

**PBM POLYTEX LIMITED**  
**92<sup>ND</sup> ANNUAL REPORT (2010-11)**

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 <sup>th</sup> Floor, Raheja Chambers, 213, Nariman Point, Mumbai – 400 021	
CORPORATE OFFICE	8 <sup>th</sup> 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 <sup>rd</sup> Floor, ‘E’ Block, Capital Commercial Centre, Ashram Road, Ahmedabad 380009	
SHARE TRANSFER REGISTRAR	M/s. Sharepro Services (India) Pvt. Ltd. 416-420, 4 <sup>th</sup> Floor Devnandan Mall, Opp Sanyas Ashram, Ellisbridge, AHMEDABAD – 380 006.	

## NOTICE TO SHAREHOLDERS

NOTICE is, hereby, given that the 92<sup>nd</sup> 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 17<sup>th</sup> day of September 2011 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 2011 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 Brijbhushan Lal Kabra who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Jugal Kishore Todi who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Shri Krishan Kumar Patodia who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint Auditors for the year 2011 - 12 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, 309 and 310 and other applicable provisions, if any, of the Companies Act 1956, the company hereby approves the re-appointment of Shri Gopal Patodia as a Managing Director of the Company for a period of 3 years from 1<sup>st</sup> April 2012 on the remuneration and other terms and conditions as sanctioned by the Remuneration Committee and approved by the Board of Directors of the Company and as permissible under part II Section II(B) of Schedule XIII of the Companies Act 1956 and as contained in the draft agreement placed before the meeting and initialed by the Chairman for identification with power to the Board of Directors to alter or vary the said terms and conditions of re-appointment and remuneration 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 is, hereby authorized to enter into the said agreement with such modifications or amendments as the Board may think fit."

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

8. "RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 and 310 and other applicable provisions, if any, of the Companies Act 1956, the company hereby approves the re-appointment of Shri Mohan Kumar Patodia as a Managing Director of the Company for a period of 3 years from 1<sup>st</sup> April 2012 on the remuneration and other terms and conditions as sanctioned by the Remuneration Committee and approved by the Board of Directors of the Company and as permissible under part II Section II(B) of Schedule XIII of the Companies Act 1956 and as contained in the draft agreement placed before the meeting and initialed by the Chairman for identification with power to the Board of Directors to alter or vary the said terms and conditions of re-appointment and remuneration 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 is, hereby authorized to enter into the said agreement with such modifications or amendments as the Board may think fit."

By order of the Board,

Place : Petlad  
Dated : 25<sup>th</sup> July 2011

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.
2. PROXIES IN ORDER TO BE VALID MUST BE RECEIVED BY THE COMPANY, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. The Register of the Members and Share Transfer Books of the Company will remain closed from 10<sup>th</sup> September 2011 to 17<sup>th</sup> September 2011 (both days inclusive).  
  
Those Shareholders whose names appear on the Register of Members on 10<sup>th</sup> September 2011 shall be eligible for dividend, if declared.
4. Members are informed that the company's equity shares are compulsorily traded in demat form for all investors, effective from 1<sup>st</sup> April 2002. Members may open Depository Account in their names with a Depository Participant to dematerialize their holdings.
5. Pursuant to Section 205A(5) of the Companies Act 1956 as amended, dividend for the financial years ended 31<sup>st</sup> March of 1996 to 2003, 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 31<sup>st</sup> March 2004, if remains unclaimed or unpaid up to 15<sup>th</sup> September 2011 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.
6. Members are requested to inform immediately any change in their address to the Company's Share Transfer Registrar.
7. Members can avail of the nomination facility by filling Form No.82 with the Company. Blank forms will be supplied on request.
8. Copies of the draft agreements to be entered into between the Company and its Managing Directors Shri Gopal Patodia and Shri Mohan Kumar Patodia are open for inspection at the Registered Office on all working days during business hours.
9. Explanatory Statement pursuant to section 173(2) in respect of Special Business at Items Nos. 7 and 8 is appended herewith.

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

<b>Name of Director</b>	Shri Brijbhushan Lal Kabra Chairman of Audit Committee and Remuneration Committee of the Company	Shri Jugal Kishore Todi Member of Audit Committee and Remuneration Committee of the Company	Shri Krishan Kumar Patodia Chairman of the Company and also Member of Share Transfer Committee of the Company
<b>Date of Birth</b>	26 <sup>th</sup> June 1937	23 <sup>rd</sup> August 1939	26 <sup>th</sup> May 1945
<b>Date of Appointment</b>	28 <sup>th</sup> December 1980	31 <sup>st</sup> August 2006	12 <sup>th</sup> June 1979
<b>Qualifications</b>	M.Sc.	B.Com	B.Sc. Text (Hons.)
<b>Expertise in specific functional area</b>	Vast experience in Textile Sales Management and manufacturing activities.	About 49 years experience in trading & commercial activities and having knowledge of accounting policies and procedure	46 years experience in managing textile industries and gold medalist in textile engineering. Also Managing Director of M/S Eurotex Industries and Exports Limited.
<b>Directorship of other Companies</b>	N I L	N I L	Eurotex Industries and Exports Limited. Patodia Syntex Limited. Shree Janardana Mills Limited. Maharastra Fiber & Syntex Limited. Eurospin Industries limited. Shamnhu Investments Private Limited. Rajiv Agencies Private Limited. Thrust Investments & Managements Private Limited. Mercury Gems Private Limited. Patodia Company Private Limited.
<b>Chairman/Membership of Committees* of the Board of Companies of which he is a Director</b>	N I L	N I L	

**ANNEXTURE TO NOTICE**

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

**Item No. 7 & 8**

These items relate to the reappointment of Shri Gopal Patodia and Shri Mohan Patodia, the Managing Directors of the company with effect from 01.04.2012 for a period of 3 (Three) years and fixing their remuneration as provided under part II Section II(B) of Schedule XIII of the Companies Act. Shri Gopal Patodia and Shri Mohan Kumar Patodia are presently being paid Rs. 2, 20,000 /- and Rs. 1, 40,000/- per month respectively towards salary plus other perks, within the overall year limit of Rs.42, 00,000/- each. Apart from this, provision has also been made for commission payable as sanctioned by the shareholders by way of special resolution and as is permissible under the Section 198 and 309 of the companies Act.

The Remuneration Committee at its meeting held on 25<sup>th</sup> July 2011 has recommended their re-appointment for a period of 3 (Three) years to which the Directors have also accorded their consent. The details of the remuneration as recommended as set out and specified in the draft agreements to be executed between the Managing Directors and the company is given hereunder, subject, however, to the consent of the members by way of special resolutions.

**Remuneration payable to the Managing Directors with effect from 01.04.2012**

(a) **Salary:** From 01.04.2012 to 31.03.2015

Shri Gopal Patodia                      Rs. 2, 20,000/- per month.

Shri Mohan Kumar Patodia        Rs. 1, 40,000/- per month.

(b) **Incentive:** Up to 10% of the salary as may be decided by Board from time to time to both of them.

(c) **Commission** will be paid in addition to the salary and perquisites based on the "Net Profits" of the company in the particular year subject to the overall ceiling laid down in sections 198 and 309 of the Companies Act 1956 and further subject to the limits as provided in Director's Relatives (Office or Place of Profit) Rules 2003, so as not to exceed in aggregate the amount permitted under Section 198 read with Section 309(2) of the Companies Act.

(d) **Perquisites:**

(i) **Housing:**

(a) Shri Gopal Patodia will continue to be provided with rent free accommodation the perk value of which will be considered as per I.T. Rules.

(b) Shri Mohan Kumar Patodia will be paid House Rent allowance @ 60% of his salary.

(ii) The expenditure incurred by the Managing Directors at their residence on **gas, electricity, and water** shall be reimbursed by the company.

(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) **Contribution to Provident Fund and Contribution to Superannuation Fund:** Contribution to Provident Fund and Contribution to Superannuation Fund or Annuity Fund not exceeding in total 25% of the salary of the Managing Directors.

