

PBM POLYTEX LIMITED
93RD ANNUAL REPORT (2011-12)

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

NOTICE TO SHAREHOLDERS

NOTICE is, hereby, given that the 93rd 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 _____ the _____ day of _____ 2012 at 11.00 A.M. to transact the following business:

ORDINARY BUSINESS

- To receive, consider and adopt the Directors’ Report, Auditors’ Report and Audited Balance Sheet as at 31st March 2012 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 Gopal Patodia who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Mohan Kumar Patodia who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Shri Hari Prasad Siotia who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint Auditors for the year 2012 - 13 and to fix their remuneration.

By order of the Board,

Place : Petlad
Dated :

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 _____ 2012 to _____ 2012 (both days inclusive).
Those Shareholders whose names appear on the Register of Members on _____ 2012 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 1st 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 31st March of 1996 to 2004, which remained unpaid or unclaimed for the period of 7 (Seven) years, have been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. Such dividend stands forfeited by the Government as per rules. Dividend for the year ended 31st March 2005, if remains unclaimed or unpaid up to 15th September 2012 will be transferred to IEPF.

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.

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

Name of Director	Shri Gopal Patodia	Shri Mohan Kumar Patodia	Shri Hariprasad Siotia
Date of Birth	12 th December 1946	10 th June 1948	3 rd May 1934
Date of Appointment	12 th September 1978	9 th August 1980	9 th August 1980
Qualifications	B.Sc. B.Tech (Chemical)	B. Com	B. Com.
Expertise in specific functional area	40 years experience in managing textile industry and marketing. Managing Director of the company and also qualified Chemical Engineer.	40 years experience in marketing of cotton yarn and other textile products and handling income tax, sales tax and excise matters. He is Managing Director of the Company since 01.08.2007	Rich experience of more than five decades in the field of cotton and yarn trading and manufacturing activity of cotton spinning.
Directorship of other Companies	Trikon Investments Pvt Ltd Patodia Syntex Ltd. Patodia Company Pvt.Ltd. Shashank Investments Pvt Ltd Eurotex Industries & Exports Ltd Veepee Intrades Pvt. Ltd. Sambhu Investments Pvt. Ltd.	Eurospin Industries Ltd. Sambhu Investments Pvt Ltd Yafa Marketing Pvt. Ltd. B.P. Fabcot Pvt. Ltd. Star Silk Exports Pvt. Ltd.	Patodia Syntex Ltd. Mercury Gems Pvt.Ltd. Eurotex Industries & Exports Ltd. Eurospin Industries Ltd. Shree Janardana Mills Ltd. Patodia Company Pvt. Ltd.
Chairman/Member of Committees* of the Board of Companies of which he is a Director	N I L	--	Chairman – Shareholders / Investors Grievance Committee Member -Audit Committee Member - Remuneration Committee of Eurotex Industries & Exports Ltd.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 93rd Annual Report of the Company with the Audited Statements of Accounts for the year ended 31st March 2012.

FINANCIAL RESULTS:

	(Rs.in lacs) <u>2011 - 12</u>	(Rs.in lacs) <u>2010 - 11</u>
Gross Profit		3070.75
Less: Depreciation		716.72
	-----	-----
Profit before Tax		2354.03
Less / Provision for Taxation		847.08
	-----	-----
		1506.95
Add Deferred Tax Reversal		39.10
	-----	-----
Profit after taxes		1546.05
Less: Short Provision of earlier years		37.29
	-----	-----
Profit for the year		1508.76
Add: Surplus brought forward		361.85
	-----	-----
Amount available for Appropriation		1870.61
	-----	-----
Transfer to:		
General Reserve		700.00
Proposed Dividend		81.30
Corporate Dividend Tax		13.19
	-----	-----
		794.49
Balance carried to Balance Sheet		1076.12
	-----	-----
		1870.61
	-----	-----

DIVIDEND

Your Directors recommend a Dividend @ _____ % on the paid up equity share capital of the company for the year ended 31st March 2012.

OPERATIONAL REVIEW

The Company experienced a set back during the year mainly due to continuous declining trend in yarn prices during the period April 2011 to September 2011 consequent upon the banned on exports imposed by the Government during the period December 2011 to March 2012. The banned on exports resulted in mounting of stocks not with our Company alone but with the spinning industry as a whole. Stocks of cotton purchased during the period December 2010 to March 2011 at very high rate of about Rs. 62,000/- per

candy which were consumed during the first half of the year were also greatly responsible for losses during the first half of the year. The situation was throughout India in spinning sector from which our Company also could not be spared. The situation however gradually improved since October – November 2011.

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 at both the manufacturing units of the Company 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

No employee was paid remuneration exceeding Rs. 5 Lac per month during the year and a such no information is required to be given in terms of subsection (2A) of Section of the Companies Act 1956. However, details of payments made to the Managing Directors have been given in the Report on Corporate Governance.

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 Gopal Patodia, Shri Mohan Kumar Patodia and Shri Hari Prasad Siotia 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 2012-2013 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	KRISHAN KUMAR PATODIA
Date :	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:

Sr. No.	Name	Designation /Nature of Duties	Age [Years]	Remuneration (Rs.)	Qualification	Expe-rience [Years]	Date of Joining	Last Employment/ Designation
A. Employees who worked throughout the Year and whose remuneration is not less than Rs.60,00,000/- per annum:								
1.	Shri Gopal Patodia	Managing Director	64	88,38,720	B.Sc. B.Tech [Chemical]	42	01.04.79	---
2.	Shri Mohan Kumar Patodia	Managing Director	62	73,30,364	B.Com	40	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.								
				NIL				

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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	KRISHAN KUMAR. PATODIA
Date :	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:

Energy Audit is conducted by Government authorized electrical consultant for seeking advice on electrical conversation wherever possible. Proper care is also taken by the persons concerned to avoid electrical wastages.

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

Latest instruments are fitted and changes are made to save power consumption.

(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 keep the overseas buyers and for improving chances of exploring export market.

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

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

4) Export Plan:

The company expects to increase exports.

(g) Total Foreign Exchange used and earned: (Rs. in lacs)

	2011 - 12	<u>2010 - 11</u>
Foreign Exchange used		551.63
Foreign Exchange earned		8421.53

	On Behalf of the Board of Directors,
Place : Vadodara	KRISHAN KUMAR PATODIA
Date :	Chairman

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

Form for Disclosure of Particulars with respect to Conservation of Energy

		2011 - 12	<u>2010 - 11</u>
(A)	POWER AND FUEL CONSUMPTION		
(1)	ELECTRICITY :		
	(a) Purchased Units	3,86,04,776	3,83,04,944
	Total Amount (Rs)	23,07,64,805	20,90,63,609
	Rate/Unit (Rs)	5.98	5.46
	(b) Own Generation		
	i. Through D. G. Sets/ C.P.P. – Units	69,124	4,53,900
	Units per liter of		
	Diesel Oil	2.57	3.60
	Furnace Oil	1.90	3.95
	Fuel Cost per Unit (Rs)		
	Diesel Oil	14.85	10.85
	Furnace Oil	12.50	7.31
	ii. Through Steam Turbine/Generator		
	Units	--	--
	Units per Liter of Fuel Oil/Gas		
	Cost/Unit	--	--
(2)	COAL/F.W. :		
	Quantity (Tones)	1605.51	1970.67
	Total Cost (Rs)	93,74,850	9373818
	Average Rate -		
	Rs. per Tone	5.839	4.757
(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)	3.88	3.81
	2. Furnace Oil/HSD		
	(Lit/per Kg. of Yarn)		0.02
	3. Coal/Lignite		
	(Kg./per Kg. of Yarn)	--	--
	4. Others	--	--

	On Behalf of the Board of Directors,
Place : Vadodara	KRISHAN KUMAR PATODIA
Date :	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	KRISHAN KUMAR PATODIA
Date :	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 31st March 2012. 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 SIX times on (1) 5th May 2011, (2) 25th July 2011, (3) 28th September 2011, (4) 7th November 2011, (5) 14th February 2012 and (6) 14th March 2012. 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 10th September 2011 to 17th September 2011 (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 31.03.2011 was held on 17th September 2011 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
 - 1) 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.
 - 2) The Company had deposited amount in a separate Bank Account for the amount of dividend as declared.
 - 3) The Company has transferred the amount of unpaid dividend on 10th October 2011 for the year 2003-04, which remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund.
 - 4) 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 17th September 2011
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 there under.

