



BOARD OF DIRECTORS

Mr. Dilip J. Thakkar
Mr. Kailash R. Lalpuria (w.e.f. 11-11-2010)
Mr. Kamal Mitra
Mr. P. N. Shah
Mr. Prem Malik
Mr. R. Anand
Mr. Sushil Kumar Jiwrajka
Mr. R. G. Kelkar (Union Bank of India Nominee)
Mr. Nadeem Panjetan (EXIM Bank Nominee w.e.f. 21-04-2011)
Mr. C. P. Ravindranath (EXIM Bank Nominee upto 21-04-2011)

HEAD OFFICE

301 & 1101, Arcadia
Nariman Point
Mumbai - 400 021

MARKETING OFFICE

23-25
Vardhaman Industrial Complex
Gokul Nagar
Thane (W) - 400 601

CHAIRMAN AND MANAGING DIRECTOR

Mr. Anil Kumar Jain

JT. MANAGING DIRECTOR

Mr. R. N. Gupta

DELHI OFFICE

506, Pragati Tower
26, Rajendra Place
New Delhi - 110 008

COMPANY SECRETARY

Mr. R. Sundaram

KOLKATA OFFICE

1-B, Janki Shah Road
Hastings, Kolkata - 700 022

AUDITORS

B. K. Shroff and Co.
Chartered Accountants
3/7-B, Asaf Ali Road
New Delhi - 110 002

BANKERS

Union Bank of India
Canara Bank
Bank of India
Bank of Baroda

REGISTERED OFFICE

Village Alte : Taluka : Hatkanangale,
Dist. Kolhapur 416 109, Maharashtra

SPINNING AND ELECTRONIC UNITS

D-1, MIDC Industrial Area, Gokul Shirgaon
Kolhapur - 416 234, Maharashtra

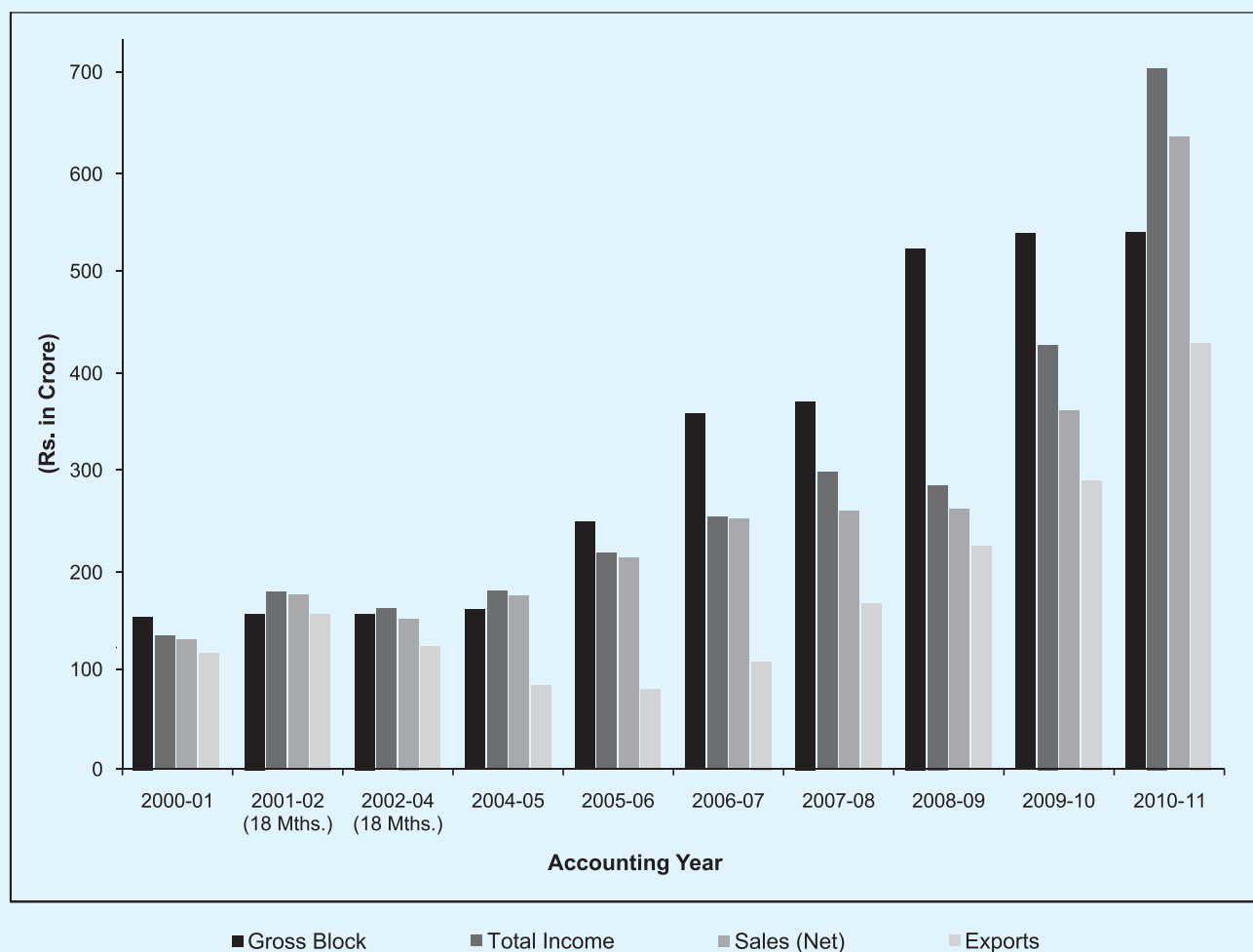
**HOME TEXTILE AND
CONSUMER DURABLE GOODS UNITS**

T - 3, Kagal - Hatkanangle, Five Star MIDC Area,
At post : Talandge, Taluka : Hatkanangale
Kolhapur - 416 216, Maharashtra

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Performance for Previous Ten Years



(₹ in Crore)

Particulars	2000-01	2001-02	2002-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
		(18 Months)								
Gross Block	154	157	157	161	249	358	370	524	539	540
Total Income	135	179	162	180	218	254	299	286	427	705
Sales (Net)	131	176	152	175	213	252	260	262	361	636
Exports	117	157	124	85	81	109	167	225	291	429



Directors' Report

To
The Members

INDO COUNT INDUSTRIES LIMITED

Your Directors have pleasure in presenting the TWENTY SECOND ANNUAL REPORT together with the Audited Financial Statement for the year ended 31st March 2011.

Financial Results

(₹ in Crore)

Particulars	2010-11	2009-10	2010-11	2009-10
	STAND ALONE		CONSOLIDATED	
Total Income	704.68	427.25	750.36	453.75
Gross Operating Profit (before exceptional items)	67.50	28.92	72.27	33.02
Less : Interest	30.54	27.32	30.64	27.32
Profit before Depreciation, Taxation and Exceptional Item	36.96	1.60	41.63	5.70
Less : Depreciation	17.64	18.09	19.57	20.02
Cash Profit	32.36	(9.93)	37.03	(5.81)
Profit/(loss) Before Tax and Exceptional Item	19.32	(16.49)	22.06	(14.32)
Exceptional item - Exchange loss	(4.60)	(11.52)	(4.60)	(11.52)
Less : Provision for Taxation	5.68	9.40	(6.80)	(9.30)
Net Profit/(loss) After Taxation	9.04	(18.61)	10.66	(16.54)
Share of Minority Interest	—	—	(0.10)	(0.12)
Balance Brought Forward	(34.28)	(15.67)	(33.96)	(17.30)
Deficit carried to Balance Sheet	(25.24)	(34.28)	(23.40)	(33.96)

Dividend

Company intend to plough back the profits towards margin for the Working Capital for future growth. Hence your Directors regret inability to recommend a dividend for the year.

PERFORMANCE REVIEW

Company as whole

During the year under review the Company has achieved a total income of ₹ 704.68 crore as against ₹ 427.25 crore on stand alone basis, thereby registering an impressive growth of around 65%.

Textile Division

During the year under review this division has achieved a sales turnover of ₹ 554.70 crore as against ₹ 349.24 crore during the previous year. Major part of this growth is attributed to Home Textile business.

Though the sales growth were encouraging, the sharp and unprecedented increase in the cost of Raw Material coupled with other input cost like power and labour have affected the margins.

The year also saw an improvement in the US economy, turnaround gave sigh of relief to the Indian Exporters.

Directors' Report

The Spinning Division played a supporting role to the Home Textile Division.

The Government of Maharashtra has conferred First Award in Large Scale Industries (LSI) Textile Category for the Export Performance in the year 2009-10

With a view to multiply sales the Company has incorporated a Subsidiary Company namely INDO COUNT GLOBAL INC. in the United States of America, This will enable the Company to expand its clientele in USA, introduce its own Brand and improve the margin.

Consumer durable goods/Electronic Division

During the year under review the Consumer Durable Goods/ Electronic Divisions has also contributed for the growth of the Company.

Management Discussion and Analysis

Report on MDA is given in Annexure forming part of this report

Segment

The Company is engaged in the manufacture and export of cotton yarn, grey knitted fabrics and cotton made ups, which are governed by the same set of risks and returns and as such are in the same segment.

The performance of the Consumer Durable Goods/ Electronic Division is reported as a separate segment.

Segment reporting as per AS 17 has been complied with.

Accounts

The Company has recognized in its books of accounts Deferred Tax Asset arising on account of tax effects of timing differences between the income tax and book depreciation. Your Directors expect that adequate profits will accrue in the future years from Company's business which will utilize the tax asset fully.

Internal control systems and their adequacy

The Company has in place an elaborate internal control system to ensure proper authorization and accounting of transactions as also for safeguarding and protecting Company's assets against loss. The internal auditors reports are periodically reviewed by the management and the Audit Committee and necessary corrective actions are taken from time to time.

Human Resources

During the year, labour relations continued to be cordial.

Development of employee skills and imparting knowledge on social compliance audits, quality assurance are very important to the business, for which training is conducted regularly.

Particulars of employees in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, are not given, as none of the employees qualify for such disclosure.

Corporate Governance

The corporate governance report together with a certificate from the Company's auditors confirming compliance of guidelines are made part of this Report as per clause 49 of the Listing Agreement entered into with the stock exchanges.

Directors' Responsibility Statement

Pursuant to the requirement under section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- a) that in the preparation of the accounts for the financial year ended on 31st March 2011, the applicable accounting standards have been followed and there are no material departures.
- b) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that 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 Profit of the Company for the year under review.
- c) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) that the Directors have prepared the annual accounts for the year ended on 31st March 2011 on a 'going concern' basis.

Company's Subsidiary

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary Company are not being attached with the Balance Sheet of the Company. The Company will make available the Annual Accounts of the subsidiary Company and the related details information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary Company will also be kept open for inspection at the Registered Office of the Company. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary Company.



Directors

In accordance with the provisions of the Companies Act, 1956, Mr. R Anand, Mr. Sushil Kumar Jiwarajka, Mr. Prem Malik and Mr. Dilip Thakkar retire by rotation and being eligible, offer themselves for reappointment.

Auditors

M/s. B K Shroff and Co., Chartered Accountants retire at the end of this Annual General Meeting and are eligible for reappointment as auditors.

The observations of Auditors on MTM losses on outstanding derivative contracts, as referred in Auditors' Report are suitably explained in the Notes on Accounts. It is pertinent to mention that these losses are notional until they are crystallized on due dates.

Your Directors feel that the Company can meet its obligations arising out of these contracts, which are purely hedged of its future receivables.

Cost Auditor

Pursuant to the directives of the Central Government under the provisions of Section 233B of the Companies Act, 1956, and subject to the approval of the Central Government, M/s A. G. Anikhindi & Co., Cost Accountants, Kolhapur, have been appointed as Cost Auditor to conduct cost audit relating to the products manufactured by your Company.

Conservation of Energy, Technology Absorption & Foreign Exchange Earning & Outgo

Statement required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure forming part of this Report.

Acknowledgements

Your Directors are grateful to the customers, suppliers, banks, financial institutions and employees for their co-operation and assistance during the year under review.

Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could influence the Company's operations include economic developments outside the country, global demand and supply conditions in the industry, input prices, changes in government regulations, tax laws and other factors such as litigation and industrial relations.

