly remuneration in the scale of Rs.,. 60,000 – Rs.5,000 – Rs.1,00,000 with effect from 01.10.2010 together with the usual allowances and benefits, amenities and facilities including Superannuation Fund, Gratuity Fund, Provident Fund, as applicable to other employees occupying similar post or posts within the same salary scale so that the total remuneration and perks shall not exceed Rs.2,00,000/- per month or Rs.24,00,000/- per annum, with authority to the Board of Directors to bifurcate the above referred remuneration and perks within the aforesaid limit.”

“RESOLVED FURTHER THAT the remuneration payable to Shri Amit Patodia as aforesaid, will be subject to such modifications as the Central Government may suggest or require which the Directors are, hereby, authorized to accept on behalf of the company and which may be acceptable to Shri Amit Patodia.”

“RESOLVED FURTHER THAT so long as the requisite permission of the Central Government is not received, Shri Amit Patodia shall continue to be paid by way of remuneration and perks a sum of money not exceeding Rs.1,00,000 per month.”

By Order of the Board,

Place : Petlad
Date : 27th July 2010

GOPAL PATODIA
Managing Director

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE VALID MUST BE RECEIVED BY THE COMPANY, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of the Members and Share Transfer Books of the Company will remain closed from 18th September 2010 to 25th September 2010 (both days inclusive).
3. Members are informed that the company’s equity shares are compulsorily traded in demat form for all investors, effective from 1st April 2002. Members may open Depository Account in their names with a Depository Participant to dematerialize their holdings.

4. Pursuant to Section 205A(5) of the Companies Act 1956 as amended, dividend for the financial years ended 31st March of 1996 to 2002, which remained unpaid or unclaimed for the period of 7 (Seven) years, have been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. Such dividend stands forfeited by the Government as per rules. Dividend for the year ended 31st March 2003, if remains unclaimed or unpaid upto 15th September 2010 will be transferred to IEPF. However, the unpaid dividend for the years prior to 1996 can be claimed by the shareholders by submitting application to the Registrar of Companies, Ahmedabad.
5. Members are requested to inform immediately any change in their address to the Company's Share Transfer Registrar.
6. Members can avail of the nomination facility by filing Form No.2B with the Company. Blank forms will be supplied on request.
7. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the company.
8. Details of Directors retiring by rotation and seeking re-appointment are given hereinbelow.
9. Copies of the draft agreements to be entered into between the company's Managing Directors Shri Gopal Patodia and Shri Mohan Kumar Patodia and the Senior President Shri Amit Patodia are open for inspection at the Registered office on all working days during business hours.
10. Explanatory Statement pursuant to Section 173(2) in respect of special business at item Nos. 7, 8 & 9 is appended herewith.

By Order of the Board,

Place : Petlad
Date : 27th July 2010

GOPAL PATODIA
Managing Director

**Details of Directors retiring by rotation and seeking re-appointment
(In pursuance of Clause 49 of the Listing Agreement)**

Name of Director	Shri Mohan Kumar Patodia	Shri Hariprasad Siotia	Shri Dharam Paul
Date of Birth	10 th June 1948	3 rd May 1934	6 th June 1944
Date of Appointment	9 th August 1980	9 th August 1980	28 th September 1984
Qualifications	B. Com	B. Com.	B.Sc.(Textiles) Hons. M.B.A.
Expertise in specific functional area	38 years experience in marketing of cotton yarn and other textile products and handling income tax, sales tax and excise matters	Rich experience of above five decades in the field of cotton and yarn trading and manufacturing activity of cotton spinning.	40 years experience in Textile management.
Directorship of other Companies	Eurospin Industries Ltd. Sambhu Investments Pvt Ltd Yafa Marketing Pvt. Ltd. B.P. Fabcot Pvt. Ltd. Maharashtra Fibre & Syntex Ltd Star Silk Exports Pvt. Ltd.	Patodia Syntex Ltd. Mercury Gems Pvt.Ltd. Eurotex Industries & Exports Ltd. Eurospin Industries Ltd. Shree Janardana Mills Pvt.Ltd. Patodia Company Pvt. Ltd.	Eurotex Industries & Exports Ltd.
Chairman/Member of Committees* of the Board of Companies of which he is a Director	--	Chairman –Shareholders / Investors Grievance Committee Member -Audit Committee Member - Remuneration Committee of Eurotex Industries & Exports Ltd.	Chairman Audit Committee & Remuneration Committee of Eurotex Industries & Exports Ltd.

- (iii) All medical expenses incurred in India or abroad by the Managing Directors for self and their family shall be reimbursed.
- (iv) Leave Travel Concession for the Managing Directors and their family will be allowed once in a year.
- (v) Fees of Clubs : Subject to maximum of two clubs. This will not include admission and life membership fees.
- (vi) Personal Accident Insurance and Mediclaim Insurance for the Managing Directors and their family, total Premium for which shall not exceed Rs.40,000/- p.a.
- (vii) Contribution to Provident Fund and Contribution to Superannuation Fund: Contribution to Provident Fund & Contribution to Superannuation Fund or Annuity Fund not exceeding in total 25% of the salary of the Managing Directors.
- (viii) Gratuity: At the rate of one month's salary for each completed year of service.
- (ix) Provision of Car with driver for use on Company's business and also for personal use and telephone at the residence of Managing Directors.
- (x) Privilege Leave Encashment: As per Company's Rules.
- (xi) Subject to the statutory ceiling(s) as laid down in Part II, Section II(B), of Schedule XIII, being Rs.3,50,000/- per month to each of them, the Managing Directors may be given any other allowances, perquisites, benefits and facilities to each of them within the aforesaid limit as the Board of Directors from time to time may decide.
- (e) Minimum Remuneration: Both the Managing Directors shall be paid the remuneration as stated above as minimum remuneration, in the event of inadequacy of profit subject to the ceiling of minimum remuneration as stated in Part II, Section II(B) of Schedule XIII of the Companies Act 1956 with such modifications as may be made therein from time to time, being in force.
- (f) The above information may please be considered as an extract under section 302(2) of the Companies Act 1956.

The Govt. of India, Ministry of Law, Justice and Company Affairs has issued Notification No. G.S.R. 36 (E) dated 16th January 2002 amending the provisions of Schedule XIII, Part II, Section II(B) of the Companies Act, according to which if in any financial year, during the currency of the tenure of the managerial person, a Company has no profit or its profits are inadequate, it may pay remuneration to a managerial person by way of Salary, Dearness Allowance, Perquisites and any other allowance as per Part II, Section II(B) being Rs.3,50,000/- per month, without prior approval of the Central Government.

The following conditions as required under the above Notification, have also been fulfilled by the company.

- (a) The Remuneration Committee has approved the revision in remuneration payable to Shri Gopal Patodia and Shri Mohan Kumar Patodia, the Managing Directors of the company for the remaining period of their service from 01.10.2010 to 31.03.2012 at their meeting held on 27th July 2010.
- (b) The company has not made any default in its Loan obligations.

- (c) The Special Resolutions as needed by the aforesaid notification are proposed for approval by the shareholders.
- (d) The other information and details as required by the aforesaid notification No. G.S.R. 36 (E) dated 16th January 2002 issued by Government of India under the provisions of Schedule XIII of the Companies Act 1956, are given hereunder.

I. General Information:

(1) *Nature of Industry:*

The company is having two yarn spinning units one at Petlad, Dist. Anand (Gujarat) and another at Borgoan, Dist. Chhindwara, (Madhya Pradesh) and manufactures cotton yarn at the said units and substantially exports its products. The company has also set up four windmills where generation of electricity has started since the year 2007.

(2) *Date or expected date of commencement of commercial production:*

Company's all the units are already in production.

(3) *In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.*

N.A.

(4) *Financial performance based on given indicators.*

Company's first unit set up in Petlad, Dist. Anand, Gujarat, started commercial production in the year 1922 and was taken over by the present management in the year 1978. The other unit set up at Borgoan, Dist. Chhindwara, Madhya Pradesh commenced its production in the year 1992. Four Windmills have also been set up in the years 2006-07 and 2007-08. The company is earning profits and has paid dividend continuously since 1985-86 except for the years 2007-08 & 2008-09. The company's financial performance is given hereunder:

	Rs. in Lacs			
Year	2006-07	2007-08	2008-09	2009-10
Capital	813	813	813	813
Free Reserves	4050	3834	3849	4079
Effective Capital	8226	8467	8344	8339
Exports	4747	4847	6722	5955
Total Sales & Other Income	12808	13120	14136	15259
Profit Before Depreciation & Tax	1357	860	836	1326
Profit Before Tax	804	4	-34	476
Profit (Loss) After Tax	658	(76)	(1)	376

II. Information about the appointees:

A. Shri Gopal Patodia

1) Background details:

Shri Gopal Patodia is B.Sc, B.Tech (Chemical), having a rich and varied experience in the Textile Industry of more than 40 years. He holds matured experience in all the fields including selection of raw material, purchases, manufacturing, administration, finance, management and marketing. The company has fared very well under his supervision and administration.

2) *Past remuneration:*

During the Financial Year 2009-10, Shri Gopal Patodia was paid the following remuneration (in Rupees):

Salary	Perquisites	Retirement Benefit	Total
2280000	906273	655360	3841633

3) *Job Profile and his suitability:*

As the Managing Director of the company, Shri Gopal Patodia has overall managerial responsibilities and with his rich experience of more than 40 years of management at top levels in the Textile Industry, he is well suited for the post. He has been handling and monitoring all the activities of the company including mill management, finance, administration, purchases and marketing, He has been the guiding force resulting in the good performance of the company both in exports as well as in domestic market. In view of his increased responsibilities and working requirements the remuneration recommended is fair and justified.

4) Remuneration proposed has already been given in detail in Explanatory Statement appended to the Notice of the meeting.

5) *Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)*

The Remuneration Committee and the Board of Directors of the company have recognized the profile and rich, diversified experience in the industry of Shri Gopal Patodia. His remuneration is comparable and in level with similar job in Textile Industry. His abilities have stood to the test of time of crisis in Textile Industry.

6) *Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.*

The company had not entered into any transaction of a material nature with any of the related parties which were in conflict with the interest of the company. Further, all transactions with the Related Parties were in the ordinary course of business and at arms length basis. Shri K. K. Patodia and Shri Mohankumar Patodia, the other Directors of the company are related to Shri Gopal Patodia.

B. Shri Mohan Kumar Patodia

1) *Background details:*

Shri Mohan Kumar Patodia is B.Com. and Textile Technocrat, having a matured and varied experience in the Textile Industry of more than 38 years . He holds rich experience in the Textile Industry in all the fields including manufacturing activities, administration, management and marketing. The company has fared very well under his supervision and administration.

2) *Past remuneration:*

During the Financial Year 2009-10, Shri Mohan Kumar Patodia was paid the following remuneration (in Rupees):

Salary	Perquisites	Retirement Benefit	Total
1440000	1372927	417360	3230287

3) *Job Profile and his suitability:*

As the Managing Director of the company, Shri Mohan Kumar Patodia has vast managerial responsibilities and with his rich experience of more than 38 years of management at top levels in the Textile Industry, he is well suited for the post. He has been handling and monitoring all the activities of the company including mill management, administration, purchases and marketing, He has been the guiding force resulting in the good performance of the company both in exports as well as in domestic market. In view of his increased responsibilities and working requirements the remuneration recommended is fair and justified.

4) Remuneration proposed has already been given in detail in Explanatory Statement appended to the Notice of the meeting.

5) *Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)*

The Remuneration Committee and the Board of Directors of the company have recognized the profile and rich, diversified experience in the industry of Shri Mohan Kumar Patodia. His remuneration is comparable and in level with similar job in Textile Industry.

6) *Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.*

The company had not entered into any transaction of a material nature with any of the related parties which were in conflict with the interest of the company. Further, all transactions with the Related Parties were in the ordinary course of business and at arms length basis. Shri K. K. Patodia, Shri Gopal Patodia, the other Directors of the company are related to Shri Mohan Kumar Patodia.

III OTHER INFORMATION (applicable for both the Managing Directors):

1) *Reasons of loss or inadequate profits*

Not Applicable

2) *Steps taken or proposed to be taken for improvement*

Not Applicable

3) *Expected increase in productivity and profits in measurable terms.*

As stated in Directors' Report.