17. The Company has not issued any Shares, Debentures or other Securities during the year under review. 980 partly paid equity shares, which were earlier forfeited remain to be re-issued.
18. The Company has not bought back any shares during the year under review.
19. There was no redemption of preference shares or debentures during the year under review.
20. There was no transaction necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of share in compliance with the provisions of the Act.
21. The Company has complied with the provisions of section 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975. The Company has also filed return of deposit with the Registrar of Companies, Gujarat.
22. The amount borrowed by the Company from financial institutions, banks and others during the financial year ending 31st March 2012 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 invested in Equity Shares of M/S. Eurotex Industries and Exports Limited during the year, which is within the limits prescribed under Section 372A of the Company's Act, record of which has been made in Register of Investments. No Loans and Advances or guarantee was given to anybody corporate during the year.
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 : 03.07.2012	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
	Copies of Annual Return	159
	Register of Charges	143
	Register of Members	150
	Register of Share Transfers	108

	Register of Contracts	301
	Register of Directors, Managing Directors, Manager, Secretary	303
	Register of Directors' Share Holding	307
	Minutes of General Meetings and Meetings of Board of Directors	193
	Attendance Registers of all the meetings of Board and General Meeting of the Company	--
	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 8	132	Modification of Charge Favouring SBI	30.04.2011	Yes	N.A.
2	Form 23 C	233B(2)	Appointment of Cost Auditor for 2011 - 12	13.05.2011	Yes	N.A.
3	Form 8	132	Modification of Charge Favouring IDBI Bank	11.06.2011	Yes	N.A.
4	Form 62	58A	Return Of Deposits 31.03.2011	27.06.2011	Yes	N.A.
5	Form 8	132	Modification of Charge Favouring SBI	24.08.2011	Yes	N.A.
6	Form 8	132	Modification of Charge Favouring IDBI Bank	04.09.2011	Yes	N.A.
7	Form 66	383	Secretarial Compliance Report	28.09.2011	Yes	N.A.
8	Form 23	192	Special Resolution for Reappointment of Shri Mohan Kumar Patodia as M.D.	04.10.2011	Yes	N.A.
9	Form 23	192	Agreement with M.D. Shri Mohan Kumar Patodia	04.10.2011	Yes	N.A.
10	Form 23	192	Agreement with M.D. Shri Gopal Patodia	05.10.2011	Yes	N.A.
11	Form 23	192	Special Resolution for Reappointment of Shri Gopal Patodia as M.D.	05.10.2011	Yes	N.A.
12	Form 1		Unpaid Dividend	15.10.2011	Yes	N.A.
13	Form 17		Satisfaction of Charge (EXIM Bank)	15.10.2011	Yes	N.A.
14	Form I	233B(4)600(3)(b)	Cost Audit Report (Petlad Unit)	20.10.2011	Yes	N.A.
15	Form I	233B(4)600(3)(b)	Cost Audit Report (Borgaon Unit)	20.10.2011	Yes	N.A.
16	Form 20B	159	Annual Return 2010 – 11	09.11.2011	Yes	N.A.
17	Form 23 AC /	220	P & L / Balance Sheet	14.12.2011	Yes	N.A.

Place: Ahmedabad	(C. R. DAMANI)
	Company Secretary
Date : 03.07.2012	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:

05.05.2011, 25.07.2011, 28.09.2011, 07.11.2011, 14.02.2012 and 14.03.2012

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	5	No	10	1
Shri Hariprasad Sotia	Non-Executive	4	No	6	3
Shri Gopal Patodia	Executive	6	Yes	7	-
Shri Brijbhushanlal Kabra	Non-Executive	5	Yes	-	-
Shri Mohankumar Patodia	Executive	1	No	6	-
Shri Dharam Paul	Non-Executive	3	No	1	2
Shri Jugalkishore Todi	Non-Executive	6	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 dematerialization 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 organization 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	Shri Mohankumar Patodia
	(Rs.)	(Rs.)
Salary	26,40,000	16,80,000
Retirement Benefits	7,57,360	4,85,360
Perks	9,86,145	17,05,148
Total	43,83,505	38,70,508

(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 two Managing Directors for the period up to 31.03.2015. service contracts have also been executed with the Senior President Shri Vikash Patodia and Shri Amit Patodia on 01.11.1997 and 01.05.2004.

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

Not Applicable

6. DISCLOSURES:

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

There are no such related party transactions made by the company 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, and 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	2009 - 10	2010 - 11	2011 - 12
Consecutive No. of AGM	91 st	92 nd	93 rd
Held at	The Registered Office of the Company, Opp. Railway Station, Petlad Dist. Anand (Gujarat)	The Registered Office of the Company, Opp. Railway Station, Petlad Dist. Anand (Gujarat)	The Registered Office of the Company, Opp. Railway Station, Petlad Dist. Anand (Gujarat)
Date	25.09.2010	25.09.2011	
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

8. SHAREHOLDERS INFORMATION:

1. 93rd Annual General Meeting
 Date : _____ September 2012
 Time : 11 A.M.
 Venue : Registered Office of the Company
 Opp. Station, Petlad
 Dist. Anand, Gujarat
2. Date of Book Closure: _____ September 2012 to _____ September 2012 (both days inclusive)
3. Listing of Shares (Stock Code of the Company):
 With Bombay Stock Exchange (Code No. 514087) and Ahmedabad Stock Exchange (Code No. 44610).

4. Stock Market Data (Bombay Stock Exchange) (2011 - 12):

Month	Month's Highest Price Rs.	Month's Lowest Price Rs.
April	60.50	47.55
May	56.20	37.80
June	40.95	31.70
July	41.30	31.00
August	32.40	23.20
September	29.70	23.50
October	25.65	23.00
November	25.75	18.00
December	25.50	18.85
January	30.60	19.25
February	32.00	24.20
March	33.50	23.50

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

6. **Dematerialization of shares:**
 About 20.55 % of company's paid up equity share capital has been dematerialized up to 30th June 2011. The shareholders wishing to demat the shares may approach Depository Participants.

7. Distribution of shareholding as at 30.06.2012

No. of Equity Shares held	No. of Shareholders	No. of Shares Held	Share Holding %
1 - 1000			
1001 - 5000			
5001 - 10000			
10001 and above			

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

9. Plant Location:

- Manufacturing Plants of the Company are situated at -
- (i) Opp. Station, Petlad 388 450 Dist. Anand, Gujarat
 - (ii) Plot No.16 to 19, Sector B, AKVN Industrial Area, Borgaon, Kheritaigaon, Dist. Chhindwara (M.P)
 - (iii) Windmill of 600 KW at Vill: Suthari, Revenue Survey No. 870/p, Mouje Suthri of Abdasa Taluka, Dist. Kutch (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, 4th Floor, Devnandan Mall, Opp Sanyas Ashram, Ellisbridge, AHMEDABAD – 380 006.