On behalf of Board of Directors

ANIL KUMAR JAIN

Chairman &

Managing Director

Place : Mumbai

Dated : 17th May 2011

ATTENTION SHAREHOLDERS

Dear Shareholder,

This is to inform that the Ministry of Corporate Affairs (MCA) has issued circular no. 17/2011 dated April 21, 2011 regarding "Green Initiatives in the Corporate Governance – Clarification regarding service of documents by e-mode instead of Under Posting Certificate", whereby MCA has allowed paperless compliances by the Companies, by stating that the service of document by a Company can be made through electronic mode.

Keeping in view the initiative by the MCA and the circular issued by it, we propose to send the documents like Notice calling the Annual General Meeting, Corporate Governance Report, Directors' Report, Audited Financial Statements, Auditors' Report, etc beginning from the year ended 31st March 2011, in electronic form to the email address provided by you and made available to us by the Depository.

Please note that as a member of the Company, you shall be entitled to be furnished copy of the Balance Sheet of the Company and all other documents required by law to be attached thereto including Directors' and Auditors' Report, at any time, free of cost, upon requisition from you.

We are sure that you would appreciate the "Green Initiative" taken by the MCA to save our environment and your Company's desire to participate in such initiative.

Thanking you,

Yours faithfully

FOR INDO COUNT INDUSTRIES LIMITED

ANIL KUMAR JAIN

Chairman & Managing Director

Date : 17th May, 2011

Annexure to Directors' Report

Information Under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and Forming part of the Directors' Report for the financial year ended on 31st March 2011.

A. CONSERVATION OF ENERGY

Form - A

Form for Disclosure of particulars with respect to conservation of energy

Particulars	2010-11	2009-10
a) Power and Fuel		
ELECTRICITY		
a) Purchased (Units)	572,41,999	562,75,068
Total amount (₹)	27,17,52,930	24,89,56,566
Rate/unit	4.75	4.42
b) Own generation:		
i) through diesel generator		
Unit	179,200	120,209
Unit/liter of diesel oil	3.37	3.28
Cost per unit	12.96	11.98
ii) Furnace oil		
Quantity (KL)	—	—
Amount ₹ in Lac	—	—
Average Rate (₹)	—	—
b) Electricity consumption		
per unit of production of :-		
i) yarn per kg.	4.79	4.73
ii) Fabric processed per kg.	3.33	3.56

B. TECHNOLOGY ABSORPTION

Form - B

Technology Absorption, Adaptation and Innovation

1. Specific areas in which R & D was carried by the Company

- Decolourisation of effluent.
- Installation of variable frequency drive (VFD) in boiler and termopack.

iii. Development of Bleach Free Printed Linen.

2. Benefit derived from above R & D activities

- Cost control.
- Better quality product and Value addition.
- Wider acceptability of Product in US Markets.

3. Future plan of action.

- To develop new finishes to attain International Standard.
- To introduction of Micro CVC Product for US Market.

D. Expenditure on R & D

- Capital - ₹ Nil
- Recurring - Expenditure has been shown under different heads in Profit & Loss Account amounting to ₹ 43.80 lac Total R & D Expenditure as a percentage of total turnover 0.06%.

2. Technology absorption, adaptation and innovation

The Company has not imported any technology since inception.

C. FOREIGN EXCHANGE EARNINGS AND OUT-GO

- Activity related to initiatives taken to increase export markets for products and services and export - plans.

Since inception, the Company has been a predominant exporter of its production and net foreign exchange earner.

- Total foreign exchange used and earned

(₹ in Crore)

Particulars	2010-11	2009-10
Used	7.55	9.28
Earned (FOB value of export goods)	429.12	290.89

On behalf of Board of Directors

ANIL KUMAR JAIN
Chairman &
Managing Director

Place : Mumbai
Dated : 17th May 2011



Management Discussion and Analysis

Textile Division

Industry structure and developments

The number of composite textile units in the country has remained around 200 for a long time. These are in the organized sector and engaged in the complete value chain right from spinning to finishing of fabrics. Of this, about 10% is in the made up segment, rest being in the clothing segment.

Composite mills score over others in terms of attracting large buyers as also investors who want to take exposure in to and grow with the sector.

Composite mills have their presence in domestic and export markets. Some have strong local brands.

Your Company has composite facilities and controls the complete value chain, having spinning, weaving, fabric processing, cut/sew and merchandising facilities. Presently, most of its production is exported. Your Company has plans to enter in to domestic market either through its own brand or in partnership with existing channels. The management hopes to initiate this process at opportune time.

Opportunities and threats

Being predominantly export based, the Company's products are exposed to global economic conditions.

The joint efforts put in by the government of developed and developing (G20) countries to pull the global economy out of recession are expected to result in early restoration of consumer and business confidence. Hitherto, US and European countries accounted for about 65% of the global demand for Home Textile products. Your Directors hope that the economic recovery would be faster and Indian textile exports will soon spring back to normal level and further grow.

The initiatives taken by the Government of India to help exporters are laudable and need to be continued to remain competitive in the global market.

Risks and concerns

Due to turmoil in the currency and financial markets globally, the credit rating of the buyers has suffered. Consequently, it has become difficult to take direct credit exposure on the buyers as credit protection is either not available or becoming increasingly dearer. As such, Indian exports have been seriously affected. Your Directors expect that the Government would offer adequate protection to exporters to tide over this critical period.

Your Company is also exposed to safety and foreign exchange risks, which are monitored continuously and proper de-risking strategy is drawn and acted upon.

Outlook

From the reports available in public domain, it is believed that the global economic recovery is in its way. It is only hoped that the growth momentum gathers, steam soon and fast. Indian textile industry is generally competitive and considering the positive business conditions developing, outlook for cotton textiles appears to be good.

Electronic Division

Industry structure and developments

The consumer electronics industry is occupied by few branded Indian and multi national companies. Though the products are under common VAT system, non uniform tariff structure in different states and fiscal concessions granted by some state governments to local investment, have impact on the product pricing. Competition in this industry is therefore skewed.

In the retail segment, some private brands have been investing to get visibility and have established market share for their products.

Opportunities and threats

The technology in consumer electronic products has been fast changing. Continuous Investment is required to adapt to the change and keep abreast with the technological development.

Your Company has plans to invest in upgradation of facilities and manpower skills to meet the challenges.

The new product offerings in the market place have spooked interest in the consumers. Product differentiation, affordable pricing and easy financing methods have ensured reach of these products to the interior parts of the country and the OEM/ODM units have larger role to play in the business growth. Considering the nearness to market, the logistics and handling of fragile/bulky goods, regional units such as yours, are preferred by these brands.

Risks and concerns

The business of electronic manufacturing services units depends on the outsourcing requirement of the brand owners and is seasonal.

Your Company has developed expertise in providing complete end to end solution to the customers by offering logistic handling services, warehousing facilities, etc.

Outlook

The Company has established itself as a reliable electronic manufacturing services unit. Retail revolution has created new markets and the Directors believe there will be adequate opportunities for your Company to exist and expand the business.

Corporate Governance (Annexure to Directors' Report)

Corporate ethics

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Philosophy

Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability, and commitment to values. Therefore, since its inception, the Company has been practicing good Corporate Governance, by constituting Board, Audit, Project Management and Remuneration Committees with independent professional members disclosing periodically adequate and true information to the Board/Committee, discussion Company's affairs in open, impartial and transparent, manner and ensuing decision making keeping in mind the interests of stakeholders and other business associates. The Company continues to focus on the good Corporate Governance, in line with the best practices in the areas of the Corporate Governance.

Your Company believes that sustainable and long terms growth of every stakeholder depends upon the judicious and effective use of available resources and consistent endeavour to achieve excellence in business along with active participation in the growth of society, building of environmental balances and significant contribution in economic growth.

The Governance for your Company means being true to own belief and constantly strengthening and increasing stakeholders' values and return investment by adopting principles of transparency, accountability and adherence of committee value creation principles. We are firm in the belief that Corporate Governance means commitment for achievement of value based growth and meeting the commitment within the predefined time frame without compromising with ethical standards, paradigms, transparency in transaction and fixing of accountability.

Status of Compliance

Your Company has been able to make significant compliance with the revised provisions of Clause 49 of the Listing Agreement.

2. BOARD OF DIRECTOR

a) Composition of the Board

Chairman & Managing Director along with the Joint Managing Director, Executive Director and Director (Works) look after the day to day affairs of the Company. The Board of Directors monitors Company's performance and approves, review policies/strategies and evaluate the management performance. The Board ensures legal and ethical conduct of business and accurate financial reporting.

The Company presently has Eleven Directors of which Chairman & Managing Director (CMD), Joint Managing Director (Jt. MD), Executive Director and Director (Works) are Executive Directors.

Promoter is the Chairman & Managing Director, is Promoter Executive Director and Joint Managing Director, Executive Director and Director (Works) are Non-Promoter Executive Directors.

Of the remaining Seven Directors, Five are independent Directors who are professionals/ industrialist with experience in taxation, accounts, finance and general corporate management, One is a nominee of EXIM Bank of India and another, nominee of Union Bank of India.

The Board of Directors meet at least once a quarter to review the Company's performance and financial results and more often, if considered necessary, to transact other important business.

b) Number of Board Meetings:

During the current accounting year ended 31st March 2011, Board meetings were held on the following dates viz. 12-05-2010, 01-06-2010, 14-08-2010, 11-11-2010 and 14-02-2011.

The maximum interval between any two Board Meetings was less than 4 months as stipulated in Clause 49 of the Listing Agreement.

The 21st Annual General Meeting was held on 31st July 2010.

**c) Directors Attendance record and Directorship held as under:**

Name of the Director	Designation	Category	During the year number of Board Meetings		Whether attended last AGM	Directorship in other Public Limited Companies incorporated in India	Overall Committee Membership/ Chairmanship across Directorship	
			Held	Attended			Chairman	Member
EXECUTIVE								
Mr. Anil Kumar Jain	Chairman & Managing Director	Promoter	5	5	Yes	4	2	3
Mr. R N Gupta	Jt. Managing Director	Non-Independent	5	5	Yes	—	—	2
Mr. Kailash R Lalpuria **	Executive Director	Non-Independent	5	2	N.A.	1	—	—
Mr. Kamal Mitra	Director (Works)	Non-Independent	5	3	Yes	1	—	3
NON EXECUTIVE								
Mr. P N Shah	Director	Independent	5	5	No	6	3	5
Mr. R Anand	Director	Independent	5	4	No	3	—	3
Mr. Sushil Kumar Jiwarajka	Director	Independent	5	1	No	4	—	—
Mr. R G Kelkar @@	UBI Nominee	Independent	5	4	Yes	—	—	—
Mr. Dilip Thakkar	Director	Independent	5	2	No	13	5	10
Mr. C P Ravindranth @@	EXIM Nominee Director	Independent	5	4	No	2	—	2
Mr. Nadeem Panjetan \$\$	EXIM Nominee Director	Independent	NA	NA	NA	NA	NA	NA
Mr. Prem Malik	Director	Independent	5	3	No	7	—	3

** Appointed since 11-11-2010

@ @ Resigned with effect from 21-04-2011

\$\$ Appointed with effect from 21-04-2011

The Board has laid down and adopted the Code of Conduct for all the Board Members and Senior Management personnel of the Company at its meeting held on 31st January 2006.

No remuneration, other than sitting fees has been paid for attending the Board/Committee meeting detailed as under:-

Corporate Governance (Annexure to Directors' Report)

Name of Director	Sitting Fees Amt ₹
Mr. P. N. Shah	75,000/-
Mr. R. Anand	65,000/-
Mr. Sushil Kumar Jiwrajka	5,000/-
Mr. Dilip J Thakkar	25,000/-
Mr. C. P. Ravindranath (Nominee EXIM Bank)	35,000/-
Mr. R. G. Kelkar (Nominee Union Bank of India)	20,000/-
Mr. Prem Malik	15,000/-

Chairmanship/Membership of every Director is within limits specified.

d) Information supplied to the Board:

A detailed agenda is sent to each Director sufficiently in advance of Board and Committee meetings. At every Board meeting the Chairman briefs the members on the overall performance of the Company.

Apart from the matters statutorily requiring the Board approval, all major decisions related to investments, capital expenditure, modernization programs, mobilization of resources and planning thereof are considered by the Board.

As per SEBI's code of Corporate Governance, the following information is regularly placed before the Board:-

- Annual operating plans and budgets and any updates.
- Capital budgets and any updates.
- Quarterly results for the Company and its operating divisions or business segments.
- Minutes of meetings of audit committee and other committees of the Board.
- The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
- Show cause, demand, prosecution notices and penalty notices which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.