IV. DISCLOSURES

1) *The shareholders of the company shall be informed of the remuneration package of the managerial person*

The details are given in the Explanatory Statement u/s 173(2) of Items Nos. 7 and 8

2) *The following disclosures shall be mentioned in the Board of Directors' report under the heading "Corporate Governance", if any, attached to the annual report:-*

(i) *All elements of remuneration package such as salary, benefits, bonuses, stock options, pension etc. of all the directors;*

Shri Gopal Patodia and Shri Mohan Kumar Patodia are the Managing Directors of the company and have been paid a remuneration as prescribed in Schedule XIII and the same has been suitably disclosed.

(ii) *Details of fixed component and performance linked incentive along with the performance criteria.*

Both the Managing Directors are paid by way of fixed component, a minimum remuneration as per Schedule XIII and are sought to be paid commission on net profits only if such commission is in excess of the above referred minimum remuneration.

(iii) *Service contracts, notice period, severance fees;*

There exist Contracts of Services between Shri Gopal Patodia and the company providing three years as tenure of service and between Shri Mohan Kumar Patodia and the company also providing three years as tenure of service.

(iv) *Stock option detail, .if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.*

Not Applicable

S/Shri Krishan Kumar Patodia, Gopal Patodia and Mohankumar Patodia, the Directors of the Company are concerned or interested in the resolutions proposed under items No. 7 and 8 in as much as they are related to each other.

Item No. 9

Shri Amit Patodia, Senior President of the Company, relative of a Director of the company was appointed with effect from 01.10.2006 under Permission No. 12/238/2006-CL.VII dated 27th February 2007 issued by Ministry of Corporate Affairs at total remuneration not exceeding Rs.12,00,000/- per annum as was required under sub-section (1B) of section 314 of the Companies Act 1956 read with Director's Relatives (Office or Place of Profit) Rules, 2003.

Shri Amit Patodia is a qualified textile engineer from United States and possesses organizational capacity and ability for developing the overseas as well as domestic market. He has significantly contributed to the sales promotion and development of export market and has shown exceptional administrative ability. Looking to the present circumstances and the various types of problems the industry as a whole is facing, his responsibilities and duties have considerably increased.

In order to provide adequate incentive to Shri Amit Patodia to continue to contribute all his mite in the development of the business of the company, the Remuneration Committee has recommended to suitably revise the remuneration payable to Shri Amit Patodia who happens to be a relative of a Director of the company and performs function as Senior President of the company. It is proposed to increase his existing remuneration and pay a sum not exceeding Rs.2,00,000 per month by way of remuneration and perquisites with effect from 1st October 2010.

The Board of Directors has also decided to remunerate Shri Amit Patodia as recommended by the Remuneration Committee, subject to the consent of the Ministry of Corporate Affairs.

He shall discharge such functions as are delegated unto him by the Board of Directors and/or Managing Director(s) of the company from time to time.

Under sub-section (1B) of section 314 of the Companies Act 1956 read with Director's Relatives (Office or Place of Profit) Rules, 2003, it is necessary to obtain prior consent of the company by a special resolution and the approval of the Central Government for holding or continue to hold office or place of profit under the company in any such office or place of profit carrying a total monthly remuneration exceeding Rs.50,000/-.

Shri Amit Patodia shall be continued to be paid by way of remuneration and perks an aggregate sum of money not exceeding Rs.1,00,000 per month as earlier sanctioned by Ministry of Corporate Affairs till the necessary approval of the Central Government is received to the proposed elevation in a grade which befits his qualification and experience and provides adequate incentive to continue to render dedicated and loyal services to the company.

Shri Gopal Patodia being relative of the above referred person is concerned or interested in the above resolution.

By Order of the Board,

Place : Petlad
Date : 27th July 2010

GOPAL PATODIA
Managing Director

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 91st Annual Report of the Company with the Audited Statements of Accounts for the year ended 31st March 2010.

FINANCIAL RESULTS:

	(Rs.in lacs)	(Rs.in lacs)
	<u>2009-2010</u>	<u>2008-2009</u>
Gross Profit	1331.90	845.18
Less: Depreciation	856.29	879.33
	<hr/>	<hr/>
Profit (Loss) before Tax	475.61	(34.15)
Less/Add:		
Provision for Current Tax	223.52	0
Fringe Benefit Tax	0	11.49
Deferred Tax Asset	129.99	54.39
	<hr/>	<hr/>
	93.53	42.93
	<hr/>	<hr/>
Profit after taxes	382.08	8.75
Less: Short Provision of earlier years	6.01	9.43
	<hr/>	<hr/>
Profit (Loss) for the year	376.07	(0.68)
Add: Surplus brought forward	675.99	676.67
	<hr/>	<hr/>
Amount available for Appropriation	1052.06	675.99
	<hr/>	<hr/>
Transfer to:		
General Reserve	500.00	--
Proposed Dividend	162.58	--
Corporate Dividend Tax	27.63	--
	<hr/>	<hr/>
	690.21	0
Balance carried to Balance Sheet	361.85	675.99
	<hr/>	<hr/>
	1052.06	675.99
	<hr/>	<hr/>

DIVIDEND

Your Directors recommend a Dividend @ 20 % on the paid up equity share capital of the company for the year ended 31st March 2010.

OPERATIONAL REVIEW

After experiencing great set back in the previous year on account of worldwide recession, the company could achieve satisfactory financial results in the year under review on account of favourable conditions as well as through better planning and by applying cost cutting methods by the Management. The company also succeeded in keeping the power cost low by purchasing electricity from State Electricity Board.

The financial results of the four windmills set up in Gujarat were also satisfactory in the year.

The financial results of the first quarter of the current year are satisfactory.

MODERNIZATION OF MANUFACTURING PLANTS

The company has taken up major modernization programme of its two manufacturing units by installing machines of latest technology by acquiring term loan from IDBI Bank Ltd. This will ensure getting optimum production and also maintaining quality of the product.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (1) in preparing the Annual Accounts, all applicable Accounting Standards have been followed and there are no material departures;
- (2) the accounting policies adopted are consistently followed and the judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the Profit of the Company for the Financial Year under review;
- (3) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing / detecting fraud and other irregularities;
- (4) the Annual Accounts have been prepared on a going concern basis.

INDUSTRIAL RELATIONS

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

ISO CERTIFICATION:

The company strictly adheres to the Quality Management Systems and has accordingly been granted ISO 9001:2008 Licence by the Bureau of Indian Standards.

REGARDING COMPANY SECRETARY

We refer to the remark of the Auditors at Para 4 (ii) of Auditors' Report and Note No.10 of Part II of Schedule XX regarding non-availability of qualified Company Secretary. The Note is self-explanatory. However, the company has retained a practicing company secretary and a certificate has been obtained from him for compliance of all the rules and regulations. The management is also making all efforts to avert non-compliance of the provisions of law in this regard.

DISCLOSURE OF PARTICULARS

In terms of Sub-Section (2A) of Section 217 of the Companies Act 1956 the required particulars are given in Annexure 'A' forming part of this report.

Particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo are given in Annexure 'B' forming part of this report.

Compliance Certificate of the Practising Company Secretary as required under section 383(A) is attached herewith vide Annexure 'C'.

REPORT ON CORPORATE GOVERNANCE AND MANAGERIAL DISCUSSIONS AND ANALYSIS REPORT

A Report on Corporate Governance and Management Discussion and Analysis as required under Clause 49 of the Listing Agreement is attached and forms part of this Report.

INSURANCE

All the properties of the Company including plant and machinery, stocks etc. have been adequately insured. The Company has also taken adequate insurance cover for Loss of Profit and Standing Charges.

DIRECTORS

Shri Mohan Kumar Patodia, Shri Hariprasad Siotia and Shri Dharam Paul retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

AUDITORS

M/s. Mahendra N.Shah & Co., Chartered Accountants, the retiring Auditors have given the certificate pursuant to Section 224(1B) of the Company's Act and as such are eligible for re-appointment. The Board of Directors requests you to re-appoint them for the year 2010-2011 and fix their remuneration.

ACKNOWLEDGEMENTS

All the employees of the company, the bankers and financial institutions extended their full cooperation, support and valuable assistance to the company. Your Directors place on record their thanks for the same.

On Behalf of the Board of Directors,

Place : Vadodara
Date : 27th July 2010

KRISHAN KUMAR PATODIA
Chairman

ANNEXURE 'A' TO THE DIRECTORS' REPORT

PARTICULARS OF EMPLOYEES:

Information required under Section 217(2A) of the Companies Act 1956 for the employees of the Company is as under:

A. Employees who worked throughout the Year and whose remuneration is not less than Rs.24,00,000/- per annum:

Sr. No.	Name	Designation /Nature of Duties	Age [Years]	Remuneration (Rs.)	Qualification	Experience [Years]	Date of Joining	Last Employment/ Designation
1.	Shri Gopal Patodia	Managing Director	64	38,41,633	B.Sc. B.Tech [Chemical]	40	01.04.79	---
2.	Shri Mohan Kumar Patodia	Managing Director	62	32,30,287	B.Com	38	01.08.07	Managing Director Eurospin Industries Limited

B. Employees who worked for a part of the year and whose remuneration during the period is not less than Rs.2,00,000/- P.M.

NIL

Notes :

1. Remuneration as above includes salary, incentive, contribution to Provident Fund and other funds and other perquisites as approved by Shareholders of the Company.
2. Shri Gopal Patodia and Shri Mohan Kumar Patodia are related to each other. They are also related to the other Director Shri Krishan Kumar Patodia.
3. The conditions of employment of the Managing Directors are contractual.

On Behalf of the Board of Directors,

Place : Vadodara
Date : 27th July 2010

KRISHAN KUMAR. PATODIA
Chairman

ANNEXURE 'B' TO THE DIRECTORS' REPORT

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

(A) CONSERVATION OF ENERGY :

(a) **Energy conservation measures taken:**

The company has taken several steps to conserve energy wherever possible including fixing invertors on Ring Frame Machines to conserve energy.

(b) **Additional investments and proposals, if any, being implemented for reduction of consumption of energy.**

The company as a policy takes steps for investments in energy saving devices wherever possible.

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

With the above measures taken the company has derived considerable reduction in energy consumption.

(d) **Total energy consumption and consumption per unit of production:**

Details are provided in Form A annexed hereto.

(B) TECHNOLOGY ABSORPTION:

(e) **Efforts made in technology absorption:**

Details are provided in Form B annexed hereto.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

Cotton Yarn Export.

2) Initiative taken to increase exports:

Continuous efforts are being made to maintain the quality of yarn with a view to creating demand of company's product in export market.

3) Developments of new export markets for products and services:

Efforts are continuously being made to increase export sales by remaining in continuous touch with the foreign buyers.

4) Export Plan:

The company expects to increase exports.

(g) Total Foreign Exchange used and earned:

	<u>2009-2010</u>	<u>2008-2009</u>
Foreign Exchange used	172.77	262.15
Foreign Exchange earned	5955.25	6722.07

On Behalf of the Board of Directors,

Place : Vadodara
Date : 27th July 2010

KRISHAN KUMAR PATODIA
Chairman

**REPORT ON CONSERVATION OF ENERGY ETC.
FORM A**

Form for Disclosure of Particulars with respect to Conservation of Energy

		<u>2009-2010</u>	<u>2008-2009</u>
(A)	POWER AND FUEL CONSUMPTION		
(1)	ELECTRICITY :		
	(a) Purchased Units	2,89,67,159	1,87,76,970
	Total Amount (Rs)	14,74,82,456	8,73,62,022
	Rate/Unit (Rs)	5.09	4.65
	(b) Own Generation		
	i. Through D. G. Sets/ C.P.P. – Units	1,00,71,200	2,00,61,064
	Units per litre of		
	Diesel Oil	3.32	1.33
	Furnace Oil	4.08	4.11
	Fuel Cost per Unit (Rs)		
	Diesel Oil	9.56	11.65
	Furnace Oil	4.66	5.57
	ii. Through Steam Turbine/Generator		
	Units	-	-
	Units per Litre of Fuel Oil/Gas		
	Cost/Unit	-	-
(2)	COAL/F.W. :		
	Quantity (Tonnes)	1272.82	365.67
	Total Cost (Rs)	50,86,705	18,71,301
	Average Rate -		
	Rs.per Tonne	3,996	5,117
(3)	L.D.O.(BOILER)		
	Quantity (Litre)	-	2209
	Total Amount (Rs)	-	66,821
	Average Rate	-	30.25
(4)	OTHER/INTERNAL GENERATION		
	Quantity	-	-
	Total Cost	-	-
	Rate/Unit	-	-
(B)	CONSUMPTION PER UNIT OF PRODUCTION		
	1. Electricity (Unit per kg)	3.78	3.75
	2. Furnace Oil/HSD		
	(Lit/per Kg.of Yarn)	0.25	0.48
	3. Coal/Lignite		
	(Kg./per Kg.of Yarn)	-	-
	4. Others	-	-

On Behalf of the Board of Directors,

Place : Vadodara
Date : 27th July 2010

KRISHAN KUMAR PATODIA
Chairman

FORM B

Form for Disclosure of Particulars with respect to Technology Absorption

RESEARCH & DEVELOPMENT (R & D)

(1) **Specific areas in which R & D carried out by the Company:**

Measures are taken on continuous basis to produce good quality yarn.