Tel Nos. 079-26582381 to 84

Fax No. 079-26582385 E-mail: sharepro@shareproservices.com Contact Person: Mr. Nitin Joshi

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

PBM Polytex Limited Opp. Station, Petlad 388 450 Dist. Anand, Gujarat

Telephone : (02697) 224001,224003 Fax No.(02697) 224009,

E-Mail pbumills@patodiagroup.com

DECLARATION:

In terms of the requirements of the amended Clause 49 of the Listing Agreement, it is to confirm that all the members of the Board and senior management personnel have confirmed compliance to the code of conduct during the year ended 31st March 2011.

	For PBM POLYTEX LIMITED,	
Place : Vadodara	GOPAL PATODIA	KRISHAN KUMAR PATODIA
Date :	Managing Director	Chairman

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, 2012 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	(MAHENDRA N. SHAH)
Date :	Partner
	Membership No. 3969

CEO/CFO CERTIFICATE

The Board of Directors
PBM Polytex Limited

We certify that:

1. We have reviewed the financial statements, read with the cash flow statement of PBM Polytex Limited (the Company) for the year ended 31st March, 2012 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	AMIT PATODIA	GOPAL PATODIA
Date :	Senior President / CEO	Managing Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011

			(Rs. in Lacs)
		2011 - 12	2010 - 11
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit before Tax and Extraordinary Items		2316.74
	Adjustments for :		
	Depreciation (Net)		716.72
	Interest		342.56
	Preliminary expenses written off / Others		20.68
	Loss/(Profit) on Sale of Fixed Assets		(8.70)
	Dividend Income		0
		-----	-----
	Operating Profit before Working Capital Changes		3388.00
	Adjustments for :		
	Trade and Other Receivables		(255.39)
	Inventories		(1235.39)
	Trade Payables		300.88
		-----	-----
	Cash generated from operations		2198.10
	Interest Paid		(342.56)
	Direct Taxes Paid		(847.08)
		-----	-----
	NET CASH FLOW FROM OPERATING ACTIVITIES		1008.46
		-----	-----
B.	CASH FLOW FROM INVESTING ACTIVITIES :		
	Purchase of Fixed Assets		(874.23)
	Sale of Fixed Assets		135.71
	Dividend Income		0

	Sale of Investment		0
		-----	-----
	NET CASH USED IN INVESTING ACTIVITIES		(738.52)
C.	CASH FLOW FROM FINANCING ACTIVITIES :		
	Proceeds from long term borrowings (Net)		(0.15)
	Dividend paid		(190.21)
		-----	-----
	NET CASH USED IN FINANCING ACTIVITIES		(190.36)
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)		79.58
	Opening Balance of Cash and Cash Equivalents		105.47
	Closing Balance of Cash and Cash Equivalents		185.05
		K. K. Patodia	Chairman
		Gopal Patodia	Managing Director
		Mohan Kumar Patodia	Managing Director
		H. P. Siotia	Director
		Brijbhushanlal Kabra	Director
	PLACE: Vadodara	Dharam Paul	Director
	DATE :	Jugalkishore Todi	Director

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	(MAHENDRA N. SHAH)
Date :	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.

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

1. We have audited the attached balance sheet of PBM POLYTEX LIMITED as at 31st March 2012 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 31st 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 31st March, 2012,
 - (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	Mahendra N. Shah
Date :	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 program 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, 2012 for a period of more than six months from the date they became payable except Income Tax demand Rs. 4,61,471/- and Rs. 66,576/- for the years 2003-04 and 2005-06 respectively. Appeal for which has been preferred before the appropriate authorities.
- (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	Mahendra N. Shah
Date :	Partner
	Membership No. 3969

		Schedule		31-3-2012	31-3-2011
			Rs.	Rs.	Rs.
I.	SOURCES OF FUNDS				
1.	SHAREHOLDERS' FUNDS:				
(a)	Share Capital	I			8,12,96,080
(b)	Reserves & Surplus	II			55,68,90,663
				-----	-----
					63,81,86,743
2.	LOAN FUNDS:				
	Secured Loans	III			57,73,57,085
3.	DEFERRED TAX LIABILITY (NET)				
		IV			12,16,14,369
	TOTAL				
				-----	-----
					1,33,71,58,197
II.	APPLICATION OF FUNDS				
1.	FIXED ASSETS:				
(a)	Gross Block	V			1,48,71,26,506
(b)	Less : Depreciation				84,94,87,675
				-----	-----
(c)	Net Block				63,76,38,831
(d)	Capital Work-In-Progress				3,02,648
				-----	-----
					63,79,41,479
2.	INVESTMENTS:				
		VI			2,92,60,000
3.	CURRENT ASSETS, LOANS AND ADVANCES:				
(a)	Inventories	VII			56,76,89,850
(b)	Sundry Debtors	VIII			15,29,33,480
(c)	Cash & Bank Balances	IX			1,85,05,154
(d)	Loans & Advances	X			6,59,32,132
				-----	-----
					80,50,60,616
				-----	-----
	Less: CURRENT LIABILITIES & PROVISIONS:				
(a)	Current Liabilities	XI			9,71,06,948
(b)	Provisions	XII			4,00,64,677
				-----	-----
					13,71,71,625
				-----	-----
	NET CURRENT ASSETS				
					66,78,88,991
4.	MISCELLANEOUS EXPENDITURE				
	(To the extent not written off or adjusted)	XIII			20,67,727
				-----	-----
	TOTAL				
				-----	-----
					1,33,71,58,197
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS					
		XX			
As per our Attached Report of even date for Mahendra N. Shah & Co.		K. K. Patodia		Chairman	
Chartered Accountants		Gopal Patodia		Managing Director	
(FRN 105775W)		Mohan Kumar Patodia		Managing Director	
		H. P. Siotia		Director	
		Brijbhushanlal Kabra		Director	
		Dharam Paul		Director	
MAHENDRA N. SHAH		Jugalkishore Todi		Director	
(Partner)					
M.No. 3969					
AHMEDABAD,		Vadodara			
DATE : 25 th July 2011		DATE: 25 th July 2011			

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011					
		Schedule		2011 – 12	2010 - 11
			Rs.	Rs.	Rs.
I.	INCOME				
	Sales and Other Operative Income	XIV			1,91,24,49,854
	Other Income	XV			2,41,38,046
	Increase/(Decrease) in Stocks	XVI			18,60,16,415
	Total				2,12,26,04,315
II.	EXPENDITURE				
	Raw Materials Consumed	XVII			1,22,73,97,689
	Manufacturing, Administrative & Selling Expenses	XVIII			55,38,75,520
	Interest	XIX			3,42,56,524
	Depreciation				7,16,71,952
					1,88,72,01,685
III.	PROFIT BEFORE TAX				23,54,02,630
	Less Provision For Current Tax				8,46,02,000
	Short Prov. For Taxation				1,05,716
	Add Deferred Tax Reversal				39,10,089
					8,07,97,627
	PROFIT AFTER TAX				15,46,05,003
	Less: Short Provision Of Earlier Years (Net)				37,29,053
					15,08,75,950
	Add: Surplus Brought Forward From Last Year				3,61,84,538
IV.	AMOUNT AVAILABLE FOR APPROPRIATION				18,70,60,488
V.	APPROPRIATION TO				
	General Reserve				7,00,00,000
	Proposed Dividend				81,29,608
	Corporate Dividend Tax				13,18,826
					7,94,48,434
	Balance carried to Balance Sheet				10,76,12,054
					18,70,60,488
	Basic & Diluted EPS Rs.18.56 (Previous Year Rs.4.63)				

SIGNIFICANT ACCOUNTING POLICIES
AND NOTES ON ACCOUNTS

XX

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

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

Chairman
Managing Director
Managing Director
Director
Director
Director
Director

MAHENDRA N. SHAH

(Partner)
M.No. 3969
AHMEDABAD,
DATE :