(vii) **Gratuity:** At the rate of one month's salary for each completed year of service.

(viii) **Provision of car** with Driver for use on company's business and also for personal use and telephone at the residence of Managing Directors.

(ix) **Privilege Leave Encashment:** As per Company's rule.

(x) Subject to the statutory ceiling(s) as laid down in part II, Section II(B), of Schedule XIII of the Companies Act 1956 being Rs. 3,50,000 per month to each of them, the Managing Director may be given any other allowances perquisites, benefits and facilities to each of them within the aforesaid limits 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 profits 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 16<sup>th</sup> 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 Allowances, Perquisites and any other allowances 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 reappointment and remuneration payable to Shri Gopal Patodia and Shri Mohan Kumar Patodia, the Managing Directors of the company at their meeting held on 25<sup>th</sup> July 2011.
- (b) The company has not made any default in its Loan obligations.
- (c) The special Resolution as needed by the aforesaid Notification is proposed for approval of the shareholders.
- (d) The other information and details as required by the aforesaid Notifications No. G.S.R. 36 (E) dated 16<sup>th</sup> January 2002 issued by Government of India under the provisions of Schedule XIII of the Companies Act 1956, are given here under.

**I General Information:**

**(1) Nature of Industry:**

The company is having two yarn spinning units one at Petlad, Dist. Anand (Gujarat) and another at Borgaon, Dist. Chhindwara (Madhya Pradesh) and manufactures cotton yarn at the said units and substantially exports its product. It has also four Windmills generating electricity.

- (2) **Date or Expected date of commencement of commercial production:** Company's units are already in production.

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

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

Company's first unit set up at 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 setup at Borgaon, Dist. Chhindwara, Madhya Pradesh, commenced its production in the year 1992. Four Windmills have also been set up in the year 2006-2007 and 2007-2008. The company is earning profits and has paid dividend continuously since 1985-1986. The company's financial performance is given hereunder:

	Rs. in Lacs			
YEAR	2007 - 08	2008 - 09	2009 - 10	2010 - 11
Capital	813	813	813	813
Free Reserves	3834	3849	4079	5548
Effective Capital	8467	8344	8339	9345
Exports	4847	6722	5955	8422
Total Sales & Other Income	13120	14136	15259	19366
Profit Before Depreciation & Tax	860	836	1326	3033
Profit Before Tax	4	-34	476	2317
Profit (Loss) After Tax	(76)	(1)	376	1509

## 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 41 years. He holds rich experience in the Textile Industry in all the fields including raw material purchase, manufacturing, administration, finance, management and marketing. The company has fared very well under his supervision and administration.

2) Past remuneration

During the financial year 2010 - 11, Shri Gopal Patodia was paid the following remuneration (in Rupees):

Salary	Perquisites	Retirement Benefit	Commission	Total
2460000	922594	1036766	4419360	8838720

3) Job Profile and his suitability:

As the Managing Director of the company, Shri Gopal Patodia has overall managerial responsibility and with his rich experience of more than 41 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 purchase and marketing, He has been 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 transaction with the related Parties were in the ordinary course of business and at arms length basis. Shri K. K. Patodia and Shri Mohan Kumar 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 rich and varied experience in the Textile Industry of more than 39 years. He holds rich experience in the Textile Industry in all the fields including raw material purchase, manufacturing, administration, finance, management and marketing. The company has fared very well under his supervision and administration.

2) Past remuneration

During the financial year 2010 - 11, Shri Mohan Kumar Patodia was paid the following remuneration (in Rupees):

Salary	Perquisites	Retirement Benefit	Commission	Total
1560000	1563822	541360	3665182	7330364

3) Job Profile and his suitability:

As the Managing Director of the company, Shri Mohan Kumar Patodia has overall managerial responsibility and with his rich experience of more than 39 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, finance, administration purchase and marketing, He has been contributing to 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. 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 transaction with the related Parties were in the ordinary course of business and at arms length basis. Shri K. K. Patodia and 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 Item 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 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.



-: 08:-

- (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

Shri Krishna Kumar Patodia, Shri Gopal Patodia and Shri Mohan Kumar 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.

By order of the Board,

Place : Petlad  
Dated : 25<sup>th</sup> July 2011

GOPAL PATODIA  
Managing Director

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 92<sup>nd</sup> Annual Report of the Company with the Audited Statements of Accounts for the year ended 31st March 2011.

### FINANCIAL RESULTS:

	(Rs.in lacs) 2010 - 11	(Rs.in lacs) 2009 - 10
Gross Profit	3070.75	1331.90
Less: Depreciation	716.72	856.29
	-----	-----
Profit before Tax	2354.03	475.61
Less / Provision for Taxation	847.08	223.52
	-----	-----
	1506.95	252.09
Add Deferred Tax Reversal	39.10	129.99
	-----	-----
Profit after taxes	1546.05	382.08
Less: Short Provision of earlier years	37.29	6.01
	-----	-----
Profit for the year	1508.76	376.07
Add: Surplus brought forward	361.85	675.99
	-----	-----
Amount available for Appropriation	1870.61	1052.06
	-----	-----
Transfer to:		
General Reserve	700.00	500.00
Proposed Dividend	81.30	162.58
Corporate Dividend Tax	13.19	27.63
	-----	-----
	794.49	690.21
Balance carried to Balance Sheet	1076.12	361.85
	-----	-----
	1076.12	1052.06
	-----	-----

### DIVIDEND

Your Directors recommend a Dividend @ 10 % on the paid up equity share capital of the company for the year ended 31<sup>st</sup> March 2011.

### OPERATIONAL REVIEW

In spite of steep rise in cotton prices which touched up to Rs. 62,000/- per candy the Financial Results of the Company are better than anticipated because of favourable yarn market. The Company however experienced a set back after December 2010 because of ban on exports which was relaxed in middle of March 2011. Currently the continuous down trend in yarn market is badly affecting the Financial Results in spite of decline in cotton prices. The yarn stocks are increasing day by day because of slackness in market. The four Wind Mills are running satisfactorily.

### MODERNIZATION OF MANUFACTURING PLANTS

The modernisation programme undertaken for both the yarn manufacturing units of the company in the year 2010 - 11 has almost been completed. 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 judgments 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 Organization in the year under review.

#### **ISO CERTIFICATION:**

The company strictly adheres to the Quality Management Systems and has accordingly been granted ISO 9001:2008 License 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 Practicing 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 Brijbhushanlal Kabra, Shri Jugal Kishore Todi and Shri Krishan Kumar Patodia 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 2011-2012 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 appreciation for the same.

On Behalf of the Board of Directors,

Place : Vadodara  
Date : 25<sup>th</sup> July 2011

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.60,00,000/- per annum:

Sr. No.	Name	Designation /Nature of Duties	Age [Years]	Remuneration (Rs.)	Qualification	Expe-rience [Years]	Date of Joining	Last Employment/ Designation
1.	Shri Gopal Patodia	Managing Director	64	88,38,720	B.Sc. B.Tech [Chemical]	41	01.04.79	---
2.	Shri Mohan Kumar Patodia	Managing Director	62	73,30,364	B.Com	39	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.5,00,000/- P.M.

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**Notes:**

1. Remuneration as above includes salary, incentive, contribution to Provident Fund and other funds and other perquisites and commission 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 : 25<sup>th</sup> July 2011

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 installing new R.F. machines with invertors and fixing invertors on existing Ring Frame Machines.

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

The company takes steps for investments in energy saving devices on regular basis 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:**

By adopting above measures 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 for maintaining the quality of yarn with a view to achieve greater demand in export market for company's product.