(2) **Benefits derived as a result of the above R & D:**

The company has been able to produce quality yarn and its product is well accepted in indigenous, as well as, export market.

(3) **Future Plan of action:**

With a view to achieving better efficiency machines of latest technology are being installed.

(4) **Expenditure on R & D:**

Expenditure on in-house R & D has been shown under respective heads of expenditure in the Profit and Loss Account and no separate account is maintained.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

(1) **Efforts, in brief, made towards technology absorption and innovation:**

Quality Assurance Department is equipped with instruments of latest technology for conducting various tests of raw material and finished product.

(2) **Benefits derived as a result of the above efforts:**

There is good demand for company's product in the market.

(3) **Details about import of Technology during the last 5 years:**

Not applicable.

On Behalf of the Board of Directors,

Place : Vadodara
Date : 27th July 2010

KRISHAN KUMAR PATODIA
Chairman

ANNEXURE 'C' TO THE DIRECTORS' REPORT

SECRETARIAL COMPLIANCE CERTIFICATE

TO

The Members,
PBM POLYTEX LIMITED

I have examined the registers, records, books of accounts and documents of PBM Polytex Limited (the Company) as required to be maintained under the Companies Act, 1956 (the Act), and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended 31st March 2010. In my opinion and to the best of my information, knowledge and belief and according to the examinations carried out by me and explanations furnished to me by The Company and its officers, I certify that in respect of the aforesaid financial year -

1. The Company has kept and maintained all registers as stated in Annexure "A" to this certificate as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure "B" to this certificate with the Ministry of Corporate Affairs by uploading the required e-forms on MCA Website.
3. The Company being a Public Limited Company, comments on the maximum number of members during the year under review are not required.
4. The Board of Directors duly met FIVE times on (1) 30th April 2009, (2) 30th July 2009 (3) 24th September 2009, (4) 31st October 2009 and (5) 23rd January 2010. Proper notices were given in respect of such meetings and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company had closed its Register of Members from 18th September 2009 to 25th September 2009 (both days inclusive) and had given notices in this regard to Stock Exchanges in stipulated time.
6. The Annual General Meeting for the financial year ended on 31.03.2009 was held on 24th September 2009 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the year under review.
8. The Company has not advanced any loan to its directors or persons or firms or companies referred in the section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of section 297 of the Act.

10. The Company has made the entries in the register as required to be maintained under section 301 of the Act, in respect of the contracts falling within purview of section 299 of the Act.
11. The Company has obtained approval of Board of Directors under section 314(1)(B) for appointment of Directors' relatives and has obtained approval of members as well as of the Ministry of Corporate Affairs thereto.
12. The Company has issued duplicate share certificates during the year under review as required by the members after following required procedure.
13. During the year under review
 - (i) The Company has delivered all the certificates on lodgment thereof for transfer to the Registrar and Share Transfer Agents in accordance with the provisions of the Act. There was no allotment of securities.
 - (ii) No dividend was declared for the year 2008-09 and as such no amount was required to be deposited in a separate bank account for the said purpose.
 - (iii) The Company has transferred the amount of unpaid dividend on 9th October 2009 for the year 2001-02, which remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund.
 - (iv) The Company has complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted as per law.
15. The re-appointment of Managing Directors has been made in compliance of Section 269 read with Schedule XIII and consent of company by way of Special Resolutions was obtained at AGM held on 20th September 2008.
16. The Directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
17. The Company has not issued any Shares, Debentures or other Securities during the year under review. 980 partly paid equity shares, which were earlier forfeited remain to be re-issued.
18. The Company has not bought back any shares during the year under review.
19. There was no redemption of preference shares or debentures during the year under review.
20. There was no transaction necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of share in compliance with the provisions of the Act.
21. The Company has complied with the provisions of section 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975. The Company has also filed return of deposit with the Registrar of Companies, Gujarat.
22. The amount borrowed by the Company from financial institutions, banks and others during the financial year ending 31st March 2010 is within the borrowing limits of the Company and that necessary resolutions as per section 293(1)(d) of the Act have been passed in duly convened Annual General Meeting.
23. The Company has not made any investment, loans or advances or given guarantee or provided securities to other bodies corporate during the year under review and consequently no entries have been made in the register kept for the purpose.

24. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year under review.
25. The Company has not altered the provisions of the Memorandum of Association with respect to the objects of the Company during the year under review.
26. The Company has not altered the provisions of the Memorandum of Association with respect to name of the Company during the year under review.
27. The Company has not altered the provisions of the Memorandum of Association with respect to share capital of the Company during the year under review.
28. The Company has not altered the provisions of the Articles of Association during the year under review.
29. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the year under review, for offences under the Act.
30. The Company has received security deposit from its employees during the year under review and complied with the provisions of law.
31. The Company has not constituted any separate provident fund of employees or any class of employees as envisaged under section 418 of the said Act.

Place: Ahmedabad

Date : 03/07/2010

(C. R. DAMANI)
Company Secretary
C.P. NO. 445

ANNEXURE 'A'

Name of the Company PBM POLYTEX LIMITED Registration No. L17110GJ1919PLC000495
 Authorised Share Capital Rs.10,00,00,000

Registers as maintained by the Company:

Sr.No	Name of Registers	Relevant Section under the Companies Act, 1956
1.	Copies of Annual Return	159
2.	Register of Charges	143
3.	Register of Members	150
4.	Register of Share Transfers	108
5.	Register of Contracts	301
6.	Register of Directors, Managing Directors, Manager, Secretary	303
7.	Register of Directors' Share Holding	307
8.	Minutes of General Meetings and Meetings of Board of Directors	193
9.	Attendance Registers of all the meetings of Board and General Meeting of the Company	--
10.	Register of Investments / Loans / Guarantee	372A

ANNEXURE 'B'

Name of the Company PBM POLYTEX LIMITED Registration No. L17110GJ1919PLC000495
 Authorised Share Capital Rs.10,00,00,000

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended on 31-03-2010.

SR. NO.	FORM NO./ RETURN	FILED UNDER SECTION	DESCRIPTION	DATE OF FILING	WHETHER FILED WITHIN PRESCRIBED TIME YES/NO	IF DELAY IN FILING WHETHER REQUISITE ADDITIONAL FEE PAID YES/NO.
1.	Form 17	138, 600	Satisfaction of charge IDBI (Rs.1000 lacs)	29.01.2009	Yes	N.A.
2.	Form 25C	269(2)	Appointment of Managing Director	15.04.2009	Yes	N.A.
3.	Form 25C	269(2)	Appointment of Managing Director	15.04.2009	Yes	N.A.
4.	Form 17	138, 600	Satisfaction of charge Exim Bank (Rs.400 lacs)	12.05.2009	Yes	N.A.
5.	Form 23C	233B(2)	Appointment of Cost Auditor	25.05.2009	Yes	N.A.
6.	Form 62	58A	Return of Deposit as of 31.03.2009	25.06.2009	Yes	N.A.
7.	Form I	233B(4),600 (3)(b)	Cost Audit Reports & other documents	25.09.2009	Yes	N.A.
8.	Form 66	383A	Compliance Certificate	27.09.2009	Yes	N.A.
9.	Form 23AC / 23ACA	220	Annual Report & Profit & Loss A/c. for the financial year ended 31.03.2009	08.10.2009	Yes	N.A.
10.	Form 1	Rule 3	Statement of amounts credited to Investor Education and Protection Fund	16.10.2009	Yes	N.A.

11.	Form 20B	159	Annual Return made upto 20.09.2008	09.11.2009	Yes	N.A.
12.	Form 17	138, 600	Satisfaction of charge Exim Bank (Rs.525 lacs)	11.12.2009	Yes	N.A.
13.	Form 8	125,127,132	Registration / Modification of charge IDBI (Rs 1100 lacs)	16.12.2009	Yes	N.A.

Place: Ahmedabad	(C. R. DAMANI)
	Company Secretary
Date : 03/07/2010	C.P. NO. 445

CORPORATE GOVERNANCE

ANNEXURE TO THE DIRECTORS' REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The report on corporate governance form part of Annual Report. Corporate Governance refers to a combination of laws, regulations, procedures, implicit rules and good corporate practices which ensures that the company meets its obligations and fulfils its responsibilities to shareholders, employees, government and others. Your company is committed on adopting the best practices.

The company's philosophy of corporate governance aims at excellence in every sphere of operations consistent with the highest ethical standards

2. BOARD OF DIRECTORS

Composition of the Board:

It is well recognised that there should be optimum combination of executive and non-executive Directors. The Chairman of the company being non-executive there should be three Independent Directors, which the company has on the Board.

Five Board meetings were held during the year on the dates given below:

30.04.2009, 30.07.2009, 24.09.2009, 31.10.2009 & 23.01.2010

Attendance of each Director at the Board Meetings, last Annual General Meeting & Number of Other Directorship and Chairmanship / Membership of Committee of each Director in various Companies.

Name of the Director	Category	Attendance Particulars		No. of other Directorships and Committee Membership / Chairmanship	
		Board Meeting	Last AGM	Other Directorship including Private Limited Companies	Other Committee Membership/ Chairmanship
Shri K.K. Patodia	Non-Executive	4	No	10	1
Shri Hariprasad Siotia	Non-Executive	4	No	6	3
Shri Gopal Patodia	Executive	5	Yes	7	-
Shri Brijbhushanlal Kabra	Non-Executive	5	Yes	-	-
Shri Mohankumar Patodia	Executive	2	No	6	-
Shri Dharam Paul	Non-Executive	2	No	1	2
Shri Jugalkishore Todi	Non-Executive	5	No	-	-

3. **AUDIT COMMITTEE**

(i) **Terms of Reference**

The Audit Committee is to oversee the Company's financial reporting process and disclosure of its financial information, to recommend the appointment of Statutory Auditors and fixation of their fees, to review and discuss with the Auditors about internal control systems, the scope of Audit including the observations of the Auditors, adequacy of the internal audit system, major accounting policies, practices and entries, compliances with accounting standards and Listing Agreement entered into with the Stock Exchange and other legal requirements concerning financial statements and related party transactions, if any, to review the Company's financial and risk management policies and discuss with the Internal Auditors any significant findings for follow-up thereon, to review the Quarterly and Annual Financial Statements before they are submitted to the Board of Directors.

(ii) **Composition**

Audit Committee consists of three Non-Executive Directors viz. Shri Brijbhushanlal Kabra, Shri Dharam Paul and Shri Jugalkishore Todi. The constitution of Audit Committee meets with the requirements prescribed under Section 292A of the Companies Act 1956.

During the year the Audit Committee has met four times. Attendance of each member at the committee Meetings were as follows:

Sl. No	Name of the Member	Status	No. of meetings attended
1.	Shri Brijbhushan Lal Kabra	Chairman & Independent Director	4
2.	Shri Dharam Paul	Independent Director	2
3.	Shri Jugalkishore Todi	Independent Director	4

4. **INVESTORS' GRIEVANCE COMMITTEE/ SHARE TRANSFER COMMITTEE**

The Company has a Share Transfer Committee comprising of Shri Krishan Kumar Patodia, Shri Gopal Patodia and Shri Hariprasad Siotia. Shri S.M.Sharma, Vice President (Sec.) acts as the Secretary of the Committee and Compliance Officer. This committee normally meets twice in a month to approve transfer of shares.

The Company has got necessary agreements executed with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as required for dematerialisation of its securities.

This Committee also looks into the grievances lodged by the shareholders.

No complaints of serious nature have been received from shareholders. Action with regard to the complaints received has been taken.

5. REMUNERATION COMMITTEE AND REMUNERATION OF MANAGERIAL PERSONNEL AND SENIOR EXECUTIVES:

Remuneration of employees largely consists of basic remuneration and perquisites. The components of total remuneration vary for different cadres and are governed by industry pattern, qualifications and experience of the employee, responsibilities handled, individual performance etc. The objectives of the remuneration policy are to motivate employees to excel in their performance, recognize their contribution, retain talent in the organisation and reward merit.