- Any material default in financial obligations to and by the Company, or substantial nonpayment for goods sold by the Company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

e) Independent Audit Committee:

The Company has constituted Audit Committee in accordance with the requirements of Clause 49 of the Listing Agreement with qualified, independent and non-executive members of the Board of Directors of the Company. The broad terms of reference of the Audit Committee are:-

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.



- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - o Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - o Changes, if any, in accounting policies and practices and reasons for the same
 - o Major accounting entries involving estimates based on the exercise of judgment by management
 - o Significant adjustments made in the financial statements arising out of audit findings
 - o Compliance with listing and other legal requirements relating to financial statements
 - o Disclosure of any related party transactions
 - o Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a

failure of internal control systems of a material nature and reporting the matter to the Board.

- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee comprises 3 non-executive, independent Directors and 1 executive Director viz. Mr. P N Shah, Mr. R Anand Mr. C.P. Ravindranath (up to 21-04-2011) and Mr. R N Gupta, Jt. Managing Director of the Company.

The Company Secretary is the Secretary of the Committee.

The Audit Committee meetings are attended by Internal Auditors. Statutory/Cost Auditors are invited as and when required by the Committee.

The Chairman of the Committee Mr. P N Shah, a Non-Executive Director, is a Chartered Accountant by profession.

4 Audit Committee meetings were held during the current accounting year ended 31st March, 2011, on the following dates viz: 12-05-2010, 01-06-2010, 22-09-2010 and 19-01-2011. The attendance of each member is as under:-

Name of the Member	Position	No of meetings	
		Held	Attended
Mr. P N Shah	Chairman	4	4
Mr. R Anand	Member	4	4
Mr. R N Gupta	Member	4	4
Mr. C.P. Ravindranath **	Member	4	3

** Appointed as Member since 01-06-2010.

Corporate Governance (Annexure to Directors' Report)

f) Remuneration Committee:

Though the formation of the Remuneration Committee is non-mandatory in nature, as a concern of good Corporate Governance, the Board has constituted Remuneration Committee at its meeting held on 25th October 2002, and modified from time to time. The present Remuneration Committee comprises 3 independent and non-executive members of the Board of Directors of the Company. The broad terms of reference of the Remuneration Committee are:-

- To frame a remuneration policy and consider specific remuneration package for its executive Directors including pension rights and compensation payments.
- To review remuneration policy and remuneration paid to the executive Directors from time to time.
- To approve the remuneration paid/payable to the executive Directors as require by the Companies Act, 1956 and/or Listing guidelines.

Composition:

The Committee comprises 3 Non-Executive, independent members of the Board of Directors, viz Mr. R. Anand, Mr. Dilip Thakkar and Mr. P. N. Shah.

The attendance of each member is as under :

Name of the Member	Position	No of meetings	
		Held	Attended
Mr. R Anand	Chairman	2	2
Mr. Dilip Thakkar	Member	2	2
Mr. P N Shah	Member	2	2

The Company Secretary is the Secretary of the Committee.

The meeting were held on 21-12-2010 and 14-02-2011.

The remuneration paid to Executive Directors has been fixed by the resolution passed at the Board meeting, followed by approval of shareholders in the General Meeting.

Name of the Director	Date of resolution	Salary & Perquisites ₹ in Lac
Mr. Anil Kumar Jain	25-07-2008	38.52
Mr. R N Gupta	27-02-2010	7.93
Mr. K. R. Lalpuria **	14-02-2011	9.10
Mr. Kamal Mitra	25-07-2008	10.70

** Appointed since 01-01-2011.

No remuneration, other than sitting fees for attending the Board/Committee meetings, is paid to the non-executive Directors.

g) Investors' Grievance Committee/Shareholders' Committee:

The Board has constituted the "Shareholder/Investor Grievances Committee" in accordance with the requirements of the Clause 49 of the Listing Agreement. The objective of the Committee is to attend to the investors' complaints pertaining to transfer/transmission/demat/remat of shares, on receipt of dividend warrants/share certificates etc and any other matter related thereto.

The committee functions under the Chairmanship of Mr. Anil Kumar Jain. The other members are Mr. R N Gupta and Mr. Kamal Mitra. The Committee meets once in a quarter.

h) Compliance Officer:

The Company Secretary has been designated as Compliance Officer.

Status of the Complaints received for the period 1st April 2010 to 31st March 2011, is as under:-

Sr No	Nature of Complaint	Number of complaints			
		Received		Resolved	
		SEBI	Others	SEBI	Other
1	Non receipt of share certificates	—	7	—	7
2	Non receipt of dividend warrants	—	—	—	—
3	Non receipt of Annual Reports	—	2	—	2
4	Revalidation of dividend warrants	—	—	—	—
5	Stop transfer	—	—	—	—
6	Demat/Remat of Share Certificates	—	2	—	2
7	Loss of Share Certificates	—	—	—	—

i) Share Transfer Committee:

The Board has also constituted Share Transfer Committee comprising three Directors viz. Mr. Anil Kumar Jain, Mr. R N Gupta, and Mr. Kamal Mitra and the Committee is chaired by Mr. Anil Kumar Jain, the Company Secretary is the Secretary of the Committee.

The Committee meetings were held once in fortnight.



j) Project Management Committee:

The Board has also constituted Project Management Committee comprising Two Non Executive Directors viz. Mr. Sushil Kumar Jiwarajka, Mr. R Anand and One Executive Director namely Mr. Kamal Mitra and Committee is chaired by Mr. R Anand, and the Company Secretary is the Secretary of the Committee.

In case of Projects implemented, it is the policy to meet once a month to monitor the progress.

3. MANAGEMENT

a) Management Discussion and Analysis:

Management Discussion and Analysis forms part of the Annual Report.

b) Disclosure by the management to the Board:

All details relating to financial and commercial transactions where Director may have a potential interest are disclosed to the Board, and the interested Directors neither participate in the discussions, nor do they vote on such matters.

4. SHAREHOLDERS

a) Annual General Meetings:

Details of General Meetings of the shareholders are as under:-

Year	AGM/EGM	Location	Date	Time
2008-09	EGM	Village Alte, Tal. Hatkanangale, Kolhapur 416 109	20-03-2009	12.00 noon
2008-09	AGM	-- do--	29-09-2009	3.30 p.m.
2009-10	EGM	-- do--	25-03-2010	3.00 p.m.
2010-11	AGM	-- do --	31-07-2010	11.00 a.m.
2010-11	EGM	-- do --	26-03-2011	12.00 noon

There were no special resolutions passed by the Company through postal ballot during the financial year 2010-11, however, a special resolutions were passed for revision in the salary payable to the Jt. Managing Director, payment of consultancy fees to M/s Unic Consultants and creation of Mortgage on the fixed assets of the Company to secure working capital lenders.

b) Disclosures:

I) Disclosure on materially significant related transactions i.e. transaction of the Company of material nature, with its promoters, the Directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large:

There is no material transaction with any related party which may have potential conflict with the interests of the Company at large. However, the Company has annexed to the accounts, a list of related parties as per the Accounting Standard 18 and the transactions entered into with them.

II) Disclosure of Accounting treatment, if different from that prescribed in Accounting Standards with explanation:

All the accounting treatments done are in consonance with Accounting Standards.

III) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years:

Neither any non-compliance with any of the legal provisions of law has been made by the Company nor has any penalty, stricture has been imposed by the stock exchange or SEBI or any statutory authority, on any matter related to capital market, during the last three years.

IV) Whistle Blower policy and affirmation that no personnel has been denied access to the Audit Committee:

The Company does not have whistle blower policy, as the same is not mandatory in nature.

c) Means of Communication:

The Company is publishing its financial results in leading newspapers viz. Business Standard, Free Press Journal and Nav Shakti, on a quarterly basis. The results are also displayed on the corporate website indocount.com

The Annual Report is posted to every shareholder of the Company.

The Company has not made any presentation to the institution, investors/analysts.

MDA is part of the Directors' Report.

Corporate Governance (Annexure to Directors' Report)

d) General Shareholders' Information:

Annual General Meeting:	
Day, Date, Time and Venue	Tuesday, the 2nd August 2011, at 12.30 p.m., at the Registered Office of the Company at Village Alte, Taluka Hatkanangale, Dist. Kolhapur 416 109, Maharashtra
Financial Calendar 2011-12	
Financial reporting for the quarter ending 30-06-2011	Latest by Saturday the 13-08-2011
Financial reporting for the quarter ending 30-09-2011	Latest by Monday the 14-11-2011
Financial reporting for the quarter ending 31-12-2011	Latest by Tuesday the 14-02-2012
Financial reporting for the quarter ending 31-03-2012	Latest by Wednesday the 30-05-2012
Book closure dates	22-07-2011 to 02-08-2011 (both days inclusive)
Listing on the Stock Exchange	The equity shares of the Company are listed on the Bombay and National Stock Exchange. The Company has paid the listing fees to The Mumbai Stock Exchange and National Stock Exchange for the period from 01-04-2011 to 31-03-2012
Address of the Stock Exchange	The Bombay Stock Exchange, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. Scrip code: 521016 National Stock Exchange of India Ltd., Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai 400 051. Scrip code: ICIL
Code in respect of Company's shares traded in a DEMAT form for both NSDL and CDSL : ISIN - INE483B01018	

**5. STOCK PRICE DATA FOR THE PERIOD FROM 01-04-2010 TO 31-03-2011**

Month	High (₹)	Low (₹)	Volume	Index #
April 2010	10.65	9.08	83,786	17,558.71
May 2010	13.78	8.74	357,236	16,944.63
June 2010	11.90	7.90	57,4491	17,700.90
July 2010	12.86	7.20	20,79,629	17,868.29
August 2010	21.10	12.89	733,767	17,971.12
September 2010	20.70	16.65	332,223	20,069.12
October 2010	22.00	16.15	197,562	20,032.34
November 2010	22.40	16.50	255,375	19,521.25
December 2010	21.10	15.79	145,888	20,509.09
January 2011	17.30	12.25	62,806	18,327.76
February 2011	18.05	11.45	54,939	17,823.40
March 2011	15.85	12.65	72,863	19,445.22

Represents Sensex at the close of the last trading day of the month.

6. REGISTRAR & SHARE TRANSFER AGENT:**Link Intime India Pvt Ltd.**

(formerly known as Intime Spectrum Registry Ltd)

A-40, Naraina Industrial Area, Phase-II, 2nd Floor,
Near Batra Banquet Hall, New Delhi - 110 028.

Phone: +91-11-41410592, 41410593 & 41410594

Fax - +91-11-41410591, Mobile: +91 9312432265

Share Transfer System

Share Transfer Committee approves the transfer/transmission/split/consolidation/ remat/demat of share certificates at its meeting held every fortnight.

7. DISTRIBUTION OF SHAREHOLDING AS AT 31-03-2011

No. of equity shares	No of Shareholders	% of Shareholders	No of shares held	% of shareholding
Upto - 250	20354	84.80	1864806	5.26
251 - 500	2100	8.75	789477	2.23
501 - 1000	858	3.58	696816	1.96
1001 - 2000	329	1.37	507887	1.43
2001 - 3000	95	0.40	245650	0.69
3001 - 4000	52	0.22	187744	0.53
4001 - 5000	45	0.19	213965	0.60
5001 - 10000	67	0.28	491818	1.39
Above 10001	99	0.41	30483471	85.91
Total	23999	100.00	35481634	100.00

Corporate Governance (Annexure to Directors' Report)

8. DEMATERIALISATION OF SHARES AND LIQUIDITY:

As at 31st March 2011, 314,24,333 equity shares being 88.57% of total equity share capital is held in electronic mode with two DPs viz. National Securities Depository Ltd. (NSDL) and Central Depository Services Ltd (CDSL). The Company's shares have to be compulsorily traded in the electronic form. Requests for dematerialization of shares are processed and confirmed within 15 - 20 days of receipt to NSDL and CDSL.

9. OUTSTANDING ADRS/GDRS/WARRANTS/OTHER CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON THE EQUITY:

As at 31st March 2011, there are no outstanding ADRs/GDRs/Warrants/Other Convertible instrument which has impact on the equity of the Company.