**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: (Rs. in lacs)

	<u>2010 - 11</u>	<u>2009 - 10</u>
Foreign Exchange used	551.63	172.77
Foreign Exchange earned	8421.53	5955.25

On Behalf of the Board of Directors,

Place : Vadodara  
Date : 25<sup>th</sup> July 2011

KRISHAN KUMAR PATODIA  
Chairman

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

Form for Disclosure of Particulars with respect to Conservation of Energy

		<u>2010 - 11</u>	<u>2009 - 10</u>
(A)	POWER AND FUEL CONSUMPTION		
(1)	ELECTRICITY :		
(a)	Purchased Units	<b>3,83,04,944</b>	2,89,67,159
	Total Amount (Rs)	<b>20,90,63,609</b>	14,74,82,456
	Rate/Unit (Rs)	<b>5.46</b>	5.09
(b)	Own Generation		
i.	Through D. G. Sets/ C.P.P. – Units	<b>4,53,900</b>	1,00,71,200
	Units per liter of		
	Diesel Oil	<b>3.60</b>	3.32
	Furnace Oil	<b>3.95</b>	4.08
	Fuel Cost per Unit (Rs)		
	Diesel Oil	<b>10.85</b>	9.56
	Furnace Oil	<b>7.31</b>	4.66
ii.	Through Steam Turbine/Generator		
	Units	--	--
	Units per Liter of Fuel Oil/Gas		
	Cost/Unit	--	--
(2)	COAL/F.W. :		
	Quantity (Tones)	<b>1970.67</b>	1272.82
	Total Cost (Rs)	<b>9373818</b>	50,86,705
	Average Rate -		
	Rs. per Tone	<b>4.757</b>	3,996
(3)	L.D.O.(BOILER)		
	Quantity (Liter)	--	--
	Total Amount (Rs)	--	--
	Average Rate	--	--
(4)	OTHER/INTERNAL GENERATION		
	Quantity	--	--
	Total Cost	--	--
	Rate/Unit	--	--
(B)	CONSUMPTION PER UNIT OF PRODUCTION		
1.	Electricity (Unit per kg)	<b>3.81</b>	3.78
2.	Furnace Oil/HSD (Lit/per Kg. of Yarn)	<b>0.02</b>	0.25
3.	Coal/Lignite (Kg./per Kg. of Yarn)	--	--
4.	Others	--	--

On Behalf of the Board of Directors,

Place : Vadodara  
Date : 25<sup>th</sup> July 2011

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:**  
Studies are being carried out to find out various means for obtaining maximum production of desired quality and reducing cost.
- (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 achieve better efficiency machines of latest and upgraded technology are being installed in phased manner.
- (4) **Expenditure on R & D:**  
Expenditure on in-house R & D has been included in 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:**  
Company's Quality Assurance Department is equipped with instruments of latest technology by which various tests of quality of raw material and finished product are conducted.
- (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 : 25<sup>th</sup> July 2011

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 there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended 31<sup>st</sup> March 2011. 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 there under 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) 30<sup>th</sup> April 2010, (2) 27<sup>th</sup> July 2010 (3) 25<sup>th</sup> September 2010, (4) 2<sup>nd</sup> November 2010 and (5) 31<sup>st</sup> January 2011. 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 18<sup>th</sup> September 2010 to 25<sup>th</sup> September 2010 (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 31.03.2010 was held on 25<sup>th</sup> September 2010 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) The Company had deposited amount in a separate Bank Account for the amount of dividend as declared.
  - (iii) The Company has transferred the amount of unpaid dividend on 27<sup>th</sup> September 2010 for the year 2002-03, 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 20<sup>th</sup> 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 31<sup>st</sup> March 2011 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 nor 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	( C. R. DAMANI)
	Company Secretary
Date : 11 <sup>th</sup> June 2011	C.P. NO. 445

**ANNEXURE 'A'**

Name of the Company PBM POLYTEX LIMITED Registration No. L17110GJ1919PLC000495  
Authorized 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  
Authorized 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 31-03-2011.**

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 23 C	233B(2)	Appointment of Cost Auditor	12.05.2010	Yes	N.A.
2.	Form 62	58A	Return of Deposit	14.06.2010	Yes	N.A.
3.	Form 66	383A	Compliance Certificate	07.09.2010	Yes	N.A.
4.	Form I	233B(4)600(3)(b)	Cost Audit Report	27.09.2010	Yes	N.A.
5.	Form 1		Unpaid Dividend	04.10.2010	Yes	N.A.
6.	Form 23 AC / 23ACA	220	Annual Report & Profit and Loss Account for FY 2009-2010	05.10.2010	Yes	N.A.
7.	Form 23	192	Realignment of Remuneration of MD Shri Mohan Kumar Patodia	07.10.2010	Yes	N.A.
8.	Form 23	192	Realignment of Remuneration of MD Shri Gopal Patodia	07.10.2010	Yes	N.A.
9.	Form 23	192	Revision in Remuneration Payable to CEO Shri Amit Patodia	07.10.2010	Yes	N.A.
10.	Form 23	192	Agreement with MD Shri Gopal Patodia	08.10.2010	Yes	N.A.
11.	Form 23	192	Agreement with MD Shri Mohan Kumar Patodia	14.10.2010	Yes	N.A.
12.	Form 24B	314(1)(B)	Revision in Remuneration Payable to CEO Shri Amit Patodia	14.10.2010	Yes	N.A.
13.	Form 25C	269(2)	Realignment of Remuneration of MD Shri Mohan Kumar Patodia	14.10.2010	Yes	N.A.
14.	Form 25C	269(2)	Realignment of Remuneration of MD Shri Gopal Patodia	14.10.2010	Yes	N.A.
15.	Form 20B	159	Annual Return made up to 25.09.2010	13.11.2010	Yes	N.A.
16.	Form 17	138, 600	Satisfaction of Charge (IDBI Bank Rs. 500 Lac)	19.10.2010	Yes	N.A.
17.	Form 17	138, 600	Satisfaction of Charge (IDBI Bank Rs. 300 Lac)	17.02.2011	Yes	N.A.

Place: Ahmedabad	( C. R. DAMANI)
	Company Secretary
Date : 11 <sup>th</sup> June 2011	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 forms 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 recognized 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:

30.04.2010, 27.07.2010, 25.09.2010, 02.11.2010 and 31.01.2011

**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	3	No	6	3
Shri Gopal Patodia	Executive	5	Yes	7	-
Shri Brijbhushanlal Kabra	Non-Executive	5	Yes	-	-
Shri Mohankumar Patodia	Executive	0	No	6	-
Shri Dharam Paul	Non-Executive	3	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	3
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, and 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, commission, stock options, pension etc. as paid to the Managing Directors during the year 2010-11 are given hereunder:

	Shri Gopal Patodia (Rs.)	Shri Mohankumar Patodia (Rs.)
Salary	24,60,000	15,60,000
Retirement Benefits	10,36,766	5,41,360
Commission	44,19,360	36,65,182
Perks	<u>9,22,594</u>	<u>15,63,822</u>
<b>Total</b>	<b>88,38,720</b>	<b>73,30,364</b>

- (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 and also commission based on profits.

- (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

The Service period of The Managing Directors is to be extended for further three years from 01.04.2012 for which consent of Share Holders is being sought at the ensuing Annual General Meeting.