Vadodara
DATE:

SCHEDULES TO BALANCE SHEET				As At	As At
				31-3-2012	31-3-2011
			Rs.	Rs.	Rs.
SCHEDULE I					
SHARE CAPITAL					
AUTHORISED					
1,00,00,000 Equity Shares of Rs. 10/- each					10,00,00,000
				-----	-----
ISSUED & SUBSCRIBED					
81,30,000 Equity Shares of Rs. 10/- each					8,13,00,000
				-----	-----
PAID UP					
81,29,020 Equity Shares of Rs.10/- each paid up					8,12,90,200
Add: Forfeited Shares (amount originally paid)					5,880
				-----	-----
					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)				-----	-----
SCHEDULE II					

RESERVES & SURPLUS			
SHARE FORFEITURE ACCOUNT			16,880
SHARE PREMIUM ACCOUNT			3,61,05,080
GENERAL RESERVE			
Balance as per last year			33,97,35,499
Add: Transferred from earlier year's Gratuity Provision			34,21,150
Add: Appropriation from current year's Profit			7,00,00,000
		-----	-----
			41,31,56,649
BALANCE IN PROFIT & LOSS ACCOUNT			10,76,12,054
		-----	-----
			55,68,90,663
		-----	-----

			As At	As At
			31-3-2012	31-3-2011
		Rs.	Rs.	Rs.
SCHEDULE III				
SECURED LOANS				
I.	TERM LOANS			
	From Banks and Financial Institutions (Refer Note 1)			
	Rupee Term Loan			20,07,46,621
	Foreign Currency Term Loan			6,35,53,804
			-----	-----
				26,43,00,425
II.	WORKING CAPITAL FACILITIES			
	From Banks (Refer Note 2)			31,30,56,660
			-----	-----
				57,73,57,085
			-----	-----

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 favor 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			12,55,24,458
Less Deferred Tax Asset for the year			39,10,089
	-----		-----
			12,16,14,369
		-----	-----

SCHEDULE V
FIXED ASSETS

PARTICULARS	GROSS BLOCK AT COST/REVALUED AMOUNT				DEPRECIATION				NET BLOCK	
	BALANCE AS ON 01.04.2011	ADDITIONS DURING THE YEAR	ADJUSTMENTS/ DEDUCTIONS DURING THE YEAR	BALANCE AS ON 31.03.2012	PROVIDED UPTO 31.03.2011	PROVIDED DURING THE YEAR	DEDUCTIONS DURING THE YEAR	TOTAL UPTO 31.03.2012	AS ON 31.03.2012	AS ON 31.03.2011
	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
LAND (LEASE HOLD)	28,59,048	0	35,870	28,23,178	0	0	0	0	28,23,178	28,59,048
LAND (FREE HOLD) **	34,02,088	0	0	34,02,088	0	0	0	0	34,02,088	34,02,088
BUILDINGS *	16,73,71,035	32,54,960	0	17,06,25,995	6,03,53,777	37,83,928	0	6,41,37,705	10,64,88,290	10,70,17,258
PLANT AND MACHINERY **	1,21,54,28,860	3,63,22,403	67,26,120	1,24,50,25,143	73,34,60,951	5,59,96,267	21,97,663	78,72,59,555	45,77,65,588	48,19,67,909
ELECTRICAL INSTALLATIONS	5,30,22,009	14,547	2,78,842	5,27,57,714	3,45,18,403	20,37,596	27,056	3,65,28,943	1,62,28,771	1,85,03,606
FURNITURE FIXTURES AND EQUIPMENTS	2,18,52,064	19,31,962	78,550	2,37,05,477	1,33,28,561	13,94,325	5,48,712	1,41,74,174	95,31,303	85,23,503
VEHICLES	2,31,91,401	37,12,025	34,35,753	2,34,67,673	78,25,983	20,97,192	22,61,000	76,62,175	1,58,05,498	1,53,65,418
T O T A L	1,48,71,26,506	4,52,35,897	1,05,55,135	1,52,18,07,268	84,94,87,675	6,53,09,308	50,34,431	90,97,62,552	61,20,44,716	63,76,38,831
2009-2010	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	63,72,33,605

* 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

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

			As At	As At
			31-3-2012	31-3-2011
			Rs.	Rs.
SCHEDULE X				
LOANS AND ADVANCES				
	(Unsecured-Considered Good)			
	Advances recoverable in Cash or in kind or for value to be received			
			4,74,20,294	
	Deposits with Electricity Board and others (including Security Deposit of Rs.800000/- given to the companies in which Directors of the Company are interested)			
			65,93,006	
			-----	-----

Balance with Central Excise Department			25,02,751
Value Added Tax Receivable			94,16,081
		-----	-----
			6,59,32,132
		-----	-----
SCHEDULE XI			
CURRENT LIABILITIES			
Sundry Creditors:			
Due to Small Scale Industrial Undertakings			1,68,46,840
Due to Others			5,52,90,915
Other Liabilities			2,04,91,213
Unclaimed Dividend			10,63,539
Interest accrued but not due			16,12,043
Advances from Customers			18,02,398
		-----	-----
			9,71,06,948
		-----	-----
SCHEDULE XII			
PROVISIONS			
For Taxation (Net of Advance Tax)			49,21,163
For Expenses and Others			2,56,95,080
Proposed Dividend			81,29,608
Corporate Dividend Tax			13,18,826
		-----	-----
			4,00,64,677
		-----	-----
SCHEDULE XIII			
MISCELLANEOUS EXPENDITURE			
Opening Balance			41,35,454
Less Expenses written off during the year (Ref Note 7)			20,67,727
		-----	-----
			20,67,727
		-----	-----

SCHEDULES TO PROFIT AND LOSS ACCOUNT		2011 - 12	2010 - 11
	Rs.	Rs.	Rs.
SCHEDULE XIV			
SALES AND OTHER OPERATIVE INCOME			
Yarn Sales			1,82,34,72,442
Less: Excise Duty			73,99,772
Rebate & Goods Returned			53,86,005
		-----	-----
			1,27,85,777
		-----	-----
			1,81,06,86,665
Waste Sales			8,55,57,584
Electricity units (generated at Windmills)			1,62,05,605
		-----	-----
			1,91,24,49,854
		-----	-----
SCHEDULE XV			
OTHER INCOME			
Export Incentive (Duty Drawback) / DEPB			1,56,95,090
Dividend on Other Investments			600
Profit on Sale of Investment (Net)			14,60,564
Foreign Exchange Fluctuation Gain			4,01,748
Profit on Sale of Fixed Assets (Net)			8,69,784
Miscellaneous Income			57,10,260

		-----	-----
			2,41,38,046
		-----	-----
SCHEDULE XVI			
INCREASE/(DECREASE) IN STOCKS			
Stocks as at close			
(i)	Finished goods:		
	(a) Yarn		19,38,21,016
	(b) Cotton / Yarn Waste		18,30,869
		-----	-----
			19,56,51,885
(ii)	Stock-in-Process		3,62,09,700
		-----	-----
			23,18,61,585
Less: Stocks as at commencement			
(i)	Finished goods:		
	(a) Yarn		1,92,69,873
	(b) Cotton / Yarn Waste		18,58,488
		-----	-----
			2,11,28,361
(ii)	Stock-in-process		2,47,16,809
		-----	-----
			4,58,45,170
		-----	-----
	Increase/(Decrease)		18,60,16,415
		-----	-----

SCHEDULE XVII			
RAW MATERIALS CONSUMED			
	Opening Stock		37,91,30,636
	Add: Purchases during the year		1,16,72,75,952
		-----	-----
			1,54,64,06,588
	Less : Closing Stock		31,90,08,899
		-----	-----
			1,22,73,97,689
		-----	-----