The Remuneration Committee was formed on 29th April 2002 which now consists of three Non-Executive / Independent Directors, viz. Shri Brijbhushanlal Kabra, Chairman, Shri Dharam Paul and Shri Jugalkishore Todi. The appointment and remuneration of all the Managerial Personnel and top executives is fixed on the recommendation of the Committee.

Disclosures as required under Part IV(2) of Section II(B) of Schedule XIII of the Companies Act.

- (1) All elements of remuneration package such as salary, benefits, bonus, stock options, pension etc. as paid to the Managing Directors during the year 2009-10 are given hereunder:

	Shri Gopal Patodia	Shri Mohankumar Patodia
	(Rs.)	(Rs.)
Salary	22,80,000	14,40,000
Retirement Benefits	6,55,360	4,17,360
Perks	<u>9,06,273</u>	<u>13,72,927</u>
Total	38,41,633	32,30,287

- (2) Details of fixed component and performance linked incentive along with the performance criteria.

Both the Managing Directors are paid by way of fixed component, a minimum remuneration as per Schedule XIII. of the Companies Act.

- (3) Service contracts, notice period, severance fees;

Contracts of service have been executed between the Company and the Managing Directors and Senior Presidents as under:

Shri Gopal Patodia, Managing Director from 01/04/2009 to 31/03/2012 and
 Shri Mohan Kumar Patodia, Managing Director from 01/04/2009 to 31/03/2012
 Shri Vikash Patodia, Senior President from 01/11/1997
 Shri Amit Patodia, Senior President from 01/05/2004

- (4) Stock option detail, .if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.

Not Applicable

6. DISCLOSURES :

a. Disclosure on materially significant related party transactions that may have potential conflict with the interests of the company at large.

There are no materially significant related party transactions made by the company with its Promoters, Directors or Management, their subsidiaries or relatives, etc., that may have potential conflict with the interests of the company at large.

b. Disclosure of Accounting Treatment

In the preparation of the financial statements, the company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India. The significant accounting policies, which are constantly applied, are set out in the Annexure to Notes on Accounts.

c. Risk Management

Business risk evaluation and management is an ongoing process within the company. During the year under review a detailed exercise of, 'Risk Assessment and Management' was carried out covering the entire gamut of business operations and the Board was informed of the same.

d. Details of compliance by the company, penalties, strictures imposed on the company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

The company has complied with all requirements of the Listing Agreements entered into with the Stock Exchanges as well as the regulations and guidelines of SEBI. Consequently there were no strictures or penalties imposed by either SEBI or Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets during the last three years.

e. Non-mandatory requirements

Adoption of non-mandatory requirements of Clause 49 of the Listing Agreement are being reviewed by the Board from time to time.

7. GENERAL BODY MEETINGS:

Details of the location of the last three AGMs and the details of the resolutions passed or to be passed by Postal Ballot are as under:

Details of the last three AGMs are given below:

Years	2006-2007	2007-2008	2008-09
Consecutive No. of AGM	88 th	89 th	90 th
Held at	The Registered Office of the Company, Opp. Railway Station, Petlad Dist. Anand (Gujarat)	The Registered Office of the Company, Opp. Railway Station, Petlad Dist. Anand (Gujarat)	The Registered Office of the Company, Opp. Railway Station, Petlad Dist. Anand (Gujarat)
Date	25.09.2007	20.09.2008	24.09.2009
Time	11 AM	11 AM	11 AM

Whether special resolutions were put through postal ballot last year NOT REQUIRED
 Are polls proposed to be conducted through postal ballot this year NOT REQUIRED

8. SHAREHOLDERS INFORMATION:

1. 91st Annual General Meeting
 - Date : 25th September 2010
 - Time : 11 A.M.
 - Venue : Registered Office of the Company
Opp. Station, Petlad
Dist. Anand, Gujarat

2. Date of Book Closure: 18th September 2010 to 25th September 2010 (both days inclusive)
3. Listing of Shares (Stock Code of the Company):
With Mumbai Stock Exchange (Code No. 514087) and Ahmedabad Stock Exchange (Code No. 44610).

4. **Stock Market Data (Mumbai Stock Exchange) (2009-10):**

<u>Month</u>	<u>Month's Highest Price Rs.</u>	<u>Month's Lowest Price Rs.</u>
April	10.00	6.51
May	13.65	8.05
June	14.54	10.70
July	13.75	11.00
August	15.07	11.78
September	15.90	13.43
October	16.10	14.05
November	20.85	14.10
December	26.90	18.05
January	27.10	22.05
February	27.00	23.05
March	30.50	21.50

5. **Share Transfer System:**

Presently the share transfers which are received in physical form are processed and share certificates are returned within ten to fifteen days from the date of receipt after doing the needful, subject to the documents being valid and complete in all respect.

6. **Dematerialisation of shares:**

About 20.72% of company's paid up equity share capital has been dematerialized upto 30th June 2010. The shareholders wishing to demat the shares may approach Depository Participants.

7. **Distribution of shareholding as at 31.03.2010**

No. of Equity Shares held	No. of Shareholders	No. of Shares Held	Share Holding %
0 - 1000	4810	891544	10.97
1001 - 5000	191	403232	4.96
5001 - 10000	25	183061	2.25
10001 and above	59	6652163	81.82

8. **Outstanding GDRs/Warrants:** Not Applicable

9. **Plant Location :**

Manufacturing Plants of the Company are situated at -

- (i) Opp. Station, Petlad 388 450 Dist. Anand, Gujarat
- (ii) Plot No.16 to 19, Sector B, AKVN Industrial Area, Borgaon, Kheritaigaon, Dist. Chhindwara (M.P)
- (iii) Windmill of 600 KW at Vill: Suthari, Revenue Survey No. 870/p, Mouje Suthri of Abdasa Taluka, Dist. Kutch
- (iv) Windmill of 800 KW at Vill: Okha Madhi, Taluka Dwarka, District Jamnagar,
- (v) Windmill of 800 KW at Vill: Methan Survey No. 284, Taluka Jamjodhpur, Dist. Jamnagar (Gujarat)
- (vi) Windmill of 800 KW at Vill: Methan Survey No. 284/3/paiki, Taluka Jamjodhpur, Dist. Jamnagar (Gujarat)

10. **Address for correspondence:**

In house Share Department at
PBM Polytex Limited Opp. Station, Petlad 388 450 Dist. Anand, Gujarat

11. **Registrars & Share Transfer Agents:**

(Share transfers, demat and communications regarding share certificates, dividends and change of address)

M/s. Sharepro Services (India) Pvt. Ltd., 416-420, 4th Floor, Devnandan Mall, Opp Sanyas Ashram, Ellisbridge, AHMEDABAD – 380 006. Tel Nos. 079-26582381 to 84
Fax No. 079-26582385 E-mail: sharepro@shareproservices.com Contact Person: Mr. Nitin Joshi

12. **Registered Office of the Company:**

PBM Polytex Limited Opp. Station, Petlad 388 450 Dist. Anand, Gujarat
Telephone : (02697) 224001,224003 Fax No.(02697) 224009,
E-Mail pbumills@patodiagroup.com

DECLARATION:

In terms of the requirements of the amended Clause 49 of the Listing Agreement, it is to confirm that all the members of the Board and senior management personnel have confirmed compliance to the code of conduct during the year ended 31st March 2010.

For PBM POLYTEX LIMITED,

Place : Vadodara
Date : 27th July 2010

GOPAL PATODIA
Managing Director

KRISHAN KUMAR PATODIA
Chairman

**AUDITORS' CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE UNDER CLAUSE 49
OF THE LISTING AGREEMENT**

To The Members of
PBM Polytex Limited,

1. We have examined the compliance of conditions of Corporate Governance by PBM Polytex Limited ("the Company") for the year ended March 31, 2010 as stipulated in clause 49 of the Listing Agreement of the said company with concerned stock exchanges in India.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. We state that no investor grievances are pending for a period exceeding one month against the Company as per the Certificate / Confirmation given by the Registrar and Share Transfer Agent of the company as per relevant records maintained by the company.
4. In our opinion and to the best of our information and according to the explanations given to us, we certify that the the company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement(s) with the Stock Exchanges.
5. 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 MAHENDRA N. SHAH & CO.
Chartered Accountants
(FRN 105775W)

Place : Ahmedabad
Date : 27th July 2010

(MAHENDRA N. SHAH)
Partner
Membership No. 3969

CEO/CFO CERTIFICATE

The Board of Directors
PBM Polytex Limited

We certify that :

1. We have reviewed the financial statements, read with the cash flow statement of PBM Polytex Limited (the Company) for the year ended 31st March, 2010 and to the best of our knowledge and belief :
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) these statements and other financial information included in this report present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations;
2. There are, to the best of our knowledge and belief, no transactions entered into by Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct;
3. We are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting;
4. We have disclosed to the Company's Auditors, the Audit Committee, and the Board of Directors all significant deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps taken or proposed to be taken to rectify the deficiencies.
5. We have indicated to the Auditors and the Audit Committee:
 - a) significant changes if any in the Company's internal control over financial reporting during the year.
 - b) significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements.
 - c) that to the best of our knowledge, no fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control system over financial reporting existed during the period under review.

For PBM POLYTEX LIMITED,

Place : Vadodara
Date : 27th July 2010

AMIT PATODIA
Senior President (CEO)

GOPAL PATODIA
Managing Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

	2009-2010	(Rs. in Laacs) 2008-2009
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Extraordinary Items	469.60	-43.58
<u>Adjustments for :</u>		
Depreciation (Net)	856.29	879.33
Interest	290.81	255.95
Preliminary expenses written off / Others	20.68	20.67
Loss/(Profit) on Sale of Fixed Assets	8.42	3.66
Dividend Income	0	0
Operating Profit before Working Capital Changes	1645.80	1116.03
<u>Adjustments for :</u>		
Trade and Other Receivables	(270.69)	(284.74)
Inventories	(1895.66)	358.00
Trade Payables	253.34	(123.00)
Cash generated from operations	(267.21)	1066.29
Interest Paid	(290.81)	(255.95)
Direct Taxes Paid	(223.52)	(11.50)
NET CASH FLOW FROM OPERATING ACTIVITIES	(781.54)	798.84
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(552.51)	(453.58)
Sale of Fixed Assets	290.82	80.49
Dividend Income	0	--
Sale of Investment	0	--
NET CASH USED IN INVESTING ACTIVITIES	(261.69)	(373.09)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from long term borrowings (Net)	1029.89	(438.21)
Dividend paid	0	--
NET CASH USED IN FINANCING ACTIVITIES	1029.89	(438.21)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)	(13.34)	(12.46)
Opening Balance of Cash and Cash Equivalents	118.81	131.27
Closing Balance of Cash and Cash Equivalents	105.47	118.81

PLACE: Vadodara DATE : 27 th July 2010	K.K. Patodia Gopal Patodia Brijbhushanlal Kabra Dharam Paul Jugalkishore Todi	Chairman Managing Director Director Director Director
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AUDITORS' CERTIFICATE

We have examined the attached Cash Flow Statement of PBM POLYTEX LIMITED for the year ended 31st March 2010. The statement has been prepared by the Company in accordance with the requirements of listing agreement Clause 32 with various stock exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of even date to the members of the Company.

For MAHENDRA N. SHAH & CO.
 Chartered Accountants
 (FRN 105775W)

Place : Ahmedabad
 Date : 27th July 2010

(MAHENDRA N. SHAH)
 Partner
 Membership No. 3969

MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT

INDUSTRIAL STRUCTURE AND DEVELOPMENT

The company is a textile unit spinning cotton yarn at both its units set up at Petlad and Borgaon. Substantial part of its product is exported and the processed, mercerized and bleached yarn are sold in indigenous market.

The old machines are being replaced by new ones of latest technology continuously with a view to maintain quality of the product.

OPPORTUNITIES, THREATS, RISKS AND CONCERNS

One of the major challenges to the textile industry is the continued appreciation in the Indian rupee against US dollar, which has serious implication on textile exports. Being highly competitive industry, increase in the external value of rupee would cripple the competitiveness of the industry. Another important issue is availability, quality and the price of power. The availability of good quality power at reasonable prices is critical for sustainability of the industry.

Our major raw material – Cotton is agriculture produce, which suffers from climatic volatility in the major cotton producing countries. In addition, growing demand as well as overall increase in prices of commodities in the world has pushed up the prices of domestic cotton leading to pressure on the textile industry. The Management, however, expects to overcome the problems by extra efforts in the required fields.