- (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	2007 - 08	2008 - 09	2009 - 10
Consecutive No. of AGM Held at	89 <sup>th</sup> The Registered Office of the Company, Opp. Railway Station, Petlad Dist. Anand (Gujarat)	90 <sup>th</sup> The Registered Office of the Company, Opp. Railway Station, Petlad Dist. Anand (Gujarat)	91 <sup>st</sup> The Registered Office of the Company, Opp. Railway Station, Petlad Dist. Anand (Gujarat)
Date	20.09.2008	24.09.2009	25.09.2010
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:**

- 92<sup>nd</sup> Annual General Meeting  
Date : 17<sup>th</sup> September 2011  
Time : 11 A.M.  
Venue : Registered Office of the Company  
Opp. Station, Petlad  
Dist. Anand, Gujarat
- Date of Book Closure: 10<sup>th</sup> September 2011 to 17<sup>th</sup> September 2011 (both days inclusive)
- Listing of Shares (Stock Code of the Company):  
With Bombay Stock Exchange (Code No. 514087) and Ahmedabad Stock Exchange (Code No. 44610).
- Stock Market Data (Bombay Stock Exchange) (2010 - 11):**

Month	Month's Highest Price Rs.	Month's Lowest Price Rs.
April	33.95	23.55
May	30.90	23.70
June	29.00	23.20
July	39.80	25.40
August	55.50	38.50
September	65.50	49.20
October	78.90	53.25
November	75.95	47.25
December	57.00	45.10
January	54.80	41.20
February	58.00	47.35
March	52.00	45.00

- 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 20.55 % of company's paid up equity share capital has been dematerialized up to 30<sup>th</sup> June 2011. The shareholders wishing to demat the shares may approach Depository Participants.

7. **Distribution of shareholding as at 30.06.2011**

No. of Equity Shares held	No. of Shareholders	No. of Shares Held	Share Holding %
1 - 1000	4806	886298	10.90
1001 - 5000	235	493008	6.07
5001 – 10000	25	172583	2.12
10001 and above	63	6578111	80.91

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, Bargaon, 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 (Gujarat)
- (iv) Windmill of 800 KW at Vill: Okha Madhi, Taluka Dwarka, District Jamnagar, (Gujarat)
- (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, 4<sup>th</sup> 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](mailto: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](mailto: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 31<sup>st</sup> March 2011.

For PBM POLYTEX LIMITED,

Place : Vadodara  
Date : 25<sup>th</sup> July 2011

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, 2011 as stipulated in clause 49 of the Listing Agreement of the 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 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 : 25<sup>th</sup> July 2011

(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 31<sup>st</sup> March, 2011 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 : 25<sup>th</sup> July 2011

AMIT PATODIA  
Senior President / CEO

GOPAL PATODIA  
Managing Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011**

	2010 - 11	2009 - 10
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax and Extraordinary Items	<b>2316.74</b>	469.60
<u>Adjustments for :</u>		
Depreciation (Net)	<b>716.72</b>	856.29
Interest	<b>342.56</b>	290.81
Preliminary expenses written off / Others	<b>20.68</b>	20.68
Loss/(Profit) on Sale of Fixed Assets	<b>(8.70)</b>	8.42
Dividend Income	<b>0</b>	0
	-----	-----
Operating Profit before Working Capital Changes	<b>3388.00</b>	1645.80
<u>Adjustments for :</u>		
Trade and Other Receivables	<b>(255.39)</b>	(270.69)
Inventories	<b>(1235.39)</b>	(1895.66)
Trade Payables	<b>300.88</b>	253.34
	-----	-----
Cash generated from operations	<b>2198.10</b>	(267.21)
Interest Paid	<b>(342.56)</b>	(290.81)
Direct Taxes Paid	<b>(847.08)</b>	(223.52)
	-----	-----
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>1008.46</b>	(781.54)
	-----	-----
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	<b>(874.23)</b>	(552.51)
Sale of Fixed Assets	<b>135.71</b>	290.82
Dividend Income	<b>0</b>	0
Sale of Investment	<b>0</b>	0
	-----	-----
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(738.52)</b>	(261.69)
	-----	-----
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from long term borrowings (Net)	<b>(0.15)</b>	1029.89
Dividend paid	<b>(190.21)</b>	0
	-----	-----
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(190.36)</b>	1029.89
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>79.58</b>	(13.34)
( A + B + C )		
Opening Balance of Cash and Cash Equivalents	<b>105.47</b>	118.81
Closing Balance of Cash and Cash Equivalents	<b>185.05</b>	105.47

	K. K. Patodia	Chairman
	Gopal Patodia	Managing Director
	Mohan Kumar Patodia	Managing Director
	H. P. Siotia	Director
	Brijbhushanlal Kabra	Director
	Dharam Paul	Director
	Jugalkishore Todi	Director
PLACE: Vadodara		
DATE : 25 <sup>th</sup> July 2011		

**AUDITORS' CERTIFICATE**

We have examined the attached Cash Flow Statement of PBM POLYTEX LIMITED for the year ended 31st March 2011. 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 : 25<sup>th</sup> July 2011

(MAHENDRA N. SHAH)  
Partner  
Membership No. 3969

## **MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT**

### **INDUSTRIAL STRUCTURE AND DEVELOPMENT**

The Textile Industry plays major role in Indian Economy in terms of industrial production employment and contribution to foreign exchange earnings through exports.

Textile Industry suffered due to many adverse factors like increase in cotton support prices, massive exports of cotton, economic slowdown etc in the years 2007-08 to 2009-10. The situation improved from last quarter of 2009-10 but again since January 2011 there is slow down in demand both in domestic as well as international market.

The company is having two cotton yarn spinning units at Petlad (Gujarat) and Borgaon (Madhya Pradesh) and its working which was good in the year 2010-11 has been adversely affected since January 2011. The export of cotton yarn came to a halt from mid January 2011 up to the end of March 2011 resulting in mounting up of stocks of cotton yarn, affecting the financial position of spinning industry. The Director General of Foreign Trade (DGFT) has issued notification making free the exports from April 2011 with a condition requiring registration of contracts with the office of DGFT.

### **OPPORTUNITIES, THREATS, RISKS AND CONCERNS**

The health of the industry mainly depends on availability of good quality cotton at reasonable rate. The prices of cotton went all time high that is up Rs.62, 000/- per candy. Withdrawal of Duty Draw Back, restriction on exports of cotton yarn added to the crisis in the industry. Restoration of Duty Draw Back and other export incentives can only help in the survival of the industry.

### **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 31<sup>st</sup> March 2011 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 and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the 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 necessary 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 31<sup>st</sup> March, 2011 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 31<sup>st</sup> March, 2011,
    - (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 : 25<sup>th</sup> July 2011

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 register 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 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, 2011 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 appeals.
- (x.) The Company does not have accumulated losses as at 31.03.2011. 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 : 25<sup>th</sup> July 2011

Mahendra N. Shah  
Partner  
Membership No. 3969



**BALANCE SHEET AS AT 31ST MARCH 2011**

	Schedule	Rs.	As At 31-3-2011 Rs.	As At 31-3-2010 Rs.
<b>I. SOURCES OF FUNDS</b>				
1. SHAREHOLDERS' FUNDS:				
(a) Share Capital	I	<b>8,12,96,080</b>		8,12,96,080
(b) Reserves & Surplus	II	<b>55,68,90,663</b>		41,20,41,997
			<b>63,81,86,743</b>	49,33,38,077
2. LOAN FUNDS:				
Secured Loans	III		<b>57,73,57,085</b>	57,73,41,859
3. DEFERRED TAX LIABILITY (NET)				
	IV		<b>12,16,14,369</b>	12,55,24,458
<b>TOTAL</b>			<b>1,33,71,58,197</b>	1,19,62,04,394
<b>II. APPLICATION OF FUNDS</b>				
1. FIXED ASSETS:				
(a) Gross Block	V	<b>1,48,71,26,506</b>		1,44,90,65,611
(b) Less : Depreciation		<b>84,94,87,675</b>		82,09,75,344
(c) Net Block		<b>63,76,38,831</b>		62,80,90,267
(d) Capital Work-In-Progress		<b>3,02,648</b>		33,51,690
			<b>63,79,41,479</b>	63,14,41,957
2. INVESTMENTS:				
	VI		<b>2,92,60,000</b>	2,92,60,000
3. CURRENT ASSETS, LOANS AND ADVANCES:				
(a) Inventories	VII	<b>56,76,89,850</b>		44,41,50,857
(b) Sundry Debtors	VIII	<b>15,29,33,480</b>		9,87,13,074
(c) Cash & Bank Balances	IX	<b>1,85,05,154</b>		1,05,46,831
(d) Loans & Advances	X	<b>6,59,32,132</b>		9,46,12,506
			<b>80,50,60,616</b>	64,80,23,268
Less: CURRENT LIABILITIES & PROVISIONS:				
(a) Current Liabilities	XI	<b>9,71,06,948</b>		5,86,15,842
(b) Provisions	XII	<b>4,00,64,677</b>		5,80,40,443
			<b>13,71,71,625</b>	11,66,56,285
4. NET CURRENT ASSETS				
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	XIII		<b>20,67,727</b>	41,35,454
<b>TOTAL</b>			<b>1,33,71,58,197</b>	1,19,62,04,394