SCHEDULE XVIII			2011 - 12	2010 - 11
MANUFACTURING, ADMINISTRATIVE & SELLING EXPENSES		Rs.	Rs	Rs.
Stores Consumption				4,75,68,063
Power & Fuel				22,55,81,743
Processing Charges				6,47,834
Payments to and Provision for Employees:				
Salaries, Wages, Bonus & Other Allowances				13,20,20,909
Contribution towards Provident Fund & Other Funds				96,92,704
Welfare Expenses				57,26,104
		-----		-----
				14,74,39,717
Rent				24,68,219
Repairs & Maintenance:				
Machinery (including Spares)				2,91,06,975
Captive Power Plant				24,10,678
Building				69,93,978
Others				27,87,614
		-----		-----
				4,12,99,245
Insurance				36,71,912
Rates & Taxes				1,19,37,757
License & Legal Fees				27,38,769
Sales & Distribution Expenses				3,20,22,851
General Expenses :				

Subscription, Books & Periodicals, conveyance, travelling (including foreign travel Rs.3,77,718/- Previous Year Rs. 6,68,541/-)			1,11,27,285
Postage, Telegram, Telephone, Stationery Printing etc.			38,75,180
Financial & Bank Charges			43,29,985
Directors Sitting Fees			1,70,000
Managerial Remuneration			1,61,69,084
Directors' Travelling Expenses (including Rs.7,81,217/- for foreign travel - Previous year Rs. 6,36,243/-)			10,90,170
Audit Fees & Expenses			4,26,467
Donation			13,11,239
Loss on sale of Fixed Assets (Net)			0
		-----	-----
TOTAL			55,38,75,520
		-----	-----
SCHEDULE XIX			
INTEREST			
On Term Loans			2,42,99,996
Other Interest			1,12,44,516
Less :Interest Received (Tax deducted at source Rs. 1,24,492/- Previous Year Rs. 2,05,433/-)			12,87,988
		-----	-----
			99,56,528
		-----	-----
TOTAL			3,42,56,524
		-----	-----

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 capitalized 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	2011-12		2010-11	
		Principal Rs.	Interest	Principal Rs.	Interest
a)	Principal Amount and Interest thereon due, remaining unpaid at the end of the year			1,68,46,840	NIL
b)	Interest paid during the year			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			NIL	NIL
e)	Interest due of the previous year			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 31st March 2007 on actuarial basis for Rs. 57.24 Lacs which has been fully restored by 31st March 2011.
9. **Disclosure pursuant to Accounting Standard – 15 [Revised] 'Employee Benefits':**
- A** The Company has, with effect from 1st April, 2007, adopted Accounting Standard 15, Employee Benefits [revised 2005] [the 'revised AS 15']. In accordance with the transitional provisions governing gratuity valuation – defined benefit plan and leave encashment liability – long term liability based on actuarial valuation is as follows :
- B Defined benefit plan and long term employment benefit:**
- A General description:**
Gratuity [Defined benefit plan]:
The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on death or resignation or retirement at 15 days salary [last drawn salary] for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.
- 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)	
		31.03.2012	31.03.2011
(a.)	Amount Recognized in Balance Sheet		
	Present Value of funded obligations		5,97,78,959
	Fair Value of plan assets		5,97,78,959
	Present value of unfunded obligations		(-)22,53,953
	Unrecognised past service cost		NIL
	Net Liability		(-)22,53,953
	Amounts in the balance sheet:		
	Liabilities		5,75,25,006
	Assets		5,97,78,959
	Net Liability		(-)22,53,953
(b.)	Amount Recognized in the Statement of Profit & Loss		
	Current service cost		31,83,893
	Interest on obligation		38,01,860
	Expected Return on plan assets		(-)47,45,864
	Net Actuarial losses (gains) recognized in the year		69,49,103
	Past service cost		NIL
	Losses (gains) on curtailments and settlement		NIL
	Total, included in 'employee benefit expenses'		91,88,992
(c.)	Reconciliation of Opening & Closing Balances		
	Opening Defined Benefit Obligation at the beginning		4,60,83,152
	Service Cost for the year		31,83,893
	Interest cost for the year		38,01,860
	Actuarial losses (gains)		71,74,210
	Losses (gains) on curtailments		NIL
	Liabilities Extinguished on settlements		NIL
	Liabilities assumed in an amalgamation in the nature of purchase		NIL
	Exchange differences on foreign plans		NIL
	Benefits paid		(-)27,18,109
	Closing Defined Benefit Obligation at year end		5,75,25,006
(d.)	Change in the fair value of plan assets		
	Opening fair value of plan assets		5,14,69,461
	Expected Return		47,45,864
	Actuarial Gains and (losses)		2,25,107
	Assets Distributed on settlements		NIL
	Contributions by employer		60,56,635
	Assets acquired in an amalgamation in the nature of purchase		--
	Exchange differences on foreign plans		--

	Benefits paid		27,18,108
	Closing balance of fair value of plan assets / fund		5,97,78,959

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

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

(g.)	Amount for the current and previous four years are as follows:		
	Defined Benefit Pension Plans		
	Defined Benefit Obligation		5,75,25,006
	Plan Assets		5,97,78,959
	Surplus / (deficit)		46,69,911
	Experience adjustments on plan liabilities		NIL
	Experience adjustments on plan assets		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.

			2011 – 12	2010 - 11
			Rs.	Rs.
12.	AUDITORS' REMUNERATION			
	1. Audit Fees (Including Service Tax)			3,36,415
	2. Tax Audit			49,635
	3. Traveling expenses			40,417
			-----	-----
				4,26,467
			-----	-----

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.

			2011 – 12	2010 - 11
--	--	--	------------------	-----------

				Rs.	Rs.
					23,54,02,630
	Profit before Taxation for the year				
	Add	Managing Directors' Remuneration			1,61,69,084
		Add / (Less) Loss (Profit) on Sale of Fixed Assets / Investment			(8,69,784)
				-----	-----
					25,07,01,930
	Less	Short provision of earlier years (Net)			37,29,053
				-----	-----
	Profit u/s 349 of the Act				24,69,72,877
				-----	-----
		Maximum remuneration payable to the Managing Directors not exceeding 10% of the Profit			2,46,97,288
		Minimum Managerial Remuneration paid as approved by the shareholders			1,61,69,084
				-----	-----

	(ii) Break up of Managerial Remuneration:				
		Salary			40,20,000
		Contribution of Provident Fund and other Funds			15,78,126
		Perquisites			2486415
		Commission			8084542
				-----	-----
					1,61,69,084
				-----	-----
B.	The two Senior Presidents have been paid remuneration as under as sanctioned by Ministry of Corporate Affairs:				
		(i)	Shri Amit Patodia		15,21,599
		(ii)	Shri Vikash Patodia		13.87,370

14.	(1)	(a)	LICENCED CAPACITY at year end		Not Applicable	Not Applicable
		(b)	INSTALLED CAPACITY at year end			
			(As per Return submitted to the Government)			
			Spindles			57,600
			Rotors			840
	(2)	CONSUMPTION OF RAW MATERIALS:				
			KGS.	RS.	KGS.	RS.
			Cotton		1,25,84,834	1,19,37,31,333
			Cotton yarn		1,46,096	3,36,66,356
					-----	-----
					1,26,61,330	1,22,73,97,689
					-----	-----
	(3)	SALES	KGS.	RS.	KGS.	
			Yarn		93,97,362	1,81,06,86,665
			Cotton / Yarn Waste		22,09,035	8,55,57,584
					-----	-----
					1,27,70,126	1,89,62,44,249
					-----	-----

	(4)	ELECTRICITY UNITS GENERATED / SOLD	UNITS	RS.	UNIT	RS.
					48,10,869	1,62,05,605
	(5)	YARN PRODUCTION AND STOCK:	KGS.	RS.	KGS.	RS.
		(a)	Yarn Production		1,01,89,758	
		(b)	Opening stock		1,30,560	1,92,69,873
		(c)	Closing stock		9,22,956	19,38,21,016

	(6)	DETAILS OF GOODS IMPORTED	31-3-2011		31-3-2010
			Rs.	Rs.	Rs.