10. OTHER OFFICES OF THE COMPANY:

Registered Office: Village Alte, Taluka Hatkanangale, P B No 3. Dist Kolhapur 416 109 Maharashtra	Head Office 301 and 1101, Arcadia, Nariman Point, Mumbai 400 021 Maharashtra	For Communication Indo Count Industries Ltd., 301 and 1101, Arcadia, Nariman Point, Mumbai 400 021. Maharashtra
Home Textile Division T - 3, Five Star MIDC, Kagal-Hatkanangale, At. Post: Talandge, Taluka Hatkanangale, Dist. Kolhapur 416 216. Maharashtra	Spinning Division D-1, Gokulshirgaon, MIDC Industrial Area, Kolhapur 416 234 Maharashtra.	Consumer Durable Goods Division T - 3, Five Star MIDC, Kagal-Hatkanangale, At. Post: Talandge, Taluka Hatkanangale, Dist. Kolhapur 416 216 Maharashtra
Delhi Office 506, Pragati Tower, 26, Rajendra Place, New Delhi 110 008.	Kolkata Office 1 - B, Janki Shah Road, Hastings, Kolkatta 700 001.	Marketing Office # 23-25 Vardhaman Industrial Complex Gokul Nagar, Thane (W) - 400 601 Maharashtra

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

To the shareholders of Indo Count Industries Ltd.

We have examined the compliance of conditions of corporate governance by Indo Count Industries Limited, for the year ended on 31st March, 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

The compliance of conditions of the corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and 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 the above mentioned listing agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the shareholders / investors grievance committee.

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 **B. K. Shroff and Co.**
Chartered Accountants
Reg. No. 302166E

O. P. Shroff
Partner

Place : Mumbai
Date : 17th May, 2011

Membership No. 6329



Auditors' Report

To

The Members of

INDO COUNT INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of Indo Count Industries Limited as at 31st March, 2011 and the Profit & Loss Account for the year ended on that date annexed thereto and the cash flow statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with 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 accounts 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 Companies (Auditor's Report) Order 2003 and 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 Companies Act 1956, 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) 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, the Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

- iv) In our opinion, subject to our observation in para (v) below, the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- v) Attention is drawn to Note No. 16(a) to the accounts regarding the non provision of MTM loss in the financial statements as AS 30 is not mandatory.
- vi) On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that as on 31st March, 2011 none of the Directors is disqualified from being appointed as a Director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.

Subject to the above in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
- b. in the case of the Profit & Loss Account, of the profit for the year ended on that date; and
- c. in the case of cash flow statement of the cash flows for the year ended on that date.

For **B. K. Shroff & Co.**,
Chartered Accountants
Reg. No. 302166E

O. P. Shroff
Partner

Place : Mumbai
Date : 17th May, 2011

Membership No. 6329

Annexure to Auditors' Report

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) All the fixed assets have been physically verified by the management according to a regular program, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies with respect to book records were noticed on such verification.
- (c) During the year, the Company has not disposed off any substantial part of its fixed assets. Therefore, it has not affected the going concern concept of the Company.
- (ii) (a) Physical verification of inventory (except material in transit) has been conducted by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory 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. Discrepancies noticed on verification of inventory as compared to book records were not material.
- (iii) The Company has neither granted nor taken loans, secured or unsecured to / from companies firms or other parties covered in the register maintained under section 301 of the Act and as such clauses (iii) (b), (iii) (c) and (iii) (d) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system.
- (v) Transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956.
 - (a) Based upon the audit procedures applied by us and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956, have been entered in the register required to be maintained under the section.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs.5.00 lac 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) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A of the Companies Act, and its Rules, and also the directives of Reserve Bank of India. Since the Company has not defaulted in repayment of deposits, compliance of Section 58AA or obtaining any order from the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal, does not arise.
- (vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the order made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of such accounts and records.
- (ix) (a) The Company is regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, wealth tax, sales tax, service tax, custom duty, excise duty, cess and other statutory dues applicable to it.



- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, customs duty, excise duty and cess were outstanding as at 31-03-2011 for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, dues of income-tax, wealth-tax, sales tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute are as under : -

Sr. No.	Name of the statute	Nature of the dues	Amount (₹ in lac)	Forum where dispute is pending
1	Central Excise Act	Cenvat Credit availed on Service Tax paid on outward freight (Jan 05 to Jan 07)	3.89	Commissioner of (Appeals, Central Excise, Pune)
2	Central Excise Act	Cenvat Credit availed on Service Tax paid on outward freight (Feb 07 to Feb 08)	2.96	CESTAT Tribunal

- (x) The accumulated losses of the Company as at 31st March, 2011 do not exceed fifty percent of its net worth at the end of the said financial year. The Company has not incurred cash losses during the financial year.
- (xi) The Company has defaulted in repayment of dues to banks as under-

Nature of Loan	Delay in number of days	Amount (₹ in Lac)
Rupee Term loans	0-30 days	331.66
Working Capital Term loans	0-30 days	45.90

- (xii) According to the information and explanations given to us, the Company has not granted any loan and advance on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is neither a chit fund nor nidhi / mutual benefit fund / society and hence clause 4 (xii) of the Order is not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments and accordingly, the provisions of clause 4 (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion, the Company has not given guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion, the term loans have been applied for the purposes for which they were obtained.
- (xvii) During the year the Company has made a preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xviii) According to the information and explanations given to us, the Company has not issued debentures during the year.
- (ix) According to the information and explanations given to us, during the year the Company has not raised any money by public issue.
- (xx) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **B. K. Shroff & Co.**,
Chartered Accountants
Reg. No. 302166E

O. P. Shroff
Partner

Membership No. 6329

Place : Mumbai
Date : 17th May, 2011

Balance Sheet as at 31st March, 2011

	Schedule	As at 31-03-2011 [₹ in lac]		As at 31-03-2010 [₹ in lac]	
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Share Capital	A		3,798.16		3,656.50
Reserves & Surplus	B		16,014.88		17,008.24
LOAN FUNDS					
Secured Loans	C		36,804.17		34,943.02
			<u>56,617.21</u>		<u>55,607.76</u>
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	D	53,950.00		53,882.18	
Less: Depreciation		17,850.70		14,984.94	
		<u>36,099.30</u>		<u>38,897.24</u>	
Add: Capital Work in Progress		205.32	36,304.62	62.91	38,960.15
INVESTMENTS					
DEFERRED TAX ASSETS (NET)	E		1,810.79		1,808.55
			2,052.21		2,620.74
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	F	12,455.04		8,076.28	
Sundry Debtors	G	5,264.73		5,003.08	
Cash & Bank Balances	H	1,426.61		530.68	
Loans & Advances	I	6,969.32		9,683.38	
		<u>26,115.70</u>		<u>23,293.42</u>	
LESS: CURRENT LIABILITIES & PROVISIONS					
Current Liabilities	J	11,705.43		14,066.49	
Provisions	K	484.65		436.19	
		<u>12,190.08</u>	13,925.62	<u>14,502.68</u>	8,790.74
PROFIT & LOSS ACCOUNT					
			2,523.97		3,427.58
			<u>56,617.21</u>		<u>55,607.76</u>
SIGNIFICANT ACCOUNTING POLICIES					
NOTES ON ACCOUNTS					

As per our report of even date annexed
For B. K. Shroff & Co.,
Chartered Accountants
Reg. No. 302166E

O.P. Shroff
Partner
Membership No. 6329

Place : Mumbai
Date : 17th May, 2011

Anil Kumar Jain
Chairman & Managing
Director

R. Sundaram
Company Secretary

R. N. Gupta
Joint Managing
Director

**Profit & Loss Account** for the year ended on 31st March, 2011

	Schedule	For the year ended 31-03-2011 [₹ in lac]		For the year ended 31-03-2010 [₹ in lac]	
INCOME					
Sales (Gross)		65,492.06		36,642.78	
Less : Excise duty		1,867.03		516.67	
Sales (Net)			63,625.03		36,126.11
Processing income (Including tax deducted at source ₹ 3.79 lac, previous year ₹ 1.76 lac)			190.06		79.60
Export Incentives / Benefits			2,944.30		2,526.45
Other Income	L		2,214.32		967.54
Increase in Stocks	M		1,493.99		3,024.88
			<u>70,467.70</u>		<u>42,724.58</u>
EXPENDITURE					
Material Cost	N		46,563.34		25,515.07
Purchases - Traded Goods			30.23		—
Manufacturing & Other Expenses	O		17,124.09		14,317.90
			<u>63,717.66</u>		<u>39,832.97</u>
Profit before Financial Charges, Depreciation Taxation & Exceptional items			6,750.04		2,891.61
Finance Charges	P		3,054.28		2,731.68
Profit before Depreciation, Taxation & Exceptional items			3,695.76		159.93
Depreciation		2,866.08		2,910.96	
Less : Transfer to Revaluation Reserve		<u>1,101.69</u>	<u>1,764.39</u>	<u>1,101.69</u>	<u>1,809.27</u>
Profit / (Loss) Before Exceptional items & Taxation			1,931.37		(1,649.34)
Exceptional items (Foreign Exchange Losses)			460.11		1,151.59
Profit / (Loss) before Taxation			<u>1,471.26</u>		<u>(2,800.93)</u>
Provision for Taxation					
Deferred Tax Asset (Net)			568.55		(940.44)
Wealth Tax			0.09		0.60
Prior period Wealth Tax			(0.99)		—
Profit / (Loss) after Tax			903.61		(1,861.09)
Add : Balance brought forward			(3,427.58)		(1,566.49)
Balance carried forward to Balance Sheet			<u>(2,523.97)</u>		<u>(3,427.58)</u>
EARNING PER SHARE (Note 18 Schedule R)					
Basic and dilutive			2.60		(5.59)
SIGNIFICANT ACCOUNTING POLICIES					
NOTES ON ACCOUNTS					

As per our report of even date annexed
For **B. K. Shroff & Co.,**
Chartered Accountants
Reg. No. 302166E

O.P. Shroff
Partner
Membership No. 6329

Place : Mumbai
Date : 17th May, 2011

Anil Kumar Jain
Chairman & Managing
Director

R. Sundaram
Company Secretary

R. N. Gupta
Joint Managing
Director

Cash Flow Statement for the year ended on 31st March, 2011

PARTICULARS	31-03-2011 [₹ in lac]	31-03-2010 [₹ in lac]
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax	1,471.26	(2,800.93)
Adjustments for :		
- Depreciation	1,764.39	1,809.27
- Interest income	(26.96)	(38.45)
- Interest expenses	2,583.09	2,501.70
- Fixed Assets written off	0.16	—
- Insurance Claim	(12.53)	(66.12)
- Provision for diminution in value of investments written back	(2.25)	2.62
- Dividend received	—	(1.27)
- Exceptional items	460.11	1,151.59
Income from Operations before working capital changes	6,237.27	2,558.41
Adjustment for working capital changes:		
- Trade and other Receivables	2,550.60	(2,978.36)
- Inventories	(4,378.76)	(3,711.39)
- Trade payables	(2,311.54)	4,896.88
- Taxes paid	(98.36)	(16.28)
- Exceptional items	(460.11)	(1,151.59)
	1,539.10	(402.33)
B. CASH FLOW FROM INVESTING ACTIVITIES		
- Purchase of fixed assets	(210.71)	(123.95)
- Revaluation of Fixed Assets	(14,724.16)	(15,825.85)
- Investments in Mutual Fund	—	61.75
- Interest received	26.96	48.79
- Reduction in Revaluation Reserve	1,101.69	1,101.69
- Dividend received	—	1.27
Net cash from investing activities	(13,806.22)	(14,736.30)
C. CASH FLOW FROM FINANCING ACTIVITIES		
- Proceeds from Insurance claim	12.53	66.12
- Revaluation Reserve	13,622.46	14,724.17
- Increase/(decrease) in short term borrowings	4,298.61	2,134.89
- Increase/(decrease) in long term borrowings	(2,437.46)	(989.84)
- Proceeds from issue of equity shares	216.67	350.00
- Changes in Share Application money	(75.00)	—
- Increase in Security Premium	108.33	—
- Interest paid	(2,583.09)	(2,434.95)
Net cash from financing activities	13,163.05	13,850.39
Net increase in cash and cash equivalents	895.93	(1,288.24)
Cash and cash equivalents (Opening balance)	530.68	1,818.92
Cash and cash equivalents (Closing balance)	1,426.61	530.68