**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)

MAHENDRA N. SHAH  
(Partner)  
M.No. 3969  
AHMEDABAD,  
DATE : 25<sup>th</sup> July 2011

K. K. Patodia  
Gopal Patodia  
Moham Kumar Patodia  
H. P. Siotia  
Brijbhushanlal Kabra  
Dharam Paul  
Jugalkishore Todi

Vadodara  
DATE: 25<sup>th</sup> July 2011

Chairman  
Managing Director  
Managing Director  
Director  
Director  
Director  
Director



**SCHEDULES TO BALANCE SHEET**

	Rs.	As At 31-3-2011 Rs.	As At 31-3-2010 Rs.
<b>SCHEDULE I</b>			
<b>SHARE CAPITAL</b>			
<b>AUTHORISED</b>			
1,00,00,000 Equity Shares of Rs. 10/- each		<b>10,00,00,000</b>	10,00,00,000
<b>ISSUED &amp; SUBSCRIBED</b>			
81,30,000 Equity Shares of Rs. 10/- each		<b>8,13,00,000</b>	8,13,00,000
<b>PAID UP</b>			
81,29,020 Equity Shares of Rs.10/- each paid up		<b>8,12,90,200</b>	8,12,90,200
Add: Forfeited Shares (amount originally paid)		<b>5,880</b>	5,880
		<b>8,12,96,080</b>	8,12,96,080
(Of the above, fully paid up Bonus, shares equivalent to the face value of Rs.2,13,71,864/-have been allotted by Capitalization of Reserves)			
<b>SCHEDULE II</b>			
<b>RESERVES &amp; SURPLUS</b>			
SHARE FORFEITURE ACCOUNT		<b>16,880</b>	<b>16,880</b>
SHARE PREMIUM ACCOUNT		<b>3,61,05,080</b>	<b>3,61,05,080</b>
<b>GENERAL RESERVE</b>			
Balance as per last year	<b>33,97,35,499</b>		<b>28,73,58,132</b>
Add: Transferred from earlier year's Gratuity Provision	<b>34,21,150</b>		<b>23,77,367</b>
Add: Appropriation from current year's Profit	<b>7,00,00,000</b>		<b>5,00,00,000</b>
		<b>41,31,56,649</b>	<b>33,97,35,499</b>
BALANCE IN PROFIT & LOSS ACCOUNT		<b>10,76,12,054</b>	<b>3,61,84,538</b>
		<b>55,68,90,663</b>	<b>41,20,41,997</b>

	Rs.	As At 31-3-2011 Rs.	As At 31-3-2010 Rs.
<b>SCHEDULE III</b>			
<b>SECURED LOANS</b>			
<b>I. TERM LOANS</b>			
From Banks and Financial Institutions (Refer Note 1)			
Rupee Term Loan		<b>20,07,46,621</b>	23,11,10,578
Foreign Currency Term Loan		<b>6,35,53,804</b>	8,96,95,286
		-----	-----
		<b>26,43,00,425</b>	32,08,05,864
<b>II. WORKING CAPITAL FACILITIES</b>			
From Banks (Refer Note 2)		<b>31,30,56,660</b>	25,65,35,995
		-----	-----
		<b>57,73,57,085</b>	57,73,41,859
		-----	-----

NOTES - (DESCRIPTION OF SECURITIES): -

1.	Rs.1316.96 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. 452.36 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. 183.18 lacs	Secured by hypothecation of all current assets and exclusive charge over windmill fixed assets and also by mortgage of the same
	Rs. 690.50 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.1830.57 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. 1300.00 lacs	Secured by personal guarantee of a Managing Director

**SCHEDULE IV**

**DEFERRED TAX LIABILITY (NET)**

Opening Balance	<b>12,55,24,458</b>	13,85,23,281
Less Deferred Tax Asset for the year	<b>39,10,089</b>	1,29,98,823
	-----	-----
	<b>12,16,14,369</b>	12,55,24,458
	-----	-----

**SCHEDULE V**  
**FIXED ASSETS**

PARTICULARS	GROSS BLOCK AT COST/REVALUED AMOUNT			DEPRECIATION				NET BLOCK		
	BALANCE AS ON 01.04.2010	ADDITIONS DURING THE YEAR	ADJUSTMENTS/ DEDUCTIONS DURING THE YEAR	BALANCE AS ON 31.03.2011	PROVIDED UPTO 31.03.2010	PROVIDED DURING THE YEAR	DEDUCTIONS DURING THE YEAR	TOTAL UPTO 31.03.2011	AS ON 31.03.2011	AS ON 31.03.2010
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
LAND (LEASE HOLD)	28,94,919	0	35,870	28,59,049	0	0	0	0	28,59,049	28,94,919
LAND (FREE HOLD) **	36,21,123	60,965	**2,80,000	34,02,088	0	0	0	0	34,02,088	36,21,123
BUILDINGS *	16,42,73,917	30,97,118	0	16,73,71,035	5,65,97,900	37,55,877	0	6,03,53,777	10,70,17,258	10,76,76,017
PLANT AND MACHINERY **	1,18,28,58,244	7,61,95,414	4,36,24,798	1,21,54,28,860	70,75,18,903	6,20,37,641	3,60,95,593	73,34,60,951	48,19,67,909	47,53,39,341
ELECTRICAL INSTALLATIONS	5,58,26,143	9,79,602	37,83,736	5,30,22,009	3,56,54,183	23,66,983	35,02,763	3,45,18,403	1,85,03,606	2,01,71,960
FURNITURE	2,22,43,708	24,80,474	28,72,118	2,18,52,064	1,43,89,178	14,80,453	25,41,070	1,33,28,561	85,23,503	78,54,530
FIXTURES AND EQUIPMENTS	1,73,47,557	76,58,221	18,14,377	2,31,91,401	68,15,180	20,30,998	10,20,195	78,25,983	1,53,65,418	1,05,32,377
VEHICLES	1,44,90,65,611	9,04,71,794	5,24,10,899	1,48,71,26,506	82,09,75,344	7,16,71,952	4,31,59,621	84,94,87,675	63,76,38,831	62,80,90,267
T O T A L	1,44,90,65,611	9,04,71,794	5,24,10,899	1,48,71,26,506	82,09,75,344	7,16,71,952	4,31,59,621	84,94,87,675	63,76,38,831	62,80,90,267
2009-2010	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

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

\*\* Deposit of Rs. 2,80,000/- given for purchase of land and originally included in cost of Free hold land has now been transferred to Loans and Advance Account