	(i)	CIF value of goods imported				
		a) Cotton		--		--
		b) Machineries, Spares and Stores				4,19,81,989
						4,19,81,989
	(ii)	CONSUMPTION:				
		1. Raw Materials :				
		(a) Imported goods		--		0
		(b) Indigenous goods:				
		Cotton				1,19,37,31,333
		Cotton yarn				3,36,66,356
						1,22,73,97,689
		(c) Total				1,22,73,97,689
		Imported			0	0
		Indigenous			100%	100%
		2. Machinery spares and stores:				
		(a) Imported goods				62,51,652
		(b) Indigenous goods				6,29,67,196
		(c) Total				6,92,18,848
		Imported				9.03%
		Indigenous				90.97%
	(7)	DETAILS OF FOREIGN EXCHANGE:				
		(a) Earning in Foreign Exchange:				
		Exports : Direct(FOB Value)				64,92,81,676
		Through Merchant Exporters				19,28,71,703
						84,21,53,379
		(b) Expenditure in Foreign Currency:				
		Purchase, Travelling Interest on Foreign Currency Loan & Other expenses				5,51,63,466
		(c) Remittances of Dividend in Foreign Currency				
					N.A.	N.A.

15. RELATED PARTY DISCLOSURE:

A. LIST OF RELATED PARTIES AND RELATIONSHIP

Associates & Enterprises with whom the Company entered into transactions during the year	
Patodia Syntex Limited	Trikon Investments Pvt. Limited
Eurotex Industries & Exports Limited	Murarilal Mahendra Kumar
B. L. Patodia Family Trust	Brijlal Purushottamdas
Sambhu Investments Pvt. Limited	Dharamchand Keshardeo

B. KEY MANAGEMENT PERSONNEL / DIRECTORS AND RELATIVES

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

C. RELATED PARTIES TRANSACTIONS (RS. IN LACS)

Transactions	Associates/ Shareholders	Enterprises having Key Management Personnel	Key Management Personnel
Purchase of Goods		12.35	
Sale of Goods		1939.30	
Rent		6.32	
Receiving Services & Maintenances		4.80	
Salary & Perks :			
Managing Directors			161.69
Senior Presidents			29.09

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

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

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,	Vadodara	
DATE :	DATE:	

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

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 92nd Annual General Meeting of the Company, to be held
on Saturday the 17th 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 93rd Annual General Meeting of the Company held at the Regd. Office
at Opposite Station, Petlad 388450 Dist.Anand, Gujarat on. Saturday the _____ September 2012
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, 4th Floor,
Opp Sanyas Ashram, Ashram Road,
AHMEDABAD – 380 006.

BALANCE SHEET AS AT 31ST MARCH 2012

PARTICULARS	NOTE	Rs.	As At 31.03.2012 Rs.	As At 31.03.2011 Rs.
EQUITY AND LIABILITIES :				
1. SHAREHOLDERS' FUNDS				
(a) Share Capital	1		8,12,96,080	8,12,96,080
(b) Reserves and Surplus	2		56,12,05,142	55,68,90,663
TOTAL			64,25,01,222	63,81,86,743
2. NON - CURRENT LIABILITIES :				
(a) Long Term Borrowings	3		16,70,39,568	20,49,82,334

(b) Deferred Tax Liabilities (Net)	4		11,29,09,733	12,16,14,369
(c) Other Long Term Liabilities	5		1,66,450	1,43,350
(d) Long Term Provisions	6		34,61,587	43,82,716
TOTAL			28,35,77,338	33,11,22,769
(3) CURRENT LIABILITIES:				
(a) Short Term Borrowings	7		10,79,34,393	31,30,56,660
(b) Trade Payables	8		9,35,91,557	8,66,99,172
(c) Other Current Liabilities	9		8,89,19,365	9,28,27,193
(d) Short Term Provisions	10		1,16,95,799	16,67,4401
TOTAL			30,21,41,114	50,92,57,426
TOTAL LIABILITIES:			1,22,82,19,674	1,47,85,66,938
ASSETS:				
NON - CURRENT ASSETS:				
1. Fixed Assets				
(a) Tangible Assets	11		61,20,44,717	63,76,38,831
(b) Capital Work In Progress	12		29,46,510	3,02,648
2. Non - Current Investments				
	13		4,19,03,710	2,92,60,000
3. Long Term Loans and Advances				
	14		3,54,04,553	3,96,06,718
4. Other Non - Current Assets				
	15		0	20,67,727
TOTAL			69,22,99,490	70,88,75,924
CURRENT ASSETS:				
1. Current Investments				
			0	0
2. Inventories				
	16		40,72,14,087	56,76,89,850
3. Trade Receivables				
	17		7,87,26,278	15,29,33,480
4. Cash and Cash Equivalent				
	18		1,36,22,470	1,85,05,154
5. Short Term Loans and Advances				
	19		3,30,60,133	30499117
6. Other Current Assets				
	20		32,97,217	63,411
TOTAL ASSETS			1,22,82,19,675	2,95,71,33,872

PROVISIONAL PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31.03.2012

PARTICULARS	NOTE	Rs.	As At 31.03.2012 Rs.	As At 31.03.2011 Rs.
I. Revenue from Operations	21		2,20,90,30,591	1,93,12,92,235
II. Other Income	22		1,14,51,596	62,10,087
III. TOTAL REVENUE			2,22,04,82,187	1,93,75,02,322
IV. EXPENSES :				
Cost of Materials Consumed	23		1,39,22,87,392	1,22,80,90,655
Changes in Inventories of Finished Goods Work-in-Progress and Stock-in-Trade	24		13,90,04,931	-18,60,16,415
Employee Benefits Expenses	25		15,75,30,245	16,36,08,801
Finance Costs	26		3,46,58,727	3,98,14,498
Depreciation and Amortization Expenses	27		65309308	71671952
Other expenses			42,19,69,971	38,85,99,254
TOTAL EXPENSES			2,21,07,60,574	1,70,58,28,745
V. Profit before Exceptional and extraordinary Items and Tax			97,21,613	23,16,,3577
VI. Exceptional Items			0	0
VII. Profit before Extraordinary Items and Tax				
VIII. Extraordinary Items				
IX. Profit before Tax :				
X. Tax expenses :				
(1) Current tax				
(2) Deferred tax				
XIII. Profit (Loss) for the Period			0	0
PROFIT AVAILABLE FOR APPROPRIATION				
Less: Transferred to General Reserve				
Less: Proposed Dividend				
Less: Corporate Dividend Tax				
Balance carried to Balance Sheet			0	0
XIV. Earnings per equity share:				
(1) Basic				
(2) Diluted				
Balance carried to Balance Sheet				