Note : Figures in bracket represents cash out flow

As per our report of even date annexed

For B. K. Shroff & Co.,

Chartered Accountants

Reg. No. 302166E

O.P. Shroff

Partner

Membership No. 6329

Place : Mumbai

Date : 17th May, 2011

Anil Kumar Jain

Chairman & Managing

Director

R. Sundaram

Company Secretary

R. N. Gupta

Joint Managing

Director

**Schedules to the Balance Sheet** as at 31st March, 2011

	As at 31-03-2011 [₹ in lac]	As at 31-03-2010 [₹ in lac]		
A. SHARE CAPITAL				
Authorised				
55,000,000 Equity shares of ₹ 10/- each	5,500.00	5,500.00		
5,000,000 Preference shares of ₹ 10/- each	500.00	500.00		
	<u>6,000.00</u>	<u>6,000.00</u>		
Issued, Subscribed & Paid up				
35,481,634 (previous year 33,314,967) Equity shares of ₹ 10/- each fully paid up	3,548.16	3,331.50		
Share Application Money - Pending allotment *	250.00	325.00		
	<u>3,798.16</u>	<u>3,656.50</u>		
* Refer Note No 6 of Schedule R, Notes on accounts				
	Balance As at 01-04-2010 [₹ in lac]	Additions [₹ in lac]	Deductions [₹ in lac]	Balance As at 31-03-2011 [₹ in lac]
B. RESERVES & SURPLUS				
Capital Reserve	198.81	—	—	198.81
Share Premium Account	1,335.26	108.33	—	1,443.59
Debenture Redemption Reserve	750.00	—	—	750.00
Revaluation Reserve	14,724.17	—	1,101.69	13,622.48
	<u>17,008.24</u>	<u>108.33</u>	<u>1,101.69</u>	<u>16,014.88</u>

Schedules to the Balance Sheet as at 31st March, 2011

	As at 31-03-2011 [₹ in lac]	As at 31-03-2010 [₹ in lac]
C. SECURED LOANS		
1) Debentures		
10% 300 - Secured Redeemable		
Non Convertible Debentures of ₹ 10,00,000/- each (a)	2,799.00	2,994.00
Funded Interest on Debentures (a)	—	249.71
2) Term Loans		
a) Rupee Loans		
- From Financial Institutions (a)	3,615.41	3,900.26
- From Banks (a)	11,504.43	12,377.99
3) Working Capital Term Loans (a)	2,826.54	2,994.85
4) Demand Term Loan (d)	3,185.97	3,408.07
5) Funded Interest on Term Loans (a)	—	437.50
6) Interest accrued and due	70.66	77.09
7) Packing Credit Loans		
- From Banks (b)		
- In Rupees	11,467.93	8,486.08
- In Foreign Currency	1,321.18	—
8) Hire Purchase Finance		
- From Banks / Others (c)	13.05	17.47
	<u>36,804.17</u>	<u>34,943.02</u>

- (a) Secured inter se on pari-passu basis by way of mortgage of all immovable properties and hypothecation of all moveable properties (save and except stocks and book debts and moveables of electronic division) both present & future. Loans of ₹ 23,935.94 lac (previous year ₹ 26,362.38 lac) are additionally secured by personal guarantee of the Managing Director.
- (b) Secured by hypothecation of Raw materials, Semi finished goods, Finished goods, Stores and Spares, Goods in transit and Book Debts of Spinning and Home textile divisions, and further secured by second charge on Fixed Assets both present and future and personally guaranteed by the Managing Director.
- (c) Secured against hypothecation of Vehicles acquired under Auto Loan Schemes.
- (d) Secured against third charge on the fixed assets of the Company and additionally secured by personal guarantee of the Managing Director.



[₹ in lac]

D. FIXED ASSETS	G R O S S B L O C K					D E P R E C I A T I O N		N E T B L O C K	
	As at 1-04-2010	Additions	Value added on Revaluation	Sales / Adjustment	As at 31-03-2011	As at 31-03-2011	As at 31-03-2011	As at 31-03-2011	As at 31-03-2010
Land - Leasehold	1,047.83	—	—	—	1,047.83	17.37	1,030.46	1,034.54	
Buildings *	7,353.02	2.15	—	—	7,355.17	1,623.37	5,731.80	5,964.54	
Plant & Machinery	44,831.12	42.60	—	—	44,873.72	15,796.79	29,076.93	31,600.83	
Furniture & Fixtures	232.03	6.03	—	—	238.06	138.03	100.03	120.75	
Factory & Office Equipments	253.49	16.87	—	0.48	269.88	163.76	106.12	105.04	
Vehicles	# 164.69	0.65	—	—	165.34	111.38	53.96	71.54	
Total	53,882.18	68.30	—	0.48	53,950.00	17,850.70	36,099.30	38,897.24	
Previous Year	52,294.97	349.14	1,238.07	—	53,882.18	14,984.94			
Capital Work-in-progress							205.32		62.91
TOTAL							36,304.62		38,960.15

Includes

- a) * 10 shares of ₹ 50/- each of Arcadia Premises Co-operative Society Ltd.
- b) # One vehicle costing ₹ 38.45 lac, is in the name of the Managing Director as a nominee of the Company.

Schedules to the Balance Sheet as at 31st March, 2011

	Face Value [₹]	Number	As at 31-03-2011 [₹ in lac]	Number	As at 31-03-2010 [₹ in lac]
E. INVESTMENTS					
-Quoted					
Non - Trade Investments - Long Term					
In Fully Paid Equity Shares					
Subsidiary companies					
Pranavadiya Spinning Mills Limited	10	18,041,280	1,804.13	18,041,280	1,804.13
Trade Investments - Long Term					
Others					
Margo Finance Limited *	10	209,902	20.99	209,902	20.99
Less : Provision for diminution			14.34		16.58
* (Formerly Indocount Finance Ltd.)			<u>1,810.78</u>		<u>1,808.54</u>
-Unquoted					
Non - Trade Investments - Long Term					
Indo Count Textile Ventures Pvt. Ltd.	10	100	0.01	100	0.01
Shiva Services Limited	10	10,000	1.00	10,000	1.00
			1.01		1.01
Less : Provision for diminution			1.00		1.00
			<u>0.01</u>		<u>0.01</u>
	TOTAL		<u>1,810.79</u>		<u>1,808.55</u>
Aggregate value of					
- Quoted Investments			1,810.78		1,808.54
- Unquoted Investments			0.01		0.01
- NAV Based Units			—		—
	TOTAL		<u>1,810.79</u>		<u>1,808.55</u>
Market value of					
- Quoted Investments			1,522.12		1,615.49
- NAV of Units			—		—
F. INVENTORIES					
(As certified & valued by the management)					
Stores, Spares & Packing material (Includes goods in transit ₹ 36.25 lac, previous year ₹ 4.71 lac)			799.64		584.35
Raw materials (Includes goods in transit ₹ 402.29 lac, previous year ₹ 229.11 lac)			3,656.27		1,097.13
Dyes and Chemicals (Includes goods in transit ₹ 13.36 lac, previous year ₹ 8.39 lac)			254.84		144.50
Waste			99.26		25.28
Stock in process			5,011.79		3,588.89
Finished goods			2,633.24		2,636.13
			<u>12,455.04</u>		<u>8,076.28</u>
G. SUNDRY DEBTORS					
(Unsecured-Considered good)					
- Exceeding six months		27.43		93.80	
Less : Provision for doubtful debts		<u>18.60</u>	8.83	<u>12.65</u>	81.15
- Others			5,255.90		4,921.93
			<u>5,264.73</u>		<u>5,003.08</u>



	As at 31-03-2011 [₹ in lac]	As at 31-03-2010 [₹ in lac]
H. CASH & BANK BALANCES		
Cash on hand	6.22	5.65
Balances with Scheduled Banks		
- In Current Accounts *	1,330.09	514.10
- In Fixed Deposit **/ Margin Money Accounts	90.30	10.93
	<u>1,426.61</u>	<u>530.68</u>
* Includes balance in current account with The Kolhapur Urban Co-operative Bank Ltd., ₹ 0.88 lac (previous year ₹ 0.82 lac) maximum amount outstanding anytime during the year ₹ 4.06 lac, (previous year ₹ 3.56 lac) and The Shamrao Vittal Co-operative Bank Ltd., ₹ 2.08 lac (previous year ₹ 1.14 lac), maximum amount outstanding anytime during the year ₹ 3.95 lac, (previous year ₹ 3.76 lac)		
** Includes receipts for ₹ 0.01 lac (previous year ₹ 0.01 lac) lodged with Sales Tax Department.		
I. LOANS & ADVANCES		
(Unsecured - Considered good)		
Loan to Subsidiary Company	167.20	210.74
Interest accrued on Loans & Deposits	1.27	0.41
Advances (recoverable in cash or in kind or for value to be received)		
Considered doubtful	35.13	10.00
Less : Provision for doubtful debts	<u>35.13</u> —	<u>10.00</u> —
Considered good :		
Capital	—	—
Others	4,066.99	7,361.90
Export Incentives / Claims recoverable	2,071.17	1,567.52
Security Deposits	89.24	67.56
Income Tax Payments (including tax deducted at source)	425.10	326.90
MAT credit entitlement	148.35	148.35
	<u>6,969.32</u>	<u>9,683.38</u>
J. CURRENT LIABILITIES		
Sundry Creditors		
Total outstanding dues of Micro Enterprises and Small Enterprises	2.93	2.33
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	8,942.78	11,039.95
Other Liabilities	<u>2,759.72</u>	<u>3,024.21</u>
	<u>11,705.43</u>	<u>14,066.49</u>
K. PROVISIONS		
For Wealth Tax	0.09	1.15
For Income Tax	246.41	246.41
Gratuity	224.44	154.79
Leave Encashment	13.71	33.84
	<u>484.65</u>	<u>436.19</u>

Schedules to the Profit and Loss Account for the year ended 31st March, 2011

	For the year ended on 31-03-2011 [₹ in lac]		For the year ended on 31-03-2010 [₹ in lac]	
L. OTHER INCOME				
Interest				
- Banks (Including tax deducted at source ₹ 1.01 lac, previous year ₹ 0.27 lac)	5.81		4.26	
- Others (Including tax deducted at source ₹ 2.78 lac, previous year ₹ 2.24 lac)	<u>21.15</u>	<u>26.96</u>	<u>34.19</u>	38.45
VAT Refund		1,837.67		671.01
Lease rent income		18.65		5.89
Miscellaneous Receipts and Income		109.58		8.52
Insurance claim received		12.53		66.12
Provision for diminution in value of investments / written back		2.25		—
Profit on sale / redemption of investments		—		0.73
Exchange rate difference		122.50		25.23
Dividend received on trade investments		—		1.27
Rent received		0.48		0.48
Previous year's income		2.14		14.09
Interest Short / Excess Paid		27.75		—
Sundry balances / Excess provision written back		18.61		58.64
Liability no longer payable		35.20		77.11
		<u>2,214.32</u>		<u>967.54</u>
M. INCREASE IN STOCKS				
Closing Stock				
Finished Goods	2,633.24		2,636.13	
Stock in Process	5,011.79		3,588.89	
Waste	<u>99.26</u>	<u>7,744.29</u>	<u>25.28</u>	6,250.30
Less : Opening Stock				
Finished Goods	2,636.13		1,165.29	
Stock in Process	3,588.89		2,043.77	
Waste	<u>25.28</u>	<u>6,250.30</u>	<u>16.36</u>	3,225.42
		<u>1,493.99</u>		<u>3,024.88</u>
N. MATERIAL COST				
Raw material & Components consumed				
Opening Stock	868.03		622.93	
Add : Purchases	<u>48,949.29</u>	<u>49,817.32</u>	<u>25,885.60</u>	26,508.53
Less : Cost of Sales	—		125.43	
Less : Closing Stock	<u>3,253.98</u>	<u>3,253.98</u>	<u>868.03</u>	993.46
		<u>46,563.34</u>		<u>25,515.07</u>