	<b>As At 31-3-2011 Rs.</b>	<b>As At 31-3-2010 Rs.</b>
<b>SCHEDULE VI</b>		
INVESTMENTS – LONG TERM - At Cost		
Quoted-Trade – Fully Paid up:		
13,58,500 Equity Shares of Rs.10/- each of Eurotex Industries & Exports Ltd.	<b>2,92,60,000</b>	2,92,60,000
	-----	-----
(Market value of quoted investments Rs.3,66,79,500/- Previous Year Rs. 4,21,13,500/-		
<b>SCHEDULE VII</b>		
INVENTORIES		
(As taken, valued and certified by the Management)		
(a) Stores, Packing Material, Spares, Fuel, & others	<b>1,68,19,366</b>	1,90,53,897
(b) Raw materials	<b>31,90,08,899</b>	37,91,30,636
(c) Finished goods:		
(i) Yarn	<b>19,38,21,016</b>	1,92,69,873
(ii) Cotton / Yarn Waste	<b>18,30,869</b>	18,58,488
(d) Stock-in-process	<b>3,62,09,700</b>	2,47,16,809
(e) Unsold DEPB Licence	<b>0</b>	1,21,154
	-----	-----
	<b>56,76,89,850</b>	44,41,50,857
	-----	-----
<b>SCHEDULE VIII</b>		
SUNDRY DEBTORS		
(Unsecured- Considered Good)		
More than six months	<b>0</b>	0
Other debts	<b>15,29,33,480</b>	9,87,13,074
	-----	-----
<b>SCHEDULE IX</b>		
CASH & BANK BALANCES		
Cash on hand	<b>10,94,199</b>	6,50,849
With Scheduled Banks		
(a) In Current Account	<b>1,47,41,540</b>	92,71,237
(b) In Fixed Deposit Account	<b>26,69,415</b>	6,24,745
	-----	-----
	<b>1,85,05,154</b>	1,05,46,831
	-----	-----

	<b>As At</b> <b>31-3-2011</b>	<b>As At</b> <b>31-3-2010</b>
<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
<b>SCHEDULE X</b>		
<b>LOANS AND ADVANCES</b>		
(Unsecured-Considered Good)		
Advances recoverable in Cash or in kind or for value to be received	<b>4,74,20,294</b>	4,95,87,479
Deposits with Electricity Board and others (including Security Deposit of Rs.800000/- given to the companies in which Directors of the Company are interested)	<b>65,93,006</b>	2,07,34,425
Balance with Central Excise Department	<b>25,02,751</b>	1,68,47,441
Value Added Tax Receivable	<b>94,16,081</b>	74,43,161
	<b>6,59,32,132</b>	9,46,12,506
<b>SCHEDULE XI</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors:		
Due to Small Scale Industrial Undertakings	<b>1,68,46,840</b>	95,34,900
Due to Others	<b>5,52,90,915</b>	3,03,12,918
Other Liabilities	<b>2,04,91,213</b>	1,62,89,334
Unclaimed Dividend	<b>10,63,539</b>	6,18,432
Interest accrued but not due	<b>16,12,043</b>	3,13,339
Advances from Customers	<b>18,02,398</b>	15,46,919
	<b>9,71,06,948</b>	5,86,15,842
<b>SCHEDULE XII</b>		
<b>PROVISIONS</b>		
For Taxation (Net of Advance Tax)	<b>49,21,163</b>	1,43,66,484
For Expenses and Others	<b>2,56,95,080</b>	2,46,52,865
Proposed Dividend	<b>81,29,608</b>	1,62,58,040
Corporate Dividend Tax	<b>13,18,826</b>	27,63,054
	<b>4,00,64,677</b>	5,80,40,443
<b>SCHEDULE XIII</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
Opening Balance	<b>41,35,454</b>	62,03,182
Less Expenses written off during the year (Ref Note 7)	<b>20,67,727</b>	20,67,728
	<b>20,67,727</b>	41,35,454

**SCHEDULES TO PROFIT AND LOSS ACCOUNT**

	Rs.	2010 - 11 Rs.	2009 - 10 Rs.
<b>SCHEDULE XIV</b>			
<b>SALES AND OTHER OPERATIVE INCOME</b>			
Yarn Sales		<b>1,82,34,72,442</b>	1,41,25,65,848
Less: Excise Duty	<b>73,99,772</b>		40,98,285
Rebate & Goods Returned	<b>53,86,005</b>		2,26,405
		<b>1,27,85,777</b>	43,24,690
		<b>1,81,06,86,665</b>	1,40,82,41,158
Waste Sales		<b>8,55,57,584</b>	6,63,84,659
Electricity units (generated at Windmills)		<b>1,62,05,605</b>	1,86,44,713
		<b>1,91,24,49,854</b>	1,49,32,70,530
<b>SCHEDULE XV</b>			
<b>OTHER INCOME</b>			
Export Incentive (Duty Drawback) / DEPB		<b>1,56,95,090</b>	2,41,03,860
Dividend on Other Investments		<b>600</b>	150
Profit on Sale of Investment (Net)		<b>14,60,564</b>	3,27,181
Foreign Exchange Fluctuation Gain		<b>4,01,748</b>	31,90,966
Profit on Sale of Fixed Assets (Net)		<b>8,69,784</b>	0
Miscellaneous Income		<b>57,10,260</b>	49,87,067
		<b>2,41,38,046</b>	3,26,09,224
<b>SCHEDULE XVI</b>			
<b>INCREASE/(DECREASE) IN STOCKS</b>			
Stocks as at close			
(i) Finished goods:			
(a) Yarn	<b>19,38,21,016</b>		1,92,69,873
(b) Cotton / Yarn Waste	<b>18,30,869</b>		18,58,488
		<b>19,56,51,885</b>	2,11,28,361
(ii) Stock-in-Process	<b>3,62,09,700</b>		2,47,16,809
		<b>23,18,61,585</b>	4,58,45,170
Less: Stocks as at commencement			
(i) Finished goods:			
(a) Yarn	<b>1,92,69,873</b>		5,03,91,536
(b) Cotton / Yarn Waste	<b>18,58,488</b>		10,33,818
		<b>2,11,28,361</b>	5,14,25,354
(ii) Stock-in-process	<b>2,47,16,809</b>		2,32,91,540
		<b>4,58,45,170</b>	7,47,16,894
		<b>18,60,16,415</b>	(2,88,71,724)
<b>SCHEDULE XVII</b>			
<b>RAW MATERIALS CONSUMED</b>			
Opening Stock		<b>37,91,30,636</b>	15,75,51,632
Add: Purchases during the year		<b>1,16,72,75,952</b>	106,00,08,394
		<b>1,54,64,06,588</b>	121,75,60,026
Less : Closing Stock		<b>31,90,08,899</b>	37,91,30,636
		<b>1,22,73,97,689</b>	83,84,29,390



<b>SCHEDULE XVIII</b>		<b>2010 - 11</b>	2009 - 10
MANUFACTURING, ADMINISTRATIVE & SELLING EXPENSES	<b>Rs.</b>	<b>Rs</b>	<b>Rs.</b>
Stores Consumption		<b>4,75,68,063</b>	4,23,43,526
Power & Fuel		<b>22,55,81,743</b>	20,28,92,490
Processing Charges		<b>6,47,834</b>	8,85,247
Payments to and Provision for Employees:			
Salaries, Wages, Bonus & Other Allowances	<b>13,20,20,909</b>		11,62,02,472
Contribution towards Provident Fund & Other Funds	<b>96,92,704</b>		91,17,558
Welfare Expenses	<b>57,26,104</b>		53,46,027
	-----		-----
Rent		<b>14,74,39,717</b>	13,06,66,057
Repairs & Maintenance:		<b>24,68,219</b>	23,35,739
Machinery (including Spares)	<b>2,91,06,975</b>		2,49,62,381
Captive Power Plant	<b>24,10,678</b>		1,16,57,707
Building	<b>69,93,978</b>		30,57,300
Others	<b>27,87,614</b>		20,83,804
	-----		-----
Insurance		<b>4,12,99,245</b>	4,17,61,192
Rates & Taxes		<b>36,71,912</b>	34,93,562
License & Legal Fees		<b>1,19,37,757</b>	1,21,61,493
Sales & Distribution Expenses		<b>27,38,769</b>	28,29,950
General Expenses :		<b>3,20,22,851</b>	2,90,47,747
Subscription, Books & Periodicals, conveyance, travelling (including foreign travel Rs.3,77,718/- Previous Year Rs. 6,68,541/-)		<b>1,11,27,285</b>	93,80,726
Postage, Telegram, Telephone, Stationery Printing etc.		<b>38,75,180</b>	36,54,083
Financial & Bank Charges		<b>43,29,985</b>	49,99,792
Directors Sitting Fees		<b>1,70,000</b>	1,70,000
Managerial Remuneration		<b>1,61,69,084</b>	70,71,920
Directors' Travelling Expenses (including Rs.7,81,217/- for foreign travel - Previous year Rs. 6,36,243/-)		<b>10,90,170</b>	9,53,854
Audit Fees & Expenses		<b>4,26,467</b>	4,18,474
Donation		<b>13,11,239</b>	3,99,412
Loss on sale of Fixed Assets (Net)		<b>0</b>	8,42,259
		-----	-----
<b>TOTAL</b>		<b>55,38,75,520</b>	49,63,07,523
		-----	-----
<b>SCHEDULE XIX</b>			
<b>INTEREST</b>			
On Term Loans		<b>2,42,99,996</b>	2,27,78,450
Other Interest	<b>1,12,44,516</b>		75,90,209
Less :Interest Received (Tax deducted at source Rs. 1,24,492/- Previous Year Rs. 2,05,433/-)	<b>12,87,988</b>		12,87,092
	-----		-----
		<b>99,56,528</b>	63,03,117
		-----	-----
<b>TOTAL</b>		<b>3,42,56,524</b>	2,90,81,567
		-----	-----