PARTICULARS	Rs.	As At 31.03.2012 Rs.	As At 31.03.2011 Rs.
			(Rs. in Lacs)
NOTE : 1 - SHARE CAPITAL			
AUTHORIZED			
1,00,00,000 Equity Shares of Rs. 10 each		10,00,00,000	10,00,00,000
SUBSCRIBED AND PAID UP :			
8130000 Equity Shares of Rs. 10/- each		8,13,00,000	8,13,00,000
Less: Forfeited Shares		5,880	5,880
TOTAL		8,12,96,080	8,12,96,080
The Paid up Share Capital includes Bonus Shares equivalent to the face value of Rs. 2,13,71,864/- allotted by capitalization of reserves.			
NOTE : 2 - RESERVES AND SURPLUS			
Share Capital Forfeiture		16,880	16,880
Share Premium :		3,61,05,080	3,61,05,080
General Reserve :			
Balance as per last year	41,31,56,649		33,97,35,499
Add : Transferred from earlier year's Gratuity Provision	0	0	34,21,150
Add: Appropriation from current year's profit			7,00,00,000
Profit and Loss Account			10,76,12,054
TOTAL			55,68,90,663
NOTE : 3 - LONG TERM BORROWING			
I. TERM LOANS FROM BANKS :			
1. State Bank Of India, Baroda (F.C. Term Loan)			
2. EXIM Bank (Term Loans)			
3. EXIM Bank (Foreign Currency Loan)			
4. ICICI Bank Limited (Motor Car Loan)			
5. IDBI Bank Limited			
TOTAL			

NAME OF BANK / FINANCIAL INSTITUTION	TOTAL AMOUNT OF LOAN	RATE OF INTEREST %	BALANCE LOAN ON 31.03.2012 (RS,)	PAYABLE IN THE YEAR 2012-13	PAYABLE AFTER THE YEAR 2012-13 (RS.)	TERMS OF PAYMENT
IDBI BANK LIMITED	Rs. 585 Lacs	13%	2,74,21,875	73,12,500	2,01,09,375	QUARTELY INSTALLMENT BY 01.01.2016

IDBI BANK LIMITED	Rs. 1100 Lacs	13%	10,31,25,000	1,37,50,000	8,93,75,000	QUARTELY INSTALLMENT BY 23.09.2019
EXPORT IMPORT BANK OF INDIA	Rs. 382 Lacs	12.50%	68,19,700	54,57,200	13,62,500	QUARTELY INSTALLMENT BY 20.06.2013
EXPORT IMPORT BANK OF INDIA	Rs. 770 Lacs	12.50%	4,41,83,907	92,87,820	3,48,96,087	MONTHLY INSTALLMENT BY 20.12.2016
EXPORT IMPORT BANK OF INDIA (F.C. LOAN)	Rs. 648 Lacs (USD 1610000)	8.26%	3,64,51,498	1,56,69,951	2,07,81,547	MONTHLY INSTALLMENT BY 15.08.2014
STATE BANK OF INDIA (F.C. LOAN)	Rs. 550 Lacs (USD 1350000)	6.26%	69,56,550	69,56,550	0	QUARTELY INSTALLMENT BY 03.09.2012
TOTAL			22,49,58,530	5,84,34,021	16,65,24,509	

DESCRIPTION OF SECURITY

IDBI BANK LOAN OF RS. 585 LACS AND RS. 1100 LACS

Secured by hypothecation of movable current assets (excluding book debts) subject to prior charge of SBI and IDBI bank for working capital facilities and by first parri passu charge by way of mortgage of immovable properties.

EXIM BANK LOAN OF RS. 382 LACS AND RS. 770 LACS

Secured by hypothecation of movable fixed assets (excluding assets of wind mills) and first parri passu charge by way of immovable properties.

EXIM BANK LOAN OF RS. 648 LACS

Secured by exclusive charge by way of hypothecation of movable fixed assets of wind mill and also by first charge over other movable fixed assets of the company parri passu with other lenders and also by way of parri passu charge by way of mortgage over immovable properties.

STATE BANK OF INDIA LOAN OF RS. 550 LACS

Secured by exclusive first charge over wind mill fixed assets and also by second charge by mortgage of immovable properties parri passu with IDBI Bank.

PARTICULARS	Rs.	As At 31.03.2012 Rs.	As At 31.03.2011 Rs.
			(Rs. in Lacs)
NOTE : 4 - DEFERRED TAX LIABILITY			
Liability Relating to earlier years		12,16,14,369	12,55,24,458
TOTAL		12,16,14,369	12,55,24,458
Less : Assets for Current Year		87,04,636	39,10,089
NET TOTAL		11,29,09,733	12,16,14,369
NOTE : 5 - OTHER LONG TERM LIABILITIES			
Security Deposits (From Debtors & Employees)		1,66,450	1,43,350
TOTAL		1,66,450	1,43,350
NOTE : 6 - OTHRE LONG TERM PROVISIONS			
Employees Privilege Leave (Own Actuarial Basis)		34,61,587	43,82,716
TOTAL		34,61,587	43,82,716
NOTE : 7 - SHORT TERM BORROWING (W.C)			
State Bank Of India		3,33,96,957	17,02,78,736
IDBI Bank		95,37,436	1,27,77,924
Short Term Loan		6,50,00,000	13,00,00,000
TOTAL		7,36,12,606	31,30,56,660
Secured by First Parri Passu Charge by way of hypothecation of Current Assets and also by mortgage of immovable properties of the Company (Subject to Prior Charge of IDBI Bank and Export Import Bank of India)			
NOTE : 8 - TRADE PAYABLES			
For Supplies		6,36,16,553	3,18,40,677
Others		2,99,75,004	5,48,58,495
TOTAL		9,35,91,557	8,66,99,172
NOTE : 9 - OTHER CURRENT LIABILITIES			
Current Maturity of Long Term Borrowings		5,78,48,962	5,93,18,091
Interest Accrued but not due		4,12,354	45,78,039
Unclaimed Dividend		11,78,963	10,63,539
Statutories Dues		23,68,331	17,66,518
Bonus to Employees		1,32,21,362	1,76,82,929
Others		1,38,89,393	84,18,077
TOTAL		8,89,19,365	9,28,27,193
NOTE : 10 - SHORT TERM PROVISIONS			
For Employees (Privilege Leave)		26,55,610	23,04,804
Taxation		90,39,601	49,21,163
Dividend		5,88	81,29,608
Dividend Tax		0	13,18,826
Others		0	0
TOTAL		1,16,95,799	1,66,74,401
NOTE : 11 - FIXED ASSETS			
GROSS FIXED ASSETS		1,52,18,07,269	14,8,71,26,506
LESS DEPRECIATION		90,97,62,552	84,94,87,675
TOTAL		61,20,44,717	63,76,38,831

PARTICULARS	Rs.	As At 31.03.2012 Rs.	As At 31.03.2011 Rs.
			(Rs. in Lacs)
NOTE : 12 - CAPITAL WORK IN PROGRESS			
NOTE : 13 - NON CURRENT INVESTMENTS			
At Cost :			
1. Quoted : (Trade)			
17,94,490 Equity Shares of Rs. 10/- each (Previous Year 13,58,500 Shares) of Eurotex Industries and Exports Limited (Previous Year)		0	2,92,60,000