	For the year ended on 31-03-2011 [₹ in lac]		For the year ended on 31-03-2010 [₹ in lac]	
O. MANUFACTURING & OTHER EXPENSES				
Stores, Spares & Packing Material consumed		2,772.79		2,219.21
Jobwork Charges		1,360.89		1,390.13
Service charges		290.14		159.80
Dyes and chemicals		2,332.16		1,862.70
Power, Fuel & Water		3,977.38		3,577.29
Salaries, Wages, Allowances & Bonus		2,804.85		2,309.26
Gratuity		72.92		65.70
Contribution to Provident Fund, Employees' State Insurance, etc.		171.51		149.45
Welfare expenses		53.72		51.45
Recruitment & Training expenses		11.27		10.15
Director's Remuneration		62.66		52.56
Rent		76.94		41.30
Rates, Taxes & Fees		23.83		21.94
Insurance		197.98		175.28
Repairs & Maintenance				
- Plant & Machinery	127.10		109.56	
- Buildings	22.93		14.36	
- Others	37.83	187.86	55.65	179.57
Travelling & Conveyance		240.91		224.22
Directors' Sitting Fees		2.40		2.40
Commission & Brokerage		1,193.93		704.93
Freight Outward		348.29		421.20
Other Selling expenses		344.89		299.02
Claims paid / written off		130.97		19.88
Equipment hire charges		10.26		7.97
Diminution in value of investments		—		2.62
Loss on sale of Investments		—		3.09
Miscellaneous expenses		344.17		319.58
Charity and donation		11.87		0.08
Loss on Sale of Packing Material		1.91		—
Loss due to fire		3.51		—
Loss on Sale of Raw Material		—		2.30
Loss on sale of DEPB license		11.56		7.32
Provision for doubtful advances		31.07		10.00
Previous year's expenses		17.04		19.17
Auditors' Remuneration		8.02		8.33
Sundry balances / Advances written off		26.40		—
		<u>17,124.10</u>		<u>14,317.90</u>
P. FINANCIAL CHARGES				
Interest				
- On Debentures	302.10		322.50	
- On Term Loans	1,136.57		1,253.85	
- On Working Capital Term Loans	300.11		322.78	
- Others	844.31	2,583.09	602.57	2,501.70
L/C and Bank Charges		444.65		224.62
Finance procurement charges		26.54		5.36
		<u>3,054.28</u>		<u>2,731.68</u>

Schedules to the Accounts for the year ended 31st March, 2011

Q. Significant Accounting Policies :

(a) Method of Accounting

- i) The accounts are prepared under the historical cost convention using the accrual method of accounting unless otherwise stated hereinafter.
- ii) Accounting policies not significantly referred to are consistent with generally accepted accounting principles.

(b) Fixed Assets

Fixed assets are stated at cost except for land, plant & machinery (other than of electronics division) and buildings which have been shown at revalued amount. Cost is inclusive of inward freight, duties & taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational, start-up and trial run expenses form part of the value of the assets capitalised. As per practice, expenses incurred on modernisation / debottlenecking / relocation / relining of plant & equipment are capitalised. Fixed assets, other than leasehold land, acquired on lease are not treated as assets of the Company and lease rentals are charged off as revenue expenses.

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

(c) Capital Work-in Progress

All expenditure including interest cost incurred during the project construction period are accumulated and disclosed as capital work-in-progress until the assets are ready for commercial use. Assets under construction are not depreciated. Income earned from investment of surplus borrowed funds during construction/trial run period is reduced from capital work-in-progress.

Expenditure/ income arising during trial run is added to/ reduced from capital work-in-progress.

(d) Investments

Long term investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary in the opinion of the management.

Current investments are stated at lower of cost and quoted / fair value.

(e) Inventories

Inventories are valued at lower of cost or net realizable value except for waste.

Cost is determined using the first-in-first-out (FIFO) basis except for inventories of home textiles division where cost is determined at weighted average.

Finished goods and stock in process include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Wastage and rejections are valued at estimated realizable value.

Obsolete, defective and unserviceable stocks are duly provided for.

The closing stock of units partly comprises of such materials lying in finished or semi-finished stage. The mode of valuation referred to 'Weighted Average Cost' represents cost worked out by taking into account the price charged by such units.

(f) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

(g) Excise Duty

Provision for excise duty is made on waste and finished goods lying in bonded warehouse and meant for sale in domestic tariff area. CENVAT benefit is accounted for by reducing the purchase cost of the material / Fixed assets.



(h) Retirement and other employee related benefits

i) Short term Employee Benefits

All employee benefits payable only within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages, etc. and the expected cost of bonus, exgratia, incentives are recognized in the period during which the employee renders the related service.

ii) Post employment Benefits

a) Defined Contribution Plans

State Government Provident Fund Scheme is a defined contribution plan. The contribution paid/payable under the scheme is recognized in the profit & loss account during the period in which the employee renders the related service.

b) Defined Benefit Plans

The employee Gratuity Fund Scheme and Leave Encashment Scheme managed by different trusts are defined benefit plans. The present value of obligation under such defined benefit plans are determined based on actuarial valuation under the projected unit credit method which recognizes each period of service as giving rise to additional unit of employees benefits entitlement and measures each unit separately to build up the final obligation.

The obligations are measured at the present value of future cash flows. The discount rates used for determining the present value having maturity periods approximated to the returns of related obligations.

Actuarial gains and losses are recognized immediately in the profit & loss account.

In case of funded plans, the fair value of the planned assets is reduced from the gross obligation under the defined benefit plans to recognize the obligation on net basis.

(i) Research and Development

Revenue expenditure on research and development is charged against the profit of the year in which it is incurred. Capital expenditure on research & development is shown as an addition to fixed assets.

(j) Depreciation

Depreciation is calculated on fixed assets on straight-line method in accordance with Schedule XIV to the Companies Act 1956. Leasehold assets are depreciated over the lease period. Software system is amortized over a period of five years. Depreciation on amount of additions made to cost of fixed assets on account of foreign exchange fluctuation is provided prospectively over the residual life of the fixed assets.

Depreciation on revalued assets is calculated on straight line method over the residual life of the respective assets as estimated by the valuer. The additional charge for depreciation on account of revaluation is withdrawn from the revaluation reserve and credited to the profit & loss account.

(k) Foreign Currency Transactions, Derivatives instruments and hedge accounting:

Transactions in foreign currency other than those covered by forward contracts are accounted for at the prevailing conversion rates at the close of the year and difference arising out of the settlement are dealt with in the Profit & Loss account. Outstanding export documents when covered by foreign exchange forward contracts are translated at contracted rates. Foreign currency loans availed for acquisition of fixed assets are restated at the exchange rate prevailing at year end and exchange rate difference arising on such transactions are adjusted to the cost of fixed assets. Other foreign currency current assets and liabilities outstanding at the close of the year are valued at the year end exchange rates. The fluctuations are reflected under the appropriate revenue head.

The Company uses foreign currency forward contracts and currency options to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Company designates these hedging instruments as cash flow hedges applying the recognition and measurement principles set out in the Accounting Standard 30 'Financial Instruments: Recognition and Measurement' (AS-30).

Changes in the fair value of derivatives financial instruments that do not qualify for hedge accountings are recognized in profit & loss account as they arise.

Schedules to the Accounts for the year ended 31st March, 2011

Hedging instruments are initially measured at fair value. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. If a hedge transaction is no longer expected to occur, the net cumulative gain or loss is recognized in profit & loss account for the year.

(l) Revenue Recognition

Sales are accounted for ex-factory on despatch and do not include excise duty.

(m) Claims & Benefits

Claims recoverable and export incentives / benefits are accounted on accrual basis to the extent considered recoverable. Export incentives / benefits include premium on import licence, sales tax, etc.

(n) Subsidy

Subsidy is recognized when there is reasonable assurance that the subsidy will be received and conditions attached to it are complied with.

Government subsidy in the nature of promoter's contribution is credited to capital reserve. Subsidy received against a specific asset is reduced from the cost of the asset.

(o) Income from Investment / Deposits

Income from investments / deposits is credited to revenue in the year in which it accrues. Income is stated in full with the tax thereon being accounted for under income tax deducted at source.

(p) Taxation

Provision for current tax is made by applying the applicable tax rates and tax laws. Deferred Taxation is provided using the liability method in respect of the taxation effect arising from all material timing differences between the accounting and tax treatment of income and expenditure which are expected with reasonable probability to crystallize in the foreseeable future. Deferred tax benefits are recognized in the financial statements only when such benefits are reasonably expected to be realizable in the near future.

(q) Earnings per share

Basic earning per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity share outstanding during the year.

Dilutive earning per share is calculated by dividing the net profit attributable to equity shareholders by the weighted average number of equity share outstanding during the year adjusted for the effects of dilutive options.

(r) Segment Information

The Company is currently organized into two business-operating segments viz: Textile and consumer durable / electronic goods. In line with the global trend, the Company has viewed yarn, fabrics and textiles as one integrated business. Therefore, all these products have been considered as part of a single business segment. Yarn covers production of basic cotton yarn over a wide range of counts, which besides being primarily exported, is also used for further value addition in fabrics and textiles. While, fabrics cover value added activity relating to knitting and weaving, textiles cover value added activity relating to processed fabrics. The Company also manufactures electronic / consumer durable goods.

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

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

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

The Company has considered geographical segment as secondary reporting segment for disclosure. For this purpose, revenues are



bifurcated based on sales in India and outside India.

(s) Operating Leases

Operating lease receipts and payments are recognized as income or expense in the profit & loss account on a Straight - line basis over the lease term.

(t) Events occurring after balance sheet date

Events occurring after the balance sheet date have been considered in the preparation of the financial statements.

(u) Contingent Liabilities

Contingent liabilities as defined in Accounting Standard-29 are disclosed by way of notes to accounts. Provision is made if it becomes probable that an outflow of future economic benefit will be required for an item previously dealt with as a contingent liability.

R. Notes forming part of the Accounts :

	As at 31-03-2011 (₹ in lac)	As at 31-03-2010 (₹ in lac)
1. Contingent liabilities not provided for in respect of -		
(i) Amount outstanding in respect of export bills discounted under Export Letters of Credit (Since realized ₹ 2,901.56 lac, previous year ₹ 1,401.71 lac)	4,103.98	2,641.38
(ii) Bank Guarantees *	673.92	389.79
(iii) Claims not acknowledged as debts	11.10	10.78
(iv) Income tax/Custom Duty demands disputed in appeals	21.13	30.69
(v) Corporate guarantee given to a bank for securing financial assistance to subsidiary Company.	100.00	100.00
* The Company has given bank guarantee for ₹ 4.11 lac to DGFT on behalf of Pranavaditya Spinning Mills Limited, Subsidiary Company for duty free import of Machines.		
2. (a) The names of small scale industrial undertakings to whom the Company owes any sum together with interest and outstanding for more than thirty days: Saikrupa Industries	2.93	2.33
Payments against supplies from small-scale industries are made in accordance with agreed terms. Besides, there are no claims from the parties for interest on overdue payments.		
(b) The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.		
3. Amounts to be credited to Investor Education & Protection Fund -		
(a) Unpaid Dividend	NIL	NIL
(b) Unpaid application monies received for allotment of securities and due for refund	NIL	NIL
(c) Unpaid matured deposits	NIL	NIL
(d) Unpaid matured debentures	NIL	NIL
(e) Interest accrued on (a) to (d) above	NIL	NIL