**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 recognized in the period in which the results are known/materialized.
- (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 capitalized / 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 & others- | At Cost (Weighted Average Method)        |
| (b) | Raw materials-                                   | At Lower of Cost or Net Realizable Value |
| (c) | Stock-in-Process-                                | At Lower of Cost or Net Realizable Value |
| (d) | Finished Goods-                                  | At Lower of Cost or Net Realizable Value |
| (e) | Material in Transit-                             | At Cost (Specific Cost Method)           |
| (f) | Cotton / Yarn Waste-                             | At Net Realizable 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 amortized 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 recognized on accrual basis except Insurance Claims, TUFS rebate, and export incentives like Duty Drawback, DEPB, and 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 incomes and accounting income at currently enacted tax rates.  
Deferred tax assets are recognized only if there is reasonable certainty that they will be realized 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.400.91 Lacs (Previous year Rs. 220.38 Lacs) (Net of advances).
- (b) Bills discounted under Export Letter of Credit Rs. 1,62,65,907/- since realized in full (Previous Year Rs.4, 82, 65,135/-)
- (c) Income Tax Demand of Rs.40,000/- for the A/c 2004-05 against which company has preferred appeals.
- (d) Bank Guarantee for Rs. 1,41,34,600/- favouring Madhya Gujarat Vij Company Limited for contract demand of electricity.

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, if any, 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	2010-11		2009-10	
		Principal Rs.	Interest	Principal Rs.	Interest
a)	Principal Amount and Interest thereon due, remaining unpaid at the end of the year	<b>1,68,46,840</b>	<b>NIL</b>	95,30,900	NIL
b)	Interest paid during the year	<b>NIL</b>	<b>NIL</b>	NIL	NIL
c)	Interest due and payable (on the amount which have been paid beyond the appointed date during the year)				
d)	Interest remaining accrued and unpaid at the end of the year	<b>NIL</b>	<b>NIL</b>	NIL	NIL
e)	Interest due of the previous year	<b>NIL</b>	<b>NIL</b>	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. 10.67 Lacs (Previous year Rs. 9.61 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. 4.02 Lacs. (Previous year net gain of Rs. 31.91 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, net loss of Rs. 1, 57,25,638/- from the period 2007 - 08 to 2010 – 11 arising on reporting of long term foreign currency monetary item relating to fixed assets has been added to the cost of Fixed Assets of wind mills.

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.20,67,727/- has been accounted in Profit & Loss A/c. on pro rata basis during the current year.
8. Pursuant to the revised Accounting Standard 15, the Company had created gratuity provision as on 31<sup>st</sup> March 2007 on actuarial basis for Rs. 57.24 Lacs which has been fully restored by 31<sup>st</sup> March 2011.
9. **Disclosure pursuant to Accounting Standard – 15 [Revised] ‘Employee Benefits’:**
  - A** The Company has, with effect from 1<sup>st</sup> 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.
      - B 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 losses are as under:

(Amount in Rs.)

		GRATUITY (FUNDED)	
		31.03.2011	31.03.2010
<b>(a.)</b>	<b>Amount Recognized in Balance Sheet</b>		
	Present Value of funded obligations	5,97,78,959	5,19,63,884
	Fair Value of plan assets	5,97,78,959	5,19,63,884
	Present value of unfunded obligations	(-)22,53,953	(-)57,01,654
	Unrecognised past service cost	NIL	NIL
	Net Liability	(-)22,53,953	(-)57,01,654
	<b>Amounts in the balance sheet:</b>		
	Liabilities	5,75,25,006	5,19,63,884
	Assets	5,97,78,959	5,19,63,884
	Net Liability	(-)22,53,953	(-)57,01,654

<b>(b.)</b>	<b>Amount Recognized in the Statement of Profit &amp; Loss</b>		
	Current service cost	31,83,893	29,47,308
	Interest on obligation	38,01,860	38,17,337
	Expected Return on plan assets	(-)47,45,864	(-)43,57,273
	Net Actuarial losses (gains) recognized in the year	69,49,103	43,58,003
	Past service cost	NIL	NIL
	Losses (gains) on curtailments and settlement	NIL	NIL
	Total, included in 'employee benefit expenses'	91,88,992	(-)19,50,631

<b>(c.)</b>	<b>Reconciliation of Opening &amp; Closing Balances</b>		
	Opening Defined Benefit Obligation at the beginning	4,60,83,152	4,62,70,744
	Service Cost for the year	31,83,893	29,47,308
	Interest cost for the year	38,01,860	38,17,337
	Actuarial losses (gains)	71,74,210	(-)43,17,202
	Losses (gains) on curtailments	NIL	NIL
	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	(-)27,18,109	(-)24,55,957
	Closing Defined Benefit Obligation at year end	5,75,25,006	4,62,62,230

<b>(d.)</b>	<b>Change in the fair value of plan assets</b>		
	Opening fair value of plan assets	5,14,69,461	4,67,85,657
	Expected Return	47,45,864	43,57,273
	Actuarial Gains and (losses)	2,25,107	40,801
	Assets Distributed on settlements	NIL	NIL
	Contributions by employer	60,56,635	32,36,110
	Assets acquired in an amalgamation in the nature of purchase	--	--
	Exchange differences on foreign plans	--	--
	Benefits paid	27,18,108	(-)24,55,957
	Closing balance of fair value of plan assets / fund	5,97,78,959	5,19,63,884

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

<b>(f.)</b>	<b>Principal Actuarial Assumptions at the balance sheet date (expressed as weighted averages)</b>		
	Discount rate for the year	8.25 %	8.25%
	Expected Return on plan assets at for the year	9.15%	9.20%
	Proportion of employees opting for early retirement	--	--
	Annual increase in Salary costs	6.00%	6.00%

(g.)	<b>Amount for the current and previous four years are as follows:</b>		
	<b>Defined Benefit Pension Plans</b>		
	Defined Benefit Obligation	<b>5,75,25,006</b>	4,62,62,230
	Plan Assets	<b>5,97,78,959</b>	5,19,63,884
	Surplus / (deficit)	<b>46,69,911</b>	57,01,654
	Experience adjustments on plan liabilities	<b>NIL</b>	NIL
	Experience adjustments on plan assets	<b>NIL</b>	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.21, 53,701/- (Previous Year Rs. 16, 88,287/-)

10. The Registered Office of the Company being situated in mofussil centre, in spite 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 Practicing 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.