OUTLOOK

The Management has been able to find out market for its product i.e. cotton yarn with its continuous efforts.

The working of the windmills is satisfactory.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has proper and adequate internal control system. It is supplemented by programme of internal audits and periodical review by the management.

FINANCIAL AND OPERATIVE PERFORMANCE

The financial and operative performance has been elaborated in Directors' Report.

DEVELOPMENT IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT

There exist cordial industrial relations at both the operating units of the company.

AUDITORS' REPORT

**To,
The Members,
PBM POLYTEX LIMITED**

1. We have audited the attached balance sheet of PBM POLYTEX LIMITED as at 31st March 2010 and also the profit and loss account and the 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 on these financial statements based on our audit.
2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those standards require that we plan & perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Company's (Auditors' Report) Order, 2003 ("the Order") as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of Sub-Section (4A) of section 227 of the Act, 1956, (referred to as " the Act") and on the basis of such checks as we considered and according to the information and explanations given to us, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that :-
 - (i) 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.
 - (ii) Subject to Note No. 10 in Part II of Schedule XX regarding non-availability of qualified Company Secretary resulting into non-compliance of Sections 215, 383(A) and other provisions of the Companies Act in our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
 - (iii) The Balance Sheet, Profit & Loss account and Cash Flow statement dealt with by this report are in agreement with the books of account.
 - (iv) In our opinion, the Balance Sheet, Profit & Loss account and Cash Flow statement dealt with by this report complies with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act.
 - (v) Based on the representations made by all the directors of the Company and according to the information and explanations as made available and taken on record by Board of Directors, We report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of clause (g) of section 274 (1) of the Act.

- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Significant Accounting Policies and other notes thereon give the information required by the Act, in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India:
- (a.) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010,
 - (b.) in the case of the Profit and Loss Account of the Profit of the Company for the year ended on that date and,
 - (c.) in the case of the Cash Flow statement of the cash flows for the year on that date.

For Mahendra N. Shah & Co.
Chartered Accountants
(FRN 105775W)

Place : Ahmedabad
Date : 27th July 2010

Mahendra N. Shah
Partner
Membership No. 3969

ANNEXURE TO AUDITORS' REPORT

Re: PBM Polytex Limited

Referred to in paragraph 3 of our report of even date

- (i.) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Companies programme of physical verification of all its fixed assets over a period of three years is in our opinion, reasonable having regards to the size of the Company and the nature of its fixed assets. As informed, no material discrepancies were noticed on such verification.
- (c) In our opinion, the Company has not disposed off substantial part of the Fixed Assets during the year.
- (ii.) (a) The inventory has been physically verified by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) The company is maintaining proper records of inventory and no material discrepancies were noticed on verification of stocks as compared to book records.
- (iii.) (a) The Company has not granted any loans secured or unsecured to companies, firms or other parties covered in the registered maintained under Section 301 of the Act.
- (b) The company has not taken any loan / deposit from the firms, companies or other parties listed in the register maintained under section 301 of the Act.
- (iv.) In our opinion and according to the information and explanations given to us, there is adequate internal control procedure commensurate with the size of the Company and the nature of its business with regard to purchase of Inventory, fixed assets and with regard to 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 been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.
- (v.) (a) According to the information and the explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Act, have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts, arrangements entered in the register maintained under Section 301 of the Act, and exceeding the value of Rs. 5.00 (Five) Lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi.) The Company has not accepted deposits from public and therefore, the directives issued by the Reserve Bank of India and provision of Section 58 - A and 58 - AA of the Companies (Acceptance of Deposits) Rules 1975, do not apply to the Company.

- (vii.) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii.) We have been broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for maintenance of cost records under section 209(1) (d) of the Act and we are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records.
- (ix.) (a) The company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investors Education Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues as applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales / Value Added Tax, Custom Duty, Excise Duty and Cess were in arrears, as at 31st March, 2010 for a period of more than six months from the date they became payable except Income Tax Demand of Rs.4,78,152/- for Accounting Year 2004-05 and 2005-06 against which the company has preferred appeal.
- (x.) The Company does not have accumulated losses as at 31.03.2010. The company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi.) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank.
- (xii.) The Company has not granted any loans and advances on the basis of security by way of pledge of shares and other securities.
- (xiii.) In our opinion, the company is not a chit fund or a nidhi, mutual fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv.) The Company has maintained proper records of transactions and contracts in respect of trading in securities and other investments and timely entries have been made therein. All securities and other investments have been held by the company in its own name.
- (xv.) According to the information and explanation given to us and shown by the records examined by us, the company has not given any guarantees for loans taken by others from banks or other financial institutions during the year.

- (xvi.) In our opinion, the term loans have been applied for the purpose for which they were raised.
- (xvii.) According to the information and explanations given to us and on overall examination of the balance sheet and Cash Flow Statement of the company, we report that no funds raised on short – term basis have been used for long term investment.
- (xviii.) According to the information and explanations given to us the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
- (xix.) The company has not issued any debentures, hence question of creating security does not arise.
- (xx.) The company has not raised any money by public issue during the year.
- (xxi.) 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 instances of fraud on or by the company noticed or reported during the year, nor have we been informed of such case by the management.

For Mahendra N. Shah & Co.
Chartered Accountants
(FRN 105775W)

Place : Ahmedabad
Date : 27th July 2010

Mahendra N. Shah
Partner
Membership No. 3969

BALANCE SHEET AS AT 31ST MARCH 2010

	Schedule Rs.	As At 31-3-2010 Rs.	As At 31-3-2009 Rs.
I. SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS:			
(a) Share Capital	I	8,12,96,080	8,12,96,080
(b) Reserves & Surplus	II	41,20,41,997	39,10,79,301
		49,33,38,077	47,23,75,381
2. LOAN FUNDS:			
Secured Loans	III	57,73,41,859	47,43,52,939
3. DEFERRED TAX LIABILITY (NET)			
	IV	12,55,24,458	13,85,23,281
TOTAL		1,19,62,04,394	1,08,52,51,601
II. APPLICATION OF FUNDS			
1. FIXED ASSETS:			
(a) Gross Block	V	1,44,90,65,611	1,44,42,04,152
(b) Less : Depreciation		82,09,75,344	75,69,09,866
(c) Net Block		62,80,90,267	68,72,94,286
(d) Capital Work-In-Progress		33,51,690	20,73,385
		63,14,41,957	68,93,67,671
2. INVESTMENTS:			
3. CURRENT ASSETS, LOANS AND ADVANCES:			
(a) Inventories	VII	44,41,50,857	25,45,84,525
(b) Sundry Debtors	VIII	9,87,13,074	8,62,81,533
(c) Cash & Bank Balances	IX	1,05,46,831	1,18,80,568
(d) Loans & Advances	X	9,46,12,506	7,99,75,369
		64,80,23,268	43,27,21,995
Less: CURRENT LIABILITIES & PROVISIONS:			
(a) Current Liabilities	XI	5,86,15,842	5,05,44,140
(b) Provisions	XII	5,80,40,443	2,17,57,107
		11,66,56,285	7,23,01,247
NET CURRENT ASSETS		53,13,66,983	36,04,20,748
4. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)			
	XIII	41,35,454	62,03,182
TOTAL		1,19,62,04,394	1,08,52,51,601

**SIGNIFICANT ACCOUNTING POLICIES
AND NOTES ON ACCOUNTS**

	XX	
As per our Attached Report of even date for Mahendra N. Shah & Co. Chartered Accountants (FRN 105775W)	K.K. Patodia Gopal Patodia Brijbhushanlal Kabra Dharam Paul Jugalkishore Todi	Chairman Managing Director Director Director Director
MAHENDRA N. SHAH (Partner) M.No. 3969 AHMEDABAD, DATE : 27 th July 2010	Vadodara DATE: 27 th July 2010	

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

	Schedule	Rs.	2009-2010 Rs.	2008-2009 Rs.
I. INCOME				
Sales and Other Operative Income	XIV	1,49,32,70,530		1,37,04,82,929
Other Income	XV	3,26,09,224		4,30,68,229
Increase/(Decrease) in Stocks	XVI	(-2,88,68,724)		1,18,39,562
			1,49,70,08,030	1,42,53,90,720
II. EXPENDITURE				
Raw Materials Consumed	XVII	83,84,29,390		77,95,69,705
Manufacturing, Administrative & Selling Expenses	XVIII	49,63,07,523		53,57,07,419
Interest	XIX	2,90,81,567		2,55,94,698
Depreciation		8,56,28,945		8,79,33,326
			1,44,94,47,425	1,42,88,05,148
III. PROFIT (LOSS) BEFORE TAX			4,75,60,605	(34,14,428)
Provision For Current Tax		2,23,51,953		0
Fringe Benefit Tax		0		11,49,016
Deferred Tax Liability (Asset)		(1,29,98,823)		(54,38,764)
			93,53,130	42,89,748
PROFIT AFTER TAX			3,82,07,475	8,75,320
Less: Short Provision Of Earlier Years (Net)			6,01,052	(9,42,734)
			3,76,06,423	(67,414)
Add: Surplus Brought Forward From Last Year			6,75,99,209	6,76,66,623
IV. AMOUNT AVAILABLE FOR APPROPRIATION			10,52,05,632	6,75,99,209
V. APPROPRIATION TO				
General Reserve		5,00,00,000		---
Proposed Dividend		1,62,58,040		---
Corporate Dividend Tax		27,63,054		---
			6,90,21,094	
Balance carried to Balance Sheet			3,61,84,538	6,75,99,209
			10,52,05,632	6,75,99,209

Basic & Diluted EPS Rs.4.63 (Previous Year Rs.(-)0.008)

**SIGNIFICANT ACCOUNTING POLICIES
AND NOTES ON ACCOUNTS**

XX

As per our Attached Report of even date
For Mahendra N. Shah & Co.
Chartered Accountants
(FRN 105775W)

K.K. Patodia
Gopal Patodia
Brijbhushanlal Kabra
Dharam Paul
Jugalkishore Todi

Chairman
Managing Director
Director
Director
Director

MAHENDRA N. SHAH
(Partner)
M.No. 3969
AHMEDABAD,
DATE : 27th July 2010

Vadodara
DATE: 27th July 2010

SCHEDULES TO BALANCE SHEET

	Rs.	As At 31-3-2010 Rs.	As At 31-3-2009 Rs.
SCHEDULE I			
SHARE CAPITAL			
AUTHORISED			
1,00,00,000 Equity Shares of Rs. 10/- each		10,00,00,000	10,00,00,000
		-----	-----
ISSUED & SUBSCRIBED			
81,30,000 Equity Shares of Rs. 10/- each		8,13,00,000	8,13,00,000
		-----	-----
PAID UP			
81,29,020 Equity Shares of Rs.10/- each paid up		8,12,90,200	8,12,90,200
Add: Forfeited Shares (amount originally paid)		5,880	5,880
		-----	-----
		8,12,96,080	8,12,96,080
		-----	-----
(Of the above, fully paid up Bonus, shares equivalent to the face value of Rs.21371864/-have been allotted by Capitalization of Reserves)			
 SCHEDULE II			
RESERVES & SURPLUS			
SHARE FORFEITURE ACCOUNT		16,880	16,880
SHARE PREMIUM ACCOUNT		3,61,05,080	3,61,05,080
 GENERAL RESERVE			
Balance as per last year	28,73,58,132		28,79,09,382
Add: Transferred from earlier year's Gratuity Provision	23,77,367		0
Add: Appropriation from current year's Profit	5,00,00,000		0
Less: Exchange Fluctuation Gain of previous year	0		5,51,250
		-----	-----
		33,97,35,499	28,73,58,132
BALANCE IN PROFIT & LOSS ACCOUNT		3,61,84,538	6,75,99,209
		-----	-----
		41,20,41,997	39,10,79,301
		-----	-----

	Rs.	As At 31-3-2010 Rs.	As At 31-3-2009 Rs.
SCHEDULE III			
SECURED LOANS			
I. TERM LOANS			
From Banks and Financial Institutions (Refer Note 1)			
Rupee Term Loan	23,11,10,578		20,94,29,090
Foreign Currency Term Loan	8,96,95,286		12,83,52,339
		32,08,05,864	33,77,81,429
II. WORKING CAPITAL FACILITIES			
From Banks (Refer Note 2)		25,65,35,995	13,65,71,510
		57,73,41,859	47,43,52,939