NOTE : 14 - LONG TERMS LOANS AND ADVANCES			
Capital Advances		2,34,96,075	2,79,42,390
Security Deposits with Related Parties		80,00,00	8,00,000
Advance to Suppliers and Others		49,42,795	46,09,355
Others		6,16,56,83	62,54,973
TOTAL		3,54,04,553	3,96,06,718
NOTE : 15 - OTHER NON CURRENT ASSETS			
Deferred Revenue Expenditure			
NOTE : 16 - INVENTORIES			
(As taken, valued & Certified by Management)			
(A) Stores, Spares and Fuel (At Cost)		1,89,03,231	1,68,19,366
(B) Raw Material (At Cost)		29,48,16,451	31,90,08,899
(C) Finished Goods (Yarn) At Cost or Net Realizable Value whichever is Lower		4,97,72,922	19,38,21,016
(D) Waste (At Market Value)		34,89,419	18,30,869
(E) Stock in Process (At Cost)		3,95,94,313	3,62,09,700
(F) Goods in Transit		6,37,751	0
TOTAL		40,72,14,087	56,76,89,850
NOTE : 17 - Trade Receivable (Unsecured, Considered Good)			
More Than Six Months		0	0
Other Debtors Considered Good		7,87,26,278	15,29,33,480
Less : Provision Doubtful Debts		0	0
NET TOTAL		7,87,26,278	15,29,33,480
NOTE : 18 - CASH AND CASH EQUIVALENT			
Cash on Hand :		7,90,840	10,94,199
With Schedule Banks :		0	0
(A) In Current Account		1,13,57,990	1,47,41,540
(B) Fixed Deposit Maturing within 1 year		14,65,640	26,61,415
(C) Fixed Deposit Maturing after in 1 year		8,000	8,000
(D) Cheques / Drafts on Hand		0	0
NET TOTAL		1,36,22,470	1,85,05,154
NOTE : 19 - SHORT TERM LOANS AND ADVANCES			
Security Deposits		3,46,611	6,58,715
Loans and Advances to Employees		29,40,558	19,10,021
Balance with Statutory Authorities		2,04,91,555	1,61,55,711
Advances to Suppliers and Others		92,81,409	1,17,74,670
TOTAL		3,30,60,133	3,04,99,117

PARTICULARS	Rs.	As At 31.03.2012 Rs.	As At 31.03.2011 Rs.
			(Rs. in Lacs)
NOTE : 20 - OTHER CURRENT ASSETS			
Duty Draw Back / DEPB Receivable		28,92,058	0
Interest Receivables		1,05,974	60,734
Others		2,99,185	2,677
TOTAL		32,97,217	63,411
NOTE : 21 - SALES OF PRODUCT			
YARN SALES		2,05,82,51,254	1,82,35,16,160
COTTON / YARN WASTE SALES		9,61,26,883	8,62,06,832
ELECTRICITY SALES		1,79,27,777	1,62,05,605
TOTAL		2,17,23,05,914	1,92,59,28,597
Less : Rebate and Goods Returned		12,48,151	53,56,005
Less : Excise Duty		49,71,828	73,99,772
		62,19,979	1,27,85,777
NET SALES		2,16,60,85,935	1,91,31,42,820
OTHER OPERATIVE REVENUES		2,69,82,771	1,48,03,704
SALE OF DEPB LICENCE		92,93,137	8,91,386
DUTY DRAW BACK		59,29,927	24,54,325
SALE OF SCRAP		7,38,821	0
PROFIT ON COTTON EXPORT		0	0

TOTAL REVENUE FROM OPERATIONS		4,29,44,656	1,81,49,415
OTHER INCOME :			
FOREIGN EXCHANGE FLUCTUATION GAIN		0	0
INTEREST INCOME (IN CASE OF COMPANY OTHER THAN A. FINANCE COMPANY)		0	0
DIVIDEND INCOME		0	0
PROFIT ON SALE OF FIXED ASSETS		0	0
NET GAIN / LOSS ON SALE INVESTMENTS		0	0
OTHER NON OPERATIVE INCOME (NET OF EXPENSES DIRECTLY ATTRIBUTABLE TO SUCH INCOME)		0	0
INSURANCE CLAIMS RECEIVED		0	0
OTHER MISC. INCOME		0	0
CASH DISCOUNTING		0	0
BALANCE WRITTEN OFF		0	0
EXCESS PROVISIONS FOR EARLIER YEARS		0	0
TOTAL OF OTHER INCOME		0	0

PARTICULARS	Rs.	As At 31.03.2012 Rs.	As At 31.03.2011 Rs.
			(Rs. in Lacs)
NOTE : 22 - NET INCREASE / (DECREASE) IN STOCKS			
Stocks as at Close			
(1) Finished Goods			
(a) Yarn		4,97,72,922	19,38,21,016
(b) Waste		3,88,94,6	1,83,08,69
(2) Stock in Process		39594313	36209700
Less : Stocks as at Commencement			
(1) Finished Goods			
(a) Yarn		19,38,21,016	1,92,69,873
(b) Waste		1,83,08,69	18,58,488
(2) Stock in Process		3,62,09,70,0	2,47,16,809
TOTAL		23,18,61,585	4,58,45,17,0
NET TOTAL		13,90,04,931	-18,60,16,415
NOTE : 23 - RAW MATERIAL CONSUMED			
Opening Stock		31,90,08,899	37,91,30,636
Add : Purchases		1,36,80,94,944	1,16,79,68,918
TOTAL		1,68,71,03,843	1,54,70,99,554
Less : Closing Stock		29,48,16,451	31,90,08,899
Consumption		1,39,22,87,392	1,22,80,90,655
NOTE : 25 - EMPLOYEES BENEFITS / EXPENSES			
SALARY, WAGES, BONUS AND ALLOWANCES		13,11,93,504	12,99,94,094
CONTRIBUTION TO OTHER FUNDS		1,18,65,562	1,14,56,719
MANAGERIAL REMUNERATION		7,72,6013	1,46,77084
CONTRIBUTION TO SUPPER ANNUATION FUND		8,28,000	7,54,800
WELFARE EXPENSES		5,91,71,66,	5,72,61,04,
TOTAL		15,75,30,245	16,36,08,801
NOTE : 26 - FINANCE COST			
INTEREST ON TERM LOAN		2,17,88,728	2,42,99,996
INTEREST ON WORKING CAPITAL		70,90,132	1,12,44,516
FINANCIAL AND BANK CHARGES		57,79,867	43,29,986
TOTAL		3,46,58,727	3,98,74,498
Add : Cash Discount Allowed		0	0
TOTAL		3,46,58,727	3,98,74,498
Less : Cash Discount Received		0	0
TOTAL		3,46,58,727	3,98,74,498

PARTICULARS	Rs.	As At 31.03.2012 Rs.	As At 31.03.2011 Rs.
			(Rs. in Lacs)
NOTE : 27			
OTHER EXPENSES :			
CONSUMPTION OF STORES AND PACKING MATERIAL		0	0
POWER AND FUEL		24,36,82,823	22,55,81,743
RENT		26,78,009	24,68,219
REPAIRS (MACHINERY (INCLUDING SPARES)		2,64,94,572	2,91,06,975
REPAIR TO C. P. P.		24,14,909	24,10,678

BUILDING		26,77,398	69,93,978
OTHERS		21,75,878	27,87,614
INSURANCE		45,19,859	36,71,312
RATES AND TAXES		1,33,86,589	1,19,37,757
LICENCE AND LEGAL FEES		41,01,905	27,38,769
MOTOR CAR AND VEHICLE EXPENSES		22,97,435	23,51,556
SALES AND DISTRIBUTION EXPENSES		4,21,99,592	3,20,22,851
TRAVELLING AND CONVEYANCE		83,48,882	74,14,191
DIRECTORS TRAVELLING		0	0
TRAINING EXPENSES		0	5,317
BOOKS AND PERIODICALS, POSTAGE, TELEGRAM TELEPHONE		41,20,855	48,54,444
STATIONERY AND PRINTING		14,97,290	14,65,288
AUDIT FEES AND EXPENSES		4,26,857	4,26,467
DONATION		3,84,366	13,11,239
FOREIGN EXCHANGE FLUCTUATION LOSS		98,46,632	21,80,773
LOSS ON SALE OF FIXED ASSETS		9,09,753	4,83,586
PROCESSING CHARGES		4,64,391	6,47,834
DIRECTORS SITITNG FEES		2,77,500	1,70,000
TOTAL		42,19,69,971	38,85,99,254