Schedules to the Accounts for the year ended 31st March, 2011

- 4 (a) In terms of EPCG Licence issued, the Company has undertaken an export obligation for ₹ 378.12 lac, which is to be fulfilled over a period of 8 years. The Company has already completed this obligation and necessary application for redemption of license is being made to DGFT.
- (b) In terms of advance license obtained for import of raw cotton the Company has undertaken an export obligation for ₹ 1,702.62 lac which is to be fulfilled over a period of 2 years.
5. Under the package scheme of incentives of Government of Maharashtra for Mega Projects, the Company is eligible for VAT and Electricity duty refund benefits for its home textiles and consumer durable goods divisions. However, if it contravenes any of the conditions of the scheme or eligibility certificate or certificate of entitlement or agreement, it shall repay forthwith the entire benefits drawn / availed along with interest thereon together with costs, charges and expenses thereon.
6. Shareholders of the Company in their extra ordinary general meeting held on 26-03-2011 accorded their approval for allotment of 25,00,000 - 4% Non Cumulative Preference shares of ₹ 10/- each on Preferential basis to promoter group companies. However allotment will be made on receipt of approval for the same from various authorities. Pending approval, the amount received has been reflected under Share Application Money pending allotment.
7. The 10 % Privately Placed Secured Redeemable Non-Convertible Debentures are redeemable in 36 quarterly Installments beginning from 30-06-2009.
8. Based on reference of Union Bank of India, the Lead Bank, a financial restructuring package was approved by Empowered Group of Corporate Debt Restructuring (CDR-EG).
- While the Company had given effect of the restructuring package in its books of accounts, banks have continued to raise demand notices for interest payment at the rate of interest charged prior to the sanction of restructuring package.
- The Company has taken up the matter with the banks and accordingly the resultant difference in interest (which is still under reconciliation /determination) between the demand notice received from banks and as per Company's books of account, has not been provided, as the liability is not payable.
9. (a) In respect of various term loan / working capital facilities availed by the Company, the lenders have first/second / third pari passu charge on fixed assets of the Company.
- (b) The term loans are to be further secured by way of first / second charge on the existing fixed assets of Pranavadiya Spinning Mills Ltd., subject however to necessary approvals.
- Pending creation of permanent security, the Company has pledged 72,16,512 equity shares held by it in Pranavadiya Spinning Mills Ltd., as per CDR stipulation.
10. In terms of master restructuring agreement dated 30-03-2009, if the Company commits a default in payment or repayment of three consecutive installment of principal amounts of the facilities or interest thereon or any combination thereof, then, the lenders shall have the right to convert, at their option, the whole of the outstanding amount of the facilities and /or 20% of rupee equivalent of the defaulted amount into fully paid-up equity shares of the Company, at par, in the manner specified in a notice in writing to be given by the lenders to the Company prior to the date on which the conversion is to take effect, which date shall be specified in the said notice.
11. (a) The Company revalued its land, buildings and plant & machinery (except for electronics division and 2 D. G. sets of spinning division) as on 01-10-2008 based on the valuation made by an approved valuer. Accordingly, the original cost of such assets resulted in gross increase in the value of assets over their original cost by ₹ 15,092.28 lac, increase in depreciation upto the date of revaluation by ₹ 504.49 lac, and thereby net increase in replacement cost by ₹ 14,587.79 lac. The net increase in the value of such land, building and plant & machinery had been credited to revaluation reserve account.
- (b) Revaluation of 2 D. G. sets of spinning division was carried out on 01-04-2009 by an approved valuer. The revaluation resulted in a gross increase in the value of assets over their original cost by ₹ 1,238.07 lac, Increase in depreciation upto 31-03-2009 by ₹ 65.37 lac and thereby net increase in replacement cost by ₹ 1,172.70 Lac which has been taken as increase in the value of plant & machinery as on 01-04-2009 by creating a revaluation reserve to that extent.



12. In the opinion of the management, the current assets, loans and advances are expected to realize at least the amount at which they are stated, if realized in the ordinary course of business and provision for all known liabilities has been adequately made in the accounts.
13. Deferred tax assets has been recognized. The management is of the opinion that there will be sufficient profit in future against which the deferred tax asset will be fully realized.

Particulars	As At 01-04-2010 (₹ in lac)	Tax effect For the year (₹ in lac)	As At 31-03-2011 (₹ in lac)
Deferred Tax (liability)			
Fixed Assets Others	(3635.12)	73.18	(3561.94)
Deferred Tax Assets			
Accumulated Losses	6193.20	(686.88)	5506.32
	2558.08	(613.70)	1944.38
43B items Others	62.66	45.17	107.83
Net deferred tax Assets / (liability)	2620.74	(568.53)	2052.21

14. a) During the year, the following contributions have been made under defined contribution plans.

	(₹ in lac)	
	2010-11	2009-10
Employer's Contribution to provident fund	88.95	76.81
Employer's Contribution to employees' pension scheme	56.74	51.15
Employer's contribution to employees' state insurance	2.56	0.83

- b) Group Gratuity and Leave encashment benefits :

- i) Reconciliation of opening and closing balances of defined benefit obligations (funded) for Gratuity and leave encashment

Particulars	2010-11 (₹ in lac)		2009-10 (₹ in lac)	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Defined benefit obligation at the beginning of the year	292.10	74.72	226.89	66.74
Current service cost	28.33	12.15	24.95	8.03
Interest cost	23.37	5.98	18.15	5.34
Actuarial gain / (loss) on obligation	30.57	(31.09)	33.68	(2.48)
Benefits Paid	(8.61)	(5.98)	11.57	2.92
Defined benefit obligation at the end of the year	365.76	55.78	292.10	74.72

- ii) Reconciliation of opening and closing balances of fair value of plan assets

Particulars	2010-11 (₹ in lac)		2009-10 (₹ in lac)	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Fair value of plan assets at the beginning of the year	137.32	44.90	135.60	43.11
Expected return on plan assets	12.41	4.18	12.00	3.96
Employers' Contributions	0.20	2.98	1.29	0.75
Benefits paid	(8.61)	(5.90)	11.57	(2.92)
Actuarial gain / (loss) on plan assets	Nil	Nil	Nil	Nil
Fair value of plan assets at the end of the year	141.32	46.17	137.32	44.90

Schedules to the Accounts for the year ended 31st March, 2011

iii) Reconciliation of Fair value of assets and obligations

Particulars	2010-11 (₹ in lac)		2009-10 (₹ in lac)	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Fair value of plan assets	141.32	46.17	137.32	44.90
Present value of obligation	365.76	55.86	292.10	74.72
Amount recognized in Balance Sheet	224.45	9.69	154.78	29.82

iv) Expenses recognized during the year

Particulars	2010-11 (₹ in lac)		2009-10 (₹ in lac)	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Current service cost	28.33	12.14	24.95	8.03
Interest cost	23.37	5.98	18.15	5.34
Expected Return on Plan Assets	(12.41)	(4.18)	(12.00)	(3.96)
Net Actuarial (Gain) / Loss recognized in the year	30.57	(31.09)	33.68	(2.48)
Expenses recognized	69.85	(17.15)	64.78	6.93

- v) Actuarial assumptions
- 1994-96 (duly modified)
- Gratuity & Leave encashment
- Valuation method
- Projected Unit Credit Method
- Mortality Table (LIC)
- 1994-96 (ultimate)
- Discount rate (per annum)
- 8%
- Rate of Increase in Salaries
- 4%

The estimates of rate of future salary increase takes account of inflation, seniority, promotion and other relevant factors on long term basis. The discount rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches that of liability. The above information is certified by the actuary.

15. Segment data :-

Primary segment

(₹ in lac)

Particulars	Textiles (including Yarn, Fabrics and Home Textiles)	Electronic/ Consumer Durable Goods	Total
Segment revenue	55,089.41 (34,561.37)	11,669.98 (4,091.19)	66,759.39 (38,652.56)
Other income	380.49 (363.04)	1,893.83 (684.10)	2,214.32 (1,047.14)
Total income	55,469.90 (34,924.41)	13,503.81 (4,775.29)	68,973.71 (39,699.70)
Operating profit	6,071.57 (2,657.62)	670.47 (233.99)	6,750.04 (2,891.61)
Financial costs	3,047.38 (2,730.42)	6.91 (1.26)	3,054.29 (2,731.68)
Taxes	567.65 (939.84)	— (—)	567.65 (939.84)
Net profit	258.74 (2,078.07)	644.87 (216.98)	903.61 (1,861.09)

Particulars	Textiles (including Yarn, Fabrics and Home Textiles)	Electronic/ Consumer Durable Goods	Total
Segment Assets	62,587.03 (47,340.52)	3,486.05 (1,765.37)	66,073.68 (49,105.89)
Segment Liabilities	23,238.21 (16,304.27)	1,754.03 (725.73)	24,992.24 (17,030.00)
Capital employed	25,936.58 (31,292.89)	1,732.02 (1,087.14)	27,668.60 (32,380.03)
Capital expenditure	188.85 (256.65)	21.37 (47.50)	210.22 (304.15)
Depreciation	1,745.75 (1,793.51)	18.68 (15.74)	1,764.39 (1,809.26)
Exceptional Items	460.12 (1,151.60)	— (—)	460.12 (1,151.60)
NonCash expenditure	13,622.47 (14,724.16)	— (—)	13,622.47 (14,724.16)

Note : Figures in brackets denote previous year.



B. Secondary Segment - Geographical -

The Company's operating facilities are located in India (₹ In lac)

Particulars	2010-11	2009-10
Domestic revenues	23,787.57	6,998.95
Export revenues	42,971.82	31,653.61
Total	66,759.39	38,652.56

16. (a) The Company has outstanding foreign currency related derivative contracts in the form of options for hedging its business related exposure which are not speculative in nature. The contracts have long dated tenor with multiple contingent/ uncertain events. As such ascertainment of fair value of these contracts is not feasible. However, banks estimate the total mark to market (MTM) of all outstanding contracts at approx ₹ 607 lac as at 31-03-2011 (Previous year ₹ 1,619 lac). The management is of the opinion that the determination and crystallization of liability is dependent upon the outcome of uncertain future events or actions, not wholly within the control of the Company. As adoption of AS-30 is presently not mandatory, the estimated MTM loss of ₹ 607 lac for the year ended 31-03-2011(previous year ₹ 1,619 lac) has not been provided.

- (b) Outstanding derivatives instruments as at 31st March, 2011 entered by the Company :-

Currency	Number of Contracts	Amount in Foreign Currency	Amount (₹ in Lac)	Buy/Sell
US \$/INR	3	US\$ 19 Mn	7,695	Sell
Previous Year (US\$ / INR)	(3)	(US \$ 28 Mn)	(11,290)	(Sell)

- (c) Foreign currency exposures recognized by the Company that have not been hedged by a derivate instrument or otherwise as at 31st March, 2011 are as under:

Currency	Number of Contracts	Amount in Foreign Currency	Amount (₹ in Lac)	Buy/Sell
US \$/INR	85	US\$ 36.50 Mn	17,193	Sell
Previous Year (US\$ / INR)	(19)	(US\$ 33 Mn)	(15,305)	(Sell)

17. Operating Lease:

- (a) As Lessor:

- i. The Company has entered into lease arrangements, for renting specified machinery at a rent of ₹ 1.68 lac per month for a period of 120 months and are renewable at the option of the lessee after the end of the term.
- ii. Disclosure in respect of assets given on operating lease:

(₹ in lac)

	2010-11	2009-10
Gross Carrying amount of assets	227.12	98.74
Accumulated Depreciation	203.69	91.87
Depreciation for the year	22.55	3.28

Schedules to the Accounts for the year ended 31st March, 2011

(b) As Lessee :

₹ in lac

S. No.	Particulars	2010-11	2009-10
A	The total of future minimum lease payments under non-cancelable operating leases for each of the following years:		
(i)	Not later than one year	—	—
(ii)	Later than one year and not later than five years,	81.04	120.32
(iii)	Later than five years,	—	—
B	The total of future minimum sub-lease payments expected to be received under non cancelable sub leases at the balance sheet date,	—	—
C	Lease payments recognized in the statement of profit & loss account	39.28	37.62

18. EARNINGS PER SHARE (EPS)

Basic Earning Per Share	As at 31-03-2011	As at 31-03-2010
Profit / (loss) after tax as per profit & loss account (₹ in lac)	903.61	(1861.08)
Average no. of equity shares	34,816,794	33,314,282
Earning per share (₹)	2.60	(5.59)

Note : Diluted earning per share is not disclosed as the same is anti-dilutive.

19. Related party disclosures:

Related party disclosures as required by AS - 18 "Related party disclosures" are given below: -

A. Relationship

(i) Key management personnel

1. Shri Anil Kumar Jain - Chairman and managing Director
2. Shri R.N. Gupta - Joint managing Director
3. Shri K. R. Lalpuria - Executive Director (w.e.f -11.11.2010)
4. Shri Kamal Mitra - Director (Works)

(ii) Relatives of key management personnel

1. Smt. G. D. Jain
2. Smt. Shikha Jain
3. Miss Neha Jain
4. Shri Mohit Jain

(iii) Parties where control exists

A. Subsidiary

1. Pranavaditya Spinning Mills Ltd.

**B. Associates**

1. Margo Finance Ltd. (Formerly Indocount Finance Ltd.)
2. Indocount Securities Ltd.
3. Rini Investment & Finance Pvt. Ltd.
4. Sky Rise Properties Pvt. Ltd.
5. Unic Consultants
6. YarnTex Exports Ltd.