NOTES - (DESCRIPTION OF SECURITIES): -

1. Rs.1834.38 lacs Secured by way of hypothecation of movable fixed assets (excluding Windmill movable fixed assets) and first pari passu charge by mortgage of immovable fixed assets
- Rs. 589.29 lacs Secured by exclusive charge of movable fixed assets of windmills and first pari passu charge by way of hypothecation of other movable fixed assets and also by mortgage of other immovable fixed assets of the company
- Rs. 307.67 lacs Secured by hypothecation of all current assets and exclusive charge over windmill fixed assets and also by mortgage of the same
- Rs. 476.72 lacs Secured by hypothecation of current assets of the company (subject to prior charge in favour of company's bankers for securing working capital facilities) and first pari passu charge by way of mortgage of immovable properties of the company (excluding windmill properties)

2. Rs.1530.36 lacs Secured by hypothecation of all current assets of the company and also by second charge by way of mortgage of immovable properties of the company for securing working capital facilities
- Rs.1035.00 lacs Secured by personal guarantee of a Managing Director

SCHEDULE IV

DEFERRED TAX LIABILITY (NET)

Opening Balance	13,85,23,281	14,39,62,045
Less Deferred Tax Asset for the year	1,29,98,823	54,38,764
	12,55,24,458	13,85,23,281

SCHEDULE V
FIXED ASSETS

PARTICULARS	GROSS BLOCK AT COST/REVALUED AMOUNT				DEPRECIATION				NET BLOCK	
	BALANCE AS ON 01.04.2009	ADDITIONS DURING THE YEAR	ADJUSTMEN TS/ DEDUCTIONS DURING THE YEAR	BALANCE AS ON 31.03.2010	PROVIDED UPTO 31.03.2009	PROVIDED DURING THE YEAR	DEDUCTION S DURING THE YEAR	TOTAL UPTO 31.03.2010	AS ON 31.03.2010	AS ON 31.03.2009
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
LAND (LEASE HOLD)	29,30,789	—	35,870	28,94,919	—	—	—	—	28,94,919	29,30,789
LAND (FREE HOLD) #	36,21,123	—	—	36,21,123	—	—	—	—	36,21,123	36,21,123
BUILDINGS *	16,14,02,083	28,71,834	—	16,42,73,917	5,28,99,321	36,98,579	—	5,65,97,900	10,76,76,017	10,85,02,762
PLANT AND MACHINERY **	1,18,51,87,326	4,48,44,477	4,71,73,559	1,18,28,58,244	65,10,72,812	7,65,89,499	2,01,43,408	70,75,18,903	47,53,39,341	53,41,14,514
ELECTRICAL INSTALLATIONS	5,57,39,570	9,02,680	8,16,107	5,58,26,143	3,37,34,868	26,24,165	7,04,850	3,56,54,183	2,01,71,960	2,20,04,702
FURNITURE FIXTURES AND EQUIPMENTS	2,12,90,192	9,81,466	27,950	2,22,43,708	1,31,05,523	13,10,208	26,553	1,43,89,178	78,54,530	81,84,669
VEHICLES	1,40,33,069	43,72,039	10,57,551	1,73,47,557	60,97,342	14,06,494	6,88,656	68,15,180	1,05,32,377	79,35,727
TOTAL	1,44,42,04,152	5,39,72,496	4,91,11,037	1,44,90,65,611	75,69,09,866	8,56,28,945	2,15,63,467	82,09,75,344	62,80,90,267	68,72,94,286
2008-2009	1,42,71,70,358	5,50,63,004	3,80,29,210	1,44,42,04,152	69,80,43,184	8,79,33,326	2,90,66,646	75,69,09,866	68,72,94,286	72,91,27,174

* Includes 100 Shares of Rs.10/- each (fully paid up) of The Friends Co-operative Housing Society Limited, Baroda

** Includes Net Effect of Exchange Fluctuation Loss of Rs.28843504/- during the year 2008-09 and Gain of Rs.551250/- and Rs.12151288/- during the years 2007-08 & 2009-10 respectively on Foreign Currency Loan for acquiring capital assets (Refer Note No. 6) in Schedule XX

Includes deposit of Rs.280000/- given for purchase of land in Parvati Co-op. Industrial Estate, Ichhalkaranji, for which Possession / Title Deed are still not received.

	As At 31-3-2010 Rs.	As At 31-3-2009 Rs.
SCHEDULE VI		
INVESTMENTS – LONG TERM - At Cost		
Quoted-Trade – Fully Paid up:		
13,58,500 Equity Shares of Rs.10/- each of Eurotex Industries & Exports Ltd.	2,92,60,000	2,92,60,000
	-----	-----
(Market value of quoted investments Rs.4,21,13,500/- Previous Year Rs. 1,35,85,000/-		
SCHEDULE VII		
INVENTORIES		
(As taken, valued and certified by the Management)		
(a) Stores, Packing Material, Spares & Fuel	1,90,53,897	2,23,15,999
(b) Raw materials	37,91,30,636	15,75,51,632
(c) Finished goods:		
(i) Yarn	1,92,69,873	5,03,91,536
(ii) Cotton / Yarn Waste	18,58,488	10,33,818
(d) Stock-in-process	2,47,16,809	2,32,91,540
(e) Unsold DEPB Licence	1,21,154	---
	-----	-----
	44,41,50,857	25,45,84,525
	-----	-----
SCHEDULE VIII		
SUNDRY DEBTORS		
(Unsecured- Considered Good)		
More than six months	0	2,67,835
Other debts	9,87,13,074	8,62,81,533
	-----	-----
	9,87,13,074	8,65,49,368
Less : Provision for Doubtful Debts	0	2,67,835
	-----	-----
	9,87,13,074	8,62,81,533
	-----	-----
SCHEDULE IX		
CASH & BANK BALANCES		
Cash on hand	6,50,849	15,00,680
With Scheduled Banks		
(a) In Current Account	92,71,237	1,02,56,417
(b) In Fixed Deposit Account	6,24,745	1,23,471
	-----	-----
	1,05,46,831	1,18,80,568
	-----	-----

	Rs.	As At 31-3-2010 Rs.	As At 31-3-2009 Rs.
SCHEDULE X			
LOANS AND ADVANCES			
(Unsecured-Considered Good)			
Advances recoverable in Cash or in kind or for value to be received		4,95,87,479	3,14,55,080
Deposits with Electricity Board and others (including Security Deposit of Rs.800000/- given to the companies in which Directors of the Company are interested)		2,07,34,425	2,19,44,976
Advance Income Tax (net of provision)		---	18,52,866
Balance with Central Excise Department		1,68,47,441	1,84,12,359
Value Added Tax Receivable		74,43,161	63,10,088
		9,46,12,506	7,99,75,369
SCHEDULE XI			
CURRENT LIABILITIES			
Sundry Creditors:			
Due to Small Scale Industrial Undertakings		95,34,900	2,39,310
Due to Others		3,18,59,837	4,40,47,599
Other Liabilities		1,62,89,334	51,51,700
Unclaimed Dividend		6,18,432	6,96,471
Interest accrued but not due		3,13,339	4,09,060
		5,86,15,842	5,05,44,140
SCHEDULE XII			
PROVISIONS			
For taxation(Net of Advance Tax)		1,43,66,484	---
For Expenses and Others		2,46,52,865	2,17,57,107
Proposed Dividend		1,62,58,040	--
Corporate Dividend Tax		27,63,054	--
		5,80,40,443	2,17,57,107
SCHEDULE XIII			
MISCELLANEOUS EXPENDITURE			
Opening Balance		62,03,182	82,70,910
Less Expenses written off during the year (Ref Note 7)		20,67,728	20,67,728
		41,35,454	62,03,182

SCHEDULES TO PROFIT AND LOSS ACCOUNT

	2009-2010	2008-2009
	Rs.	Rs.
SCHEDULE XIV		
SALES AND OTHER OPERATIVE INCOME		
Yarn Sales	1,41,25,65,848	1,30,63,29,990
Less: Excise Duty	40,98,285	90,51,345
Rebate & Goods Returned	2,26,405	6,06,847
	43,24,690	96,58,192
	1,40,82,41,158	1,29,66,71,798
Waste Sales	6,63,84,659	5,37,41,332
Electricity units (generated at Windmills)	1,86,44,713	2,00,69,799
	1,49,32,70,530	1,37,04,82,929
SCHEDULE XV		
OTHER INCOME		
Export Incentive (Duty Drawback) / DEPB	2,41,03,860	3,66,68,268
Dividend on Other Investments	150	150
Profit on Sale of Investment (Net)	3,27,181	8,80,841
Foreign Exchange Fluctuation Gain	31,90,966	0
Miscellaneous Income	49,87,067	55,18,970
	3,26,09,224	4,30,68,229
SCHEDULE XVI		
INCREASE/(DECREASE) IN STOCKS		
Stocks as at close		
(i) Finished goods:		
(a) Yarn	1,92,69,873	5,03,91,536
(b) Cotton / Yarn Waste	18,58,488	10,33,818
	2,11,28,361	5,14,25,354
(ii) Stock-in-Process	2,47,16,809	2,32,91,540
	4,58,45,170	7,47,16,894
Less: Stocks as at commencement		
(i) Finished goods:		
(a) Yarn	5,03,91,536	3,79,27,638
(b) Cotton / Yarn Waste	10,33,818	10,47,152
	5,14,25,354	3,89,74,790
(ii) Stock-in-process	2,32,91,540	2,39,02,542
	7,47,16,894	6,28,77,332
	(2,88,71,724)	1,18,39,562
SCHEDULE XVII		
RAW MATERIALS CONSUMED		
Opening Stock	15,75,51,632	20,30,32,845
Add: Purchases during the year	106,00,08,394	73,40,88,492
	121,75,60,026	93,71,21,337
Less : Closing Stock	37,91,30,636	15,75,51,632
	83,84,29,390	77,95,69,705

SCHEDULE XVIII

MANUFACTURING, ADMINISTRATIVE & SELLING EXPENSES

	Rs.	2009-2010 Rs	2008-2009 Rs.
Stores Consumption		4,23,43,526	4,27,11,766
Power & Fuel		20,28,92,490	20,62,05,787
Processing Charges		8,85,247	6,89,530
Payments to and Provision for Employees:			
Salaries, Wages, Bonus & Other Allowances	11,62,02,472		10,65,51,663
Contribution towards Provident Fund & Other Funds	91,17,558		84,92,724
Welfare Expenses	53,46,027		49,04,040
		-----	-----
		13,06,66,057	11,99,48,427
Rent		23,35,739	20,95,582
Repairs & Maintenance:			
Machinery (including Spares)	2,49,62,381		1,66,84,868
Captive Power Plant	1,16,57,707		82,19,048
Building	30,57,300		16,09,271
Others	20,83,804		15,78,433
		-----	-----
		4,17,61,192	2,80,91,620
Insurance		34,93,562	39,01,714
Rates & Taxes		1,21,61,493	1,28,98,098
Licence & Legal Fees		28,29,950	38,69,445
Sales & Distribution Expenses		2,90,47,747	4,85,18,200
General Expenses :			
Subscription, Books & Periodicals, conveyance, traveling (including foreign travel Rs.6,68,541/- Previous Year Rs.894609)		93,80,726	91,81,361
Postage, Telegram, Telephone, Stationery Printing etc.		36,54,083	34,99,832
Financial & Bank Charges		49,99,792	1,01,20,974
Directors Sitting Fees		1,70,000	1,80,000
Managerial Remuneration		70,71,920	62,94,712
Directors' Travelling Expenses (including Rs.6,36,243/- for foreign travel - Previous year Rs. 3,58,535/-)		9,53,854	5,34,793
Audit Fees & Expenses		4,18,474	3,74,741
Foreign Exchange Fluctuation Loss		0	3,56,60,001
Donation		3,99,412	2,96,455
Bad debts written off		0	2,67,835
Loss on sale of Fixed Assets (Net)		8,42,259	3,66,546
		-----	-----
TOTAL		49,63,07,523	53,57,07,419

SCHEDULE XIX

INTEREST

On Term Loans		2,27,78,450	2,17,85,672
Other Interest	75,90,209		49,29,239
Less :Interest Received (Tax deducted at source Rs. 205433/- Previous Year Rs. 194324/-)	12,87,092		11,20,213
		-----	-----
		63,03,117	38,09,026
		-----	-----
TOTAL		2,90,81,567	2,55,94,698

SCHEDULE XX

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

I SIGNIFICANT ACCOUNTING POLICIES

(1) Basis of Accounting:

The financial statements have been prepared on historical cost convention in accordance with the Generally Accepted Accounting Principles (GAAP) and the Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act 1956.