	<b>2010 - 11</b>	2009 - 10
	<b>Rs.</b>	Rs.
12. <b>AUDITORS' REMUNERATION</b>		
1. Audit Fees (Including Service Tax)	<b>3,36,415</b>	2,53,690
2. Tax Audit	<b>49,635</b>	49,635
3. Traveling expenses	<b>40,417</b>	1,15,149
	<b>4,26,467</b>	4,18,474

**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.**

	<b>2010 - 11</b>	2009 - 10
	<b>Rs.</b>	Rs.
Profit before Taxation for the year	<b>23,54,02,630</b>	4,75,60,605
Add Managing Directors' Remuneration	<b>1,61,69,084</b>	70,71,920
Add / (Less) Loss (Profit) on Sale of Fixed Assets / Investment	<b>(8,69,784)</b>	8,42,259
	<b>25,07,01,930</b>	5,54,74,784
Less Short provision of earlier years (Net)	<b>37,29,053</b>	6,01,052
Profit u/s 349 of the Act	<b>24,69,72,877</b>	5,48,73,732
Maximum remuneration payable to the Managing Directors not exceeding 10% of the Profit	<b>2,46,97,288</b>	54,87,373
Minimum Managerial Remuneration paid as approved by the shareholders	<b>1,61,69,084</b>	70,71,920

**(ii) Break up of Managerial Remuneration:**

Salary	<b>40,20,000</b>	37,20,000
Contribution of Provident Fund and other Funds	<b>15,78,126</b>	10,72,720
Perquisites	<b>2486415</b>	22,79,200
Commission	<b>8084542</b>	--
	<b>1,61,69,084</b>	70,71,920

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

(i) Shri Amit Patodia	<b>15,21,599</b>	10,63,669
(ii) Shri Vikash Patodia	<b>13,87,370</b>	11,07,589

**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	<b>57,600</b>	57,600
Rotors	<b>840</b>	840

**(2) CONSUMPTION OF RAW MATERIALS:**

	<b>KGS.</b>	<b>RS.</b>	<b>KGS.</b>	<b>RS.</b>
Cotton	<b>1,25,84,834</b>	<b>1,19,37,31,333</b>	1,26,06,485	82,70,37,588
Cotton yarn	<b>1,46,096</b>	<b>3,36,66,356</b>	54,845	1,13,91,802
		<b>1,22,73,97,689</b>	1,26,61,330	83,84,29,390

**(3) SALES**

	<b>KGS.</b>	<b>RS.</b>	<b>KGS.</b>	<b>RS.</b>
Yarn	<b>93,97,362</b>	<b>1,81,06,86,665</b>	1,06,53,103	1,40,82,41,158
Cotton / Yarn Waste	<b>22,09,035</b>	<b>8,55,57,584</b>	21,17,023	6,63,84,659
		<b>1,89,62,44,249</b>	1,27,70,126	1,47,46,25,817



(4) <b>ELECTRICITY UNITS GENERATED / SOLD</b>	<b>UNITS</b> 48,10,869	<b>RS.</b> 1,62,05,605	UNIT 55,05,210	RS. 1,86,44,713
(5) <b>YARN PRODUCTION AND STOCK:</b>	<b>KGS.</b>	<b>RS.</b>	<b>KGS.</b>	<b>RS.</b>
(a) Yarn Production	1,01,89,758		1,03,53,570	
(b) Opening stock	1,30,560	1,92,69,873	4,30,093	5,03,91,536
(c) Closing stock	9,22,956	19,38,21,016	1,30,560	1,92,69,873
(6) <b>DETAILS OF GOODS IMPORTED</b>	<b>31-3-2011</b>			<b>31-3-2010</b>
	<b>Rs.</b>		<b>Rs.</b>	<b>Rs.</b>
(i) CIF value of goods imported				
a) Cotton		--		--
b) Machineries, Spares and Stores		4,19,81,989		42,43,324
		-----		-----
			<b>4,19,81,989</b>	<b>42,43,324</b>
			-----	-----
(ii) CONSUMPTION:				
1. Raw Materials :				
(a) Imported goods		--		0
(b) Indigenous goods:				
Cotton		1,19,37,31,333		82,70,37,588
Cotton yarn		3,36,66,356		1,13,91,802
		-----		-----
			<b>1,22,73,97,689</b>	<b>83,84,29,390</b>
			-----	-----
(c) Total			<b>1,22,73,97,689</b>	<b>83,84,29,390</b>
			-----	-----
Imported			<b>0</b>	<b>0</b>
Indigenous			<b>100%</b>	<b>100%</b>
2. Machinery spares and stores:				
(a) Imported goods		62,51,652		60,66,703
(b) Indigenous goods		6,29,67,196		5,60,31,631
		-----		-----
(c) Total			<b>6,92,18,848</b>	<b>6,20,98,334</b>
			-----	-----
Imported			<b>9.03%</b>	<b>9.77%</b>
Indigenous			<b>90.97%</b>	<b>90.23%</b>
(7) <b>DETAILS OF FOREIGN EXCHANGE:</b>				
(a) Earning in Foreign Exchange:				
Exports : Direct(FOB Value)		64,92,81,676		47,30,88,879
Through Merchant Exporters		19,28,71,703		12,24,36,188
		-----		-----
			<b>84,21,53,379</b>	<b>59,55,25,067</b>
			-----	-----
(b) Expenditure in Foreign Currency:				
Purchase, Travelling Interest on Foreign Currency Loan & Other expenses			<b>5,51,63,466</b>	<b>1,72,76,988</b>
(c) Remittances of Dividend in Foreign Currency			<b>N.A.</b>	<b>N.A.</b>

**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		<b>12.35</b>	
Sale of Goods		<b>2177.11</b>	
Rent		<b>6.32</b>	
Receiving Services & Maintenances		<b>4.80</b>	
Salary & Perks :			
Managing Directors			<b>161.69</b>
Senior Presidents			<b>29.09</b>

**D. OUTSTANDING BALANCES AS ON 31.03.2011 (RS. IN LACS)**

Transactions	Associates/ Shareholders	Enterprises having Key Management Personnel	Key Management Personnel
Amount Receivable		<b>0</b>	
Security Deposit Given		<b>8</b>	
Security Deposit Received		<b>0</b>	
Investments		<b>292.60</b>	

Signatures to Schedules I to XX	K. K. Patodia	Chairman
As per our Attached Report of even date	Gopal Patodia	Managing Director
For Mahendra N. Shah & Co.	Mohan Kumar Patodia	Managing Director
Chartered Accountants	H. P. Siotia	Director
(FRN 105775W)	Brijbhushanlal Kabra	Director
	Dharam Paul	Director
	Jugalkishore Todi	Director

MAHENDRA N. .SHAH  
(Partner)  
M.No.3969  
AHMEDABAD,  
DATE : 25<sup>th</sup> July 2011

Vadodara  
DATE: 25<sup>th</sup> July 2011

**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: 31.03.2011

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:	13,37,158	b) Total Assets:	1337158
c) Sources of funds:		d) Application of Funds:	
- Paid Up Capital:	81,296	- Net Fixed Assets	637941
- Reserve & Surplus:	5,56,891	- Investments:	29260
- Secured Loans	5,77,357	- Net Current Assets:	667889
- Unsecured Loans:	0	- Misc. Expenditure:	2068
- Deferred Tax. Liability:	1,21,614		

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

a) Turnover (Sales):	1936588	b) Total Expenditure:	17,04,914
c) Profit before tax:	231674	d) Profit after tax:	1,50,876
e) Earning per share Rs.	18.56	f) Dividend rate:	10%

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

PLACE: Vadodara  
 DATE : 25<sup>th</sup> July 2011

**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 92<sup>nd</sup> Annual General Meeting of the Company, to be held  
on Saturday the 17<sup>th</sup> September 2011 at 11.00 A.M. or at any adjournment thereof.

Signed this ..... day of ..... 2011  
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 92<sup>nd</sup> Annual General Meeting of the Company held at the Regd.  
Office at Opposite Station, Petlad 388450 Dist.Anand, Gujarat on. Saturday the 17<sup>th</sup> September 2011  
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/Proxy holders 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.

**Address of new Share Transfer Registrar:**

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