(2) Use of Estimates:

The presentation of financial statements in conformity with the GAAP requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates is recognised in the period in which the results are known/materialised.

(3) Fixed Assets :

Fixed Assets are stated at Cost or at Revalued Cost, net of CENVAT / VAT Credit less Accumulated Depreciation. All costs including financing costs till commencement of commercial production and Exchange rate variations relating to the Borrowing are capitalised / adjusted to the fixed assets.

(4) Depreciation: Depreciation has been provided as under:

A) PETLAD UNIT:

(a) On Assets other than Plant and Machinery and Electrical Installations:

On Straight Line Method at the rates mentioned under Notification No. GSR 756(E) dated 16.12.1993 read with Schedule XIV of the Act.

(b) On Plant and Machineries & Electrical Installations:

On Straight Line Method at the rates applicable to Continuous Process Plant (CPP) as defined in Schedule XIV and certified by the Chartered Engineer.

B) BORGAON UNIT:

(a) On Assets other than Plant and Machinery and Electrical Installations:

On Straight Line Method at the rates mentioned under Notification No. GSR 756(E) dated 16.12.1993 read with Schedule XIV of the Act.

(b) On Plant and Machineries & Electrical Installations:

On Straight Line Method at the rates applicable to Continuous Process Plant (CPP) as defined in Schedule XIV and certified by the Chartered Engineer.

(c) Leasehold Land : Amortized over the period of Lease.

C) WINDMILLS :

On Plant and Machinery and Electrical Installations on written down value at rates prescribed in clause II(a) of Schedule XIV of the Companies Act.

(5) Inventories:

- | | |
|--|--|
| (a) Stores, Spares, Packing Material & Fuel- | At Cost (Weighted Average Method) |
| (b) Raw materials- | At Lower of Cost or Net Realisable Value |
| (c) Stock-in-Process- | At Lower of Cost or Net Realisable Value |
| (d) Finished Goods- | At Lower of Cost or Net Realisable Value |
| (e) Material in Transit- | At Cost (Specific Cost Method) |
| (f) Cotton / Yarn Waste- | At Net Realisable Value |

(6) Foreign Currency Transactions:

(a) Foreign currency transactions are accounted for at the exchange rate prevailing on the date of the transaction. All monetary foreign currency assets and liabilities are converted at the exchange rates prevailing on the date of the balance sheet. All exchange differences other than those relating to the acquisition of fixed assets from outside India are dealt with in the profit and loss account. Exchange gain or loss relating to fixed assets acquired from outside India is adjusted in the cost of respective fixed assets.

(b) In case of forward exchange contracts, the cost of contracts is amortised over the period of contract. Any profit or loss arising on the cancellation or renewal of a forward exchange contract is recognized as income or expense for the year, except in case of a forward exchange contract relating to liabilities incurred for acquiring fixed assets from outside India, in which case, such profit or loss is adjusted in the cost of fixed assets.

(c) Exchange difference is calculated as the difference between the foreign currency amount of the contract translated at the exchange rate at the reporting date, or the settlement date where the transaction is settled during the reporting period, and the corresponding foreign currency amount translated at the later of the date of inception of the forward exchange contract and the last reporting date. Such exchange differences are recognized in the profit and loss account in the reporting period in which the exchange rates change.

(7) Retirement Benefits:

- (a) Provision for gratuity liability to employees is made on the basis of intimation received from Life Insurance Corporation of India on actuarial basis. Group Gratuity Fund is managed by the Life Insurance Corporation of India and SBI Life Insurance Co. Ltd.
- (b) Leave encashment has been charged to the Revenue Account on the basis of liability ascertained as per the actuarial valuation.
- (c) The Company's contribution to Provident Fund is charged to Revenue Account. ESIC is applicable only to Mumbai Office of the company.
- (d) Superannuation Fund: The Company contributes to Superannuation Trust for the Managerial Personnel of the company as per the rules of the Trust.

(8) Borrowing Cost:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

(9) Revenue Recognition:

Items of Income and Expenditure are recognised on accrual basis except Insurance Claims, TUFs rebate, export incentives like Duty Drawback, DEPB, Interest Subsidy, which are accounted for on transfer or receipt.

(10) Excise Duty, Cenvat Credit and VAT:

Excise Duty payable on finished goods is accounted for on clearance of goods. 50% of Cenvat Credit on capital goods is accounted for immediately on receipt and the balance is accounted in the next year.

In pursuance to Circular No. 795/28/2004 dated 28.07.2004 the Company (being textile manufacturer) has adopted policy of charging of "Optional" Excise Duty at "NIL" Rate or at 4% Rate as desired by the customer.

VAT credit on raw material (including processing materials, consumable stores and packing materials) and capital goods is accounted on purchase and actual receipt of the same.

(11) Earning Per Share:

The earnings considered in ascertaining the company's E.P.S. comprise the net profit after tax divided by the number of shares.

(12) Taxation:

Tax expense for the year, comprising current tax and deferred tax is included in determining the net profit for the year. A provision is made for the current tax based on tax liability computed in accordance with relevant tax rates and tax laws. A provision is made for deferred tax asset for all timing differences arising between taxable income and accounting income at currently enacted tax rates.

Deferred tax assets are recognised only if there is reasonable certainty that they will be realised and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

(13) Segment Accounting:

The Company manufactures and deals in single product i.e. Cotton Yarn only and therefore, Accounting Standard 17 on Segment Reporting is not applicable.

(14) Investments:

Long Term Investments are carried at cost. Temporary diminution in value of such investments, if any, is ignored.

(15) Provisions and contingencies:

A provision is recognized when the company has a legal and constructive obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation. A contingent liability is disclosed when the company has a possible or present obligation where it is not probable that an outflow of resources will be required to settle it. Contingent assets are neither recognized nor disclosed.

(16) Impairment Loss:

Impairment Loss, if any, is provided to the extent the carrying amount of assets exceed their recoverable amounts. Recoverable amount is that which is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the assets and from its disposal at the end of its useful life. Net Selling Price is the amount obtainable from sale of the asset on arms length basis between knowledgeable and willing parties less the cost of disposal.

II. NOTES ON ACCOUNTS:

1. Contingent Liabilities:

- (a) Estimated amount of contracts remaining unexecuted on Capital Accounts not provided for Rs.220.38 lacs (Previous year Rs. 307.98 lacs) (Net of advances).
- (b) Disputed Demand of Maintenance Charges (Leasehold Land) NIL (Previous Year 4.58 lacs) and service tax and Cenvat NIL (Previous Year Rs. 4.92 Lacs against which the company has preferred appeal before appropriate authorities.)
- (c) Bills discounted under Export Letter of Credit Rs.4,82,65,135/- since realised in full (Previous Year Rs.4,79,24,344/-)
- (d) Income Tax Demand of Rs.4.78 lac for the A/c 2004-05 and 2005-06 against which company has preferred appeals.

2. Previous year's figures have been regrouped/rearranged wherever necessary.

3. Confirmations of Debit and Credit Balance have not been yet received from certain parties. They are subject to adjustments on receipt of confirmation.

4. Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006: Amounts due to such Enterprises are disclosed on the basis of information available with the company. The status of such suppliers is as follows:

Sr. No.	Particulars	2009-10		2008-09	
		Principal Rs.	Interest	Principal Rs.	Interest
a)	Principal Amount and Interest thereon due, remaining unpaid at the end of the year	95,30,900	NIL	2,39,310	NIL
b)	Interest paid during the year	NIL	NIL	NIL	NIL
c)	Interest due and payable (on the amount which have been paid beyond the appointed date during the year)	NIL	NIL	NIL	NIL
d)	Interest remaining accrued and unpaid at the end of the year	NIL	NIL	NIL	NIL
e)	Interest due of the previous year	NIL	NIL	NIL	NIL

5. The company has participated in LIC and SBI Life Insurance approved and managed Superannuation Fund for Managerial Personnel and has contributed Rs. 9.61 Lacs (Previous year Rs. 8.50 lacs) to the Fund.

6. (a) Foreign Exchange Transactions are recorded in accordance with the Accounting Standard 11 issued by the Institute of Chartered Accountants of India. There has been net gain of Rs. 31.91 lacs. (Previous year net loss of Rs. 356.60 lacs) on account of foreign exchange fluctuation pertaining to foreign currency borrowings / transactions, which has been exhibited in Profit & Loss Account under the heads "Other Income" and "Manufacturing & Other Expenses".

(b) The company has opted for Notifications No. GSR.225(E) issued by the Ministry of Corporate Affairs on March 31, 2009 in respect of accounting periods commencing on or after December 07, 2006 and ending on or before March 31, 2011. In accordance with this Notification, exchange gain of Rs.121.51 lacs arising on reporting of long term foreign currency monetary item relating to fixed assets has been reduced from the cost of Fixed Assets in the current year (Previous Year loss of Rs.288.43 lacs was added to the cost of Fixed Assets).

7. In respect of major expenditure incurred by the company for overhauling and maintenance of its captive power plant in previous year, as per technical advice one-fifth of such expenditure i.e. Rs.20,67,728/- has been accounted in P & L A/c. on pro rata basis during the current year.

8. The Company has adopted the Revised Accounting Standard 15 on Employees Benefits issued by the Institute of Chartered Accountants of India. In accordance with the same the additional liability for Gratuity as on 31st March 2007 based on actuarial valuation amounting to Rs.57,23,799 has been accounted by debiting the opening balance of the General Reserve on April 1, 2007.

9. Disclosure pursuant to Accounting Standard – 15 [Revised] ‘Employee Benefits’:

A The Company has, with effect from 1st April, 2007, adopted Accounting Standard 15, Employee Benefits [revised 2005] [the ‘revised AS 15’]. In accordance with the transitional provisions governing gratuity valuation – defined benefit plan and leave encashment liability – long term liability based on actuarial valuation is as follows :

B Defined benefit plan and long term employment benefit:

a General description:

Gratuity [Defined benefit plan]:

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on death or resignation or retirement at 15 days salary [last drawn salary] for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

Leave wages (Long term employment benefit) :

The leave wages are payable to all eligible employees at the rate of daily salary for each day of accumulated leave on death or on resignation or upon retirement on attaining superannuation age.

The Amount (in Rs.) recognized in the statement of profit and loss are as under:

(Amount in Rs.)

		<u>GRATUITY (FUNDED)</u>	
		<u>31.03.2010</u>	<u>31.03.2009</u>
(a.)	Amount Recognized in Balance Sheet		
	Present Value of funded obligations	5,19,63,884	4,73,78,269
	Fair Value of plan assets	5,19,63,884	4,73,78,269
	Present value of unfunded obligations	(-)57,01,654	-11,07,525
	Unrecognised past service cost	NIL	Nil
	Net Liability	(-)57,01,654	-11,07,525
	Amounts in the balance sheet:		
	Liabilities	4,62,62,230	4,62,70,764
	Assets	5,19,63,884	4,73,78,269
	Net Liability	(-)57,01,654	-11,07,525
(b.)	Amount Recognized in the Statement of Profit & Loss		
	Current service cost	29,47,308	29,87,557
	Interest on obligation	38,17,337	30,54,693
	Expected Return on plan assets	(-)43,57,273	36,40,236
	Net Actuarial losses (gains) recognised in the year	43,58,003	46,19,224
	Past service cost	NIL	Nil
	Losses (gains) on curtailments and settlement	NIL	Nil
	Total, included in ‘employee benefit expenses’	(-)19,50,631	70,22,088
(c.)	Reconciliation of Opening & Closing Balances	4,62,70,744	
	Opening Defined Benefit Obligation at the beginning	29,47,308	3,81,88,663
	Service Cost for the year	38,17,337	29,87,557
	Interest cost for the year	(-)43,17,202	30,54,693
	Actuarial losses (gains) on curtailments	NIL	46,26,360
	Liabilities Extinguished on settlements	NIL	Nil
	Liabilities assumed in an amalgamation in the nature of purchase	NIL	Nil
	Exchange differences on foreign plans	NIL	Nil
	Benefits paid	(-)24,55,957	-26,46,929
	Closing Defined Benefit Obligation at year end	4,62,62,230	4,62,70,764

(d.)	Change in the fair value of plan assets		
	Opening fair value of plan assets	4,67,85,657	3,17,01,296
	Expected Return	43,57,273	30,12,453
	Actuarial Gains and (losses)	40,801	47,315
	Assets Distributed on settlements	NIL	Nil
	Contributions by employer	32,36,110	70,97,782
	Assets acquired in an amalgamation in the nature of purchase		Nil
	Exchange differences on foreign plans		Nil
	Benefits paid	(-)24,55,957	-53,66,267
	Closing balance of fair value of plan assets / fund	5,19,63,884	3,64,92,606

(e.)	Major Categories of Plan assets or a percentage of total plan assets.		
	Government of India Securities	--	--
	Policy of Insurance	100.00%	100.00%

(f.)	Principal Actuarial Assumptions at the balance sheet date (expressed as weighted averages)		
	Discount rate for the year	8.25%	8.00%
	Expected Return on plan assets at for the year	9.20%	9.25%
	Proportion of employees opting for early retirement		--
	Annual increase in Salary costs	6.00%	6.00%

(g.)	Amount for the current and previous four periods are as follows:		
	Defined Benefit Pension Plans		
	Defined Benefit Obligation	4,62,62,230	4,62,70,764
	Plan Assets	5,19,63,884	4,73,78,269
	Surplus / (deficit)	57,01,654	11,07,525
	Experience adjustments on plan liabilities	NIL	Nil
	Experience adjustments on plan assets	NIL	Nil

Leave Encashment Benefits have been provided as per Rules of the company and on actuarial valuation. Amount charged to Profit & Loss Account during the year is Rs.16,88,287/- (Previous Year Rs. 15,47,414/-)

10. The Registered Office of the Company being situated in mofussil centre, inspite of efforts and advertisements made in this behalf, qualified Company Secretary is not available. However, the Company has a highly educated and experienced person in charge of the Company's Secretarial Department. He looks after all necessary requirements to be followed by the Company. In addition thereto, a Practising Company Secretary has been retained by the company, who has also issued Compliance Certificate regarding necessary compliance of the provisions of the Act which forms part of Directors' Report.

11. In terms of Accounting Standard 28 - Impairment of Assets issued by ICAI the Management has reviewed its fixed assets and the difference between the carrying amount and recoverable value of relevant assets was not material. Hence, provision for impairment loss is not considered necessary to be made in the books.

2009-2010	2008-2009
Rs.	Rs.

12. AUDITORS' REMUNERATION

1.	Audit Fees (Including Service Tax)	2,53,690	2,53,690
2.	Tax Audit	49,635	49,635
3.	Travelling expenses	1,15,149	71,416
		<hr/> 4,18,474 <hr/>	<hr/> 3,74,741 <hr/>

13. COMPUTATION OF MANAGERIAL REMUNERATION:

A. (i) Computation of Net Profits in accordance with Section 349 of the Companies Act, 1956 and the Remuneration payable to the Managing Directors.

	2009-2010	2008-2009
	Rs.	Rs.
Profit(Loss) before Taxation for the year	4,75,60,605	(34,14,428)
Add Managing Directors' Remuneration	70,71,920	62,94,712
Loss on Sale of Fixed Assets/Investment	8,42,259	3,66,546
	<u>5,54,74,784</u>	<u>32,46,830</u>
Less Short provision of earlier years (Net)	6,01,052	9,42,734
Profit u/s 349 of the Act	<u>5,48,73,732</u>	<u>23,04,096</u>
Maximum remuneration payable to the Managing Directors not exceeding 10% of the Profit	54,87,373	2,30,410
Minimum Managerial Remuneration paid as approved by the shareholders	<u>70,71,920</u>	<u>62,94,712</u>
(ii) Break up of Managerial Remuneration:		
Salary	37,20,000	33,00,000
Contribution of Provident Fund and other Funds	10,72,720	9,53,720
Perquisites	22,79,200	20,40,992
	<u>70,71,920</u>	<u>62,94,712</u>

B. The two Senior Presidents have been paid remuneration as under as sanctioned by Ministry of Corporate Affairs:

(i) Shri Amit Patodia	10,63,669	8,38,254
(ii) Shri Vikash Patodia	<u>11,07,589</u>	<u>10,14,074</u>

14. (1) (a) LICENCED CAPACITY at year end		Not Applicable	Not Applicable
(b) INSTALLED CAPACITY at year end (As per Return submitted to the Government)			
Spindles		57,600	57,600
Rotors		840	840
(2) CONSUMPTION OF RAW MATERIALS:			
	KGS.	RS.	KGS.
			RS.
Cotton	1,26,06,485	82,70,37,588	1,23,01,790
Cotton yarn	54,845	1,13,91,802	86,414
		<u>83,84,29,390</u>	<u>77,95,69,705</u>
(3) SALES	KGS.		KGS.
Yarn	1,06,53,103	1,40,82,41,158	1,02,56,489
Cotton / Yarn Waste	21,17,023	6,63,84,659	18,28,572
		<u>1,47,46,25,817</u>	<u>1,35,04,13,130</u>

(4) ELECTRICITY UNITS GENERATED / SOLD	UNITS		UNIT	
	55,05,210	1,86,44,713	55,63,789	2,00,69,799
(5) YARN PRODUCTION AND STOCK:	KGS.		KGS.	
(a) Yarn Production	1,03,53,570		1,03,56,620	
(b) Opening stock	4,30,093	5,03,91,536	3,29,962	3,79,27,638
(c) Closing stock	1,30,560	1,92,69,873	4,30,093	5,03,91,536
(6) DETAILS OF GOODS IMPORTED	31-3-2010			31-3-2009
	Rs.		Rs.	Rs.
(i) CIF value of goods imported				
a) Cotton		--		--
b) Machineries, Spares and Stores		42,43,324		30,32,313
			42,43,324	30,32,313
(ii) CONSUMPTION:				
1. Raw Materials :				
(a) Imported goods		--		0
(b) Indigenous goods:				
Cotton		82,70,37,588		76,51,39,357
Cotton yarn		1,13,91,802		1,44,30,348
			83,84,29,390	77,95,69,705
(c) Total			83,84,29,390	77,95,69,705
			0	0
			100%	100%
2. Machinery spares and stores:				
(a) Imported goods		60,66,703		46,67,686
(b) Indigenous goods		5,60,31,631		5,65,66,805
(c) Total			6,20,98,334	6,12,34,491
			9.77%	7.64%
			90.23%	92.36%
(7) DETAILS OF FOREIGN EXCHANGE:				
(a) Earning in Foreign Exchange:				
Exports : Direct(FOB Value)		47,30,88,879		61,81,28,199
Through Merchant Exporters		12,24,36,188		5,40,79,298
			59,55,25,067	67,22,07,497
(b) Expenditure in Foreign Currency:				
Purchase, Travelling Interest on Foreign				
Currency Loan & Other expenses			1,72,76,988	2,62,14,531

(c) Remittances of Dividend in Foreign Currency		
Year to which Dividend Relates	2009-10	2008-09
Number of Shareholder	N.A.	N.A.
Number of Shares	N.A.	N.A.
Amount of Dividend (Net of Tax)	N.A.	N.A.

15. RELATED PARTY DISCLOSURE:

A. LIST OF RELATED PARTIES AND RELATIONSHIP

Associates & Enterprises with whom the Company entered into transactions during the year

Patodia Syntex Limited	Trikon Investments Pvt. Limited
Eurotex Industries & Exports Limited	Murarilal Mahendra Kumar
B. L. Patodia Family Trust	Brijlal Purushottamdas
Sambhu Investments Pvt. Limited	Dharamchand Keshardeo

B. KEY MANAGEMENT PERSONNEL / DIRECTORS AND RELATIVES

Shri Gopal Patodia	Managing Director
Shri Mohan Kumar Patodia	Managing Director
Shri Vikash Patodia	Senior President
Shri Amit Patodia	Senior President

C. RELATED PARTIES TRANSACTIONS (RS. IN LACS)

Transactions	Associates/ Shareholders	Enterprises having Key Management Personnel	Key Management Personnel
Purchase of Goods		1.70	
Sale of Goods		1188.10	
Rent		5.36	
Receiving Services & Maintenances		4.80	
Salary & Perks :			
Managing Directors			70.72
Senior Presidents			21.71

D. OUTSTANDING BALANCES AS ON 31.03.2010 (RS. IN LACS)

Transactions	Associates/ Shareholders	Enterprises having Key Management Personnel	Key Management Personnel
Amount Receivable		0	
Security Deposit Given		8.00	
Security Deposit Received		0	
Investments		292.60	

Signatures to Schedules I to XX

As per our Attached Report of even date
For Mahendra N. Shah & Co.
Chartered Accountants
(FRN 105775W)

K.K. Patodia
Gopal Patodia
Brijbhushanlal Kabra
Dharam Paul
Jugalkishore Todi

Chairman
Managing Director
Director
Director
Director

MAHENDRA N. .SHAH
(Partner)
M.No.3969
AHMEDABAD,
DATE : 27th July 2010

Vadodara
DATE: 27th July 2010

C. Additional information pursuant to Part IV of Schedule VI to the Companies Act, 1956

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details:

a) Registration No.	L17110GJ1919PLC000495	b) State Code:	04
c) Balance Sheet Date:	31.03.2010		

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

a) Public Issue:	Nil	b) Right Issue:	Nil
c) Bonus Issue:	Nil	d) Private Placement:	Nil

III. Position of Mobilisation and Development of Funds: (Amount in Rs.Thousands)

a) Total Liabilities:	1196204	b) Total Assets:	1196204
c) Sources of funds:		(d) Application of Funds:	
- Paid Up Capital:	81296	- Net Fixed Assets	631442
- Reserve & Surplus:	412042	- Investments:	29260
- Secured Loans	577342	- Net Current Assets:	531367
- Unsecured Loans:	0	Misc. Expenditure:	4135
- Deferred Tax. Liability:	125524		

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

a) Turnover (Sales):	1525880	b) Total Expenditure:	1478920
c) Profit before tax:	46960	d) Profit after tax:	37606
e) Earning per share Rs.	4.63	f) Dividend rate:	20%

V. Generic Names of Three Principal Products of the Company:
(as per monetary terms)

Sr.No.	Product Description	ITC Code No.
a)	Cotton Yarn	52-05
b)	Hard Waste	52-02

K.K. Patodia	Chairman
Gopal Patodia	Managing Director
Brijbhushanlal Kabra	Director
Dharam Paul	Director
Jugalkishore Todi	Director

PLACE: Vadodara

DATE : 27th July 2010

PBM POLYTEX LIMITED

Regd. Office : Opposite Station, Petlad - 388 450, Dist. Anand, Gujarat

PROXY

I/We _____ of _____
being a member/members of PBM POLYTEX LIMITED hereby appoint _____
of _____ or failing him _____ of
_____ or failing him _____ of
_____ as my/our proxy to attend and vote for me/us and on
my/our behalf at the 91st Annual General Meeting of the Company, to be held on Saturday the 25th
September 2010 at 11.00 A.M. or at any adjournment thereof.

Signed this day of 2010
Member's Folio Number
No. of Shares held

NOTE:
THE PROXY MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY AT OPPOSITE
STATION, PETLAD 388 450. DIST.ANAND, GUJARAT NOT LESS THAN 48 HOURS BEFORE THE TIME FOR
HOLDING THE MEETING.

PBM POLYTEX LIMITED

Regd. Office: Opposite Station, Petlad - 388 450, Dist. Anand, Gujarat

ATTENDANCE SLIP

(TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL)

I hereby record my presence at the 91st Annual General Meeting of the Company held at the Regd.
Office at Opposite Station, Petlad 388450 Dist.Anand, Gujarat on . Saturday the 25th September 2010
at 11.00 A.M.

NAME OF THE ATTENDING SHAREHOLDER _____

(IN BLOCK LETTERS)

NAME OF THE PROXY _____

(To be filled in if the proxy attends instead of the shareholder)

SIGNATURE OF THE SHAREHOLDER/PROXY

Ledger Folio Number _____ No. of Shares held _____

NOTE :
Shareholders/Proxyholders are requested to bring the attendance slips with them duly completed when they
come to the meeting and hand them over at the gate after affixing their signatures on them.

REQUEST TO ALL MEMBERS

Dear Sir(s) / Madam

Please send all your letters for address change and documents for Share Transfer / Share Transmission, Demat etc. to our new Share Transfer Registrar at the following address and discontinue sending any papers as regards shares matters of our company to M/s. Pinnacle Shares Registry Pvt.Ltd. Ahmedabad.

Address of new Share Transfer Registrar:

M/s. Sharepro Services (India) Pvt. Ltd.
Unit : PBM POLYTEX LIMITED
Devnandan Mega Mall,
Office No.416-420, 4th Floor,
Opp Sanyas Ashram, Ashram Road,
AHMEDABAD – 380 006.