C. The following transactions were carried out with related parties in the ordinary course of business :

(₹ in lac)

Nature of transaction	Associates/Subsidiary		Relatives of Key Management Personnel		Key Management Personnel		Total	
	31-03-2011	31-03-2010	31-03-2011	31-03-2010	31-03-2011	31-03-2010	31-03-2011	31-03-2010
Remuneration	---	—	4.61	4.63	66.25	56.37	70.86	61.00
Consultancy fees	1.08	1.08	---	—	---	—	1.08	1.08
Rent received	0.48	0.48	---	—	---	—	0.48	0.48
Expenses reimbursed	32.13	12.53	---	—	---	—	32.13	12.53
Expenses incurred on their behalf	---	27.22	---	—	---	—	---	27.22
Sales	6.74	32.05	---	—	---	—	6.74	32.05
Interest Income	13.80	20.00	---	—	---	—	13.80	20.00
Lease Rental Income	18.65	5.89	---	—	---	—	18.65	5.89
Purchases	526.30	632.90	---	—	---	—	526.30	632.90
Balance outstanding:								
Investments	1,825.00	1,825.00	---	—	---	—	1,825.00	1,825.00
Loans to Subsidiary	167.20	210.74	---	—	---	—	167.20	210.74
Sundry Creditors	88.93	64.96	---	—	---	—	88.93	64.96
Sundry Debtors	86.26	2.43	---	—	---	—	86.26	2.43
Other Payable	7.71	—	---	—	---	—	7.71	—

Note : Related party relationship is as identified by the Company and relied upon by the auditors.

Schedules to the Accounts for the year ended 31st March, 2011

20. Disclosure of loans / advances and investment in its own shares by the Company, its subsidiaries, associates, etc., as per requirement of Clause 32 of the listing agreement.

(₹ in lac)

Sr. No.	Particulars	Name of borrower	As at 31-03-2011		As at 31-03-2010	
			Year end balance	Maximum amount outstanding during the period	Year end balance	Maximum amount outstanding during the year
1.	Loans and advances in the nature of loans to – Subsidiary	Pranavaditya Spinning Mills Ltd.	167.20	211.00	211.00	281.00
2.	Loans and advances in the nature of loans where there is no repayment schedule or repayment beyond seven years – Subsidiary	Pranavaditya Spinning Mills Ltd.	167.20	211.00	211.00	281.00
3.	Loans and advances in the nature of loans to firms/ companies in which Directors are interested		NIL	NIL	NIL	NIL
4.	Investments by the loanee in the shares of the Company when the Company has made a loan or advance in the nature of loan – Subsidiary	Pranavaditya Spinning Mills Ltd.	1,804.00	1,804.00	1,804.00	1,804.00

21. Previous years figures have been regrouped and / or rearranged wherever considered necessary.

22. Figures have been rounded off to the nearest rupees in lac.

23. a) Particulars of managerial remuneration are as under :-

(₹ in lac)

Particulars	Chairman and Managing Director		Joint Managing Director		Executive Director **		Director (Works)	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Salaries and Allowances	33.60	33.60	7.60	5.79	8.36	—	9.51	8.89
Other Perquisites *	2.40	2.40	0.33	0.33	0.74	—	0.15	0.15
Contribution to Provident fund	2.52	2.52	—	—	—	—	1.04	0.99
Total	38.52	38.52	7.93	6.12	9.10	—	10.70	10.03

* Does not include premium paid to L.I.C. towards group gratuity / Leave encashment schemes.

** From 01-01-2011

b) Computation of net profit for calculation of managerial remuneration U/s. 349 of the Companies Act, 1956 has not been enumerated since no commission is paid / payable to the managing Director.



24. Auditors' Remuneration	As at 31.03.2011 (₹ in lac)	As at 31.03.2010 (₹ in lac)
As Statutory Audit Fees	3.00	3.00
As quarterly Audit / Limited Review Fees	2.40	2.40
As Tax Audit Fees	0.90	0.90
For Tax representations	0.50	1.10
For Certification	0.08	0.10
In other capacity	0.48	0.61
For reimbursement of expenses	0.66	0.22
	8.02	8.33

25. a) Sundry debtors include debts due from the subsidiary Company ₹ 86.26 lac (Previous year ₹ Nil)
b) Sundry creditors include amount due to the subsidiary Company ₹ 86.73 lac (Previous year ₹ 56.61 lac)
26. The Ministry of Corporate Affairs, Government of India vide its General Notification No. S.O.301 (E) dated 8th February, 2011 issued under Section 211 (3) of the Companies Act, 1956 has exempted certain classes of companies from disclosing certain information in their profit and loss account. The Company being an 'export oriented Company' is entitled to the exemption. Accordingly, disclosures mandated by paragraph 3(i)(a), 3(ii)(b) and 3(ii)(d) of Part II, Schedule VI to the Companies Act, 1956 have not been provided.
27. Additional Information (Pursuant to the provisions of Part II and Part IV of Schedule VI to the Companies Act 1956).

a) Production Capacity

Product	Unit	Licensed Capacity*		Installed Capacity**		Production	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Cotton Yarn ***	Spindles	64,512	64,512	59,520	59,520	@ 6550999	@ 6869487
Cotton Knitted Fabrics #	Machine Nos.	20	20	8	8	46,706	2,959
Readymade garments	Pcs.	2,430,000	2,430,000	Not ascertained	Not ascertained	-	-
Cotton woven and processed fabric	Looms / million Mtrs	324	324	128	128	18.13	15.06
Cotton woven and processed fabric ****	Million Meters	## 94.60	94.60	36.50	36.50	16.30	16.40
Television receivers (CTV) & assemblies & sub-assemblies thereof	Nos.	500,000	500,000	500,000	500,000	271,940	109,520
Speaker units & assemblies & sub-assemblies thereof	Nos.	150,000	150,000	150,000	150,000	-	-
Domestic Airconditioners	Nos.	250,000	250,000	250,000	250,000	-	-
Mobile Handsets	Nos.	1,200,000	-	1,200,000	-	-	-
Home Appliances	Nos.	250,000	250,000	250,000	250,000	34,241	3,483

* Based upon memorandum of information filed with the Secretariat of Industrial Approvals/Secretariat for Industrial Assistance, Govt of India.

** As certified by the management

*** Includes Kgs 54101 (previous year 2650 kgs) of cotton yarn used for captive consumption.

Schedules to the Accounts for the year ended 31st March, 2011

*** Represents conversion by outside parties 291161 Mtrs. (Previous year 533100 Mtrs.) against fabric supplied by the Company.

Relates to Gokul Shirgaon Spinning Unit.

Relates to Kagal Unit and based upon registration with Director of Industries, Government of Maharashtra

@ - Includes stock transfer to HT 845195 Kgs (Previous Year 1211751 Kgs)

Note : In production column Yarn & fabric are measured in "kgs.", Woven / Processed Fabric in "Million Meters" and others in "Nos."

b) Consumption of imported & indigenous Raw material, Components, Stores & spares, etc.

	Raw Material and Components				Stores, Spares, Packing Material and Fuel			
	2010-11		2009-10		2010-11		2009-10	
Particulars	(%)	[₹ in lac]	(%)	[₹ in lac]	(%)	[₹ in lac]	(%)	[₹ in lac]
Imported	0%	-	6%	1,431.00	2%	60.59	39%	857.51
Indigenous	100%	46,593.57	94%	24,084.07	98%	2,712.20	61%	1,361.69
Total	100%	46,593.57	100%	25,515.07	100%	2,772.79	100%	2,219.20

	2010-11	2009-10
	[₹ in lac]	[₹ in lac]
c) Value of Imports on CIF basis		
Capital goods	30.03	-
Stores, Spares & Fuel	60.59	857.51
Raw material & Components	156.98	1,565.00

d) Expenditure in foreign currency

- Travelling	69.69	45.28
- Selling Commission / Claims	639.54	815.35
- Others	45.93	67.49

e) Earnings in foreign currency

- FOB value of exports *	42,911.80	29,089.17
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* Includes deemed exports

f) Remittance in Foreign Currency on account of dividend to non-resident shareholders [₹]

2010-11			2009-10		
No. of Shareholder	Shares held	Net Amt. of Dividend	No. of Shareholders	Shares held	Net Amount of Dividend
1	12,400,491	NIL	1	12,400,491	NIL

Schedules A to R annexed to and forming part of the statement of accounts have been duly authenticated.

As per our report of even date annexed

For B. K. Shroff & Co.,

Chartered Accountants

Reg. No. 302166E

O.P. Shroff

Partner

Membership No. 6329

Place : Mumbai

Date : 17th May, 2011

Anil Kumar Jain

Chairman & Managing

Director

R. Sundaram

Company Secretary

R. N. Gupta

Joint Managing

Director



Consolidated Auditors' Report

THE BOARD OF DIRECTORS OF

INDO COUNT INDUSTRIES LIMITED on the Consolidated Financial Statements of Indo Count Industries Limited with its Subsidiary, namely PRANAVADTIYA SPINNING MILLS LIMITED.

We have examined the attached consolidated balance sheet of Indo Count Industries Limited and its subsidiary as at 31st March, 2011 and the Consolidated Profit & Loss Account and the Consolidated Cash Flow Statement for the year ended on that date.

These financial statements are the responsibility of the Indo Count Industries Limited management. Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance that whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. 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 statements. We believe that our audit provides a reasonable basis for our opinion.

In respect of the Subsidiary Company viz. Pranavaditya Spinning Mills Limited, the financial statements for the year 1st April, 2010 to 31st March, 2011 have been audited and we have relied upon the audited financial statements as given by the management. The details of assets and revenues in respect of the subsidiary to the extent to which they are reflected in the consolidated financial statements are given below: -

(₹ in lac)

	Total assets	Total revenue
Indian Subsidiary	4,302.84	4,912.55

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Indo Count Industries Limited, and its subsidiary, namely Pranavaditya Spinning Mills Limited included in the Consolidated Financial Statements.

Attention is drawn to Note No. 16(a) to the accounts regarding the non provision of MTM loss in the financial statements as AS 30 is not mandatory.

Subject to the above, on the basis of the information and explanation given to us and on the consideration of separate audit reports on individual audited financial statements of Indo Count Industries Limited and its subsidiary, we are of the opinion that:

- the consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Indo Count Industries Limited and its subsidiary as at 31st March, 2011.
- the consolidated Profit & Loss Account gives a true and fair view of the consolidated results of operations of Indo Count Industries Limited and its subsidiary for the year then ended on 31st March, 2011; and
- the consolidated Cash Flow statements gives a true and fair view of the consolidated Cash Flow of Indo Count Industries Limited and its subsidiary for the year ended on at 31st March, 2011.

For **B. K. Shroff & Co.**,
Chartered Accountants
Reg. No. 302166E

O. P. Shroff
Partner

Place : Mumbai
Date : 17th May, 2011

Membership No. 6329

Consolidated Balance Sheet as at 31st March, 2011

	Schedule	As at 31-03-2011 [₹ in lac]		As at 31-03-2010 [₹ in lac]	
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Share Capital	A		3,798.16		3,656.50
Reserves & Surplus	B		17,893.68		18,995.40
Minority Interest			127.36		117.23
LOAN FUNDS					
Secured Loans	C		37,018.79		35,079.14
			<u>58,837.99</u>		<u>57,848.27</u>
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	D	59,881.16		59,870.29	
Less: Depreciation		21,037.14		18,102.15	
		<u>38,844.02</u>		<u>41,768.14</u>	
Add: Capital Work in progress		212.12	39,056.14	62.91	41,831.05
INVESTMENTS	E		6.82		4.58
DEFERRED TAX ASSETS (NET)			2,538.97		3,218.61
CURRENT ASSETS, LOANS & ADVANCES					
Inventories	F	13,277.36		8,474.38	
Sundry Debtors	G	5,563.91		5,228.96	
Cash & Bank Balances	H	1,529.30		680.84	
Loans & Advances	I	6,939.49		9,593.19	
		<u>27,310.06</u>		<u>23,977.37</u>	
Less: CURRENT LIABILITIES & PROVISIONS					
Current Liabilities	J	11,875.42		14,093.97	
Provisions	K	540.00		485.60	
		<u>12,415.42</u>	14,894.64	<u>14,579.57</u>	9,397.80
PROFIT & LOSS ACCOUNT			2,341.42		3,396.23
			<u>58,837.99</u>		<u>57,848.27</u>
SIGNIFICANT ACCOUNTING POLICIES					
NOTES ON ACCOUNTS					

As per our report of even date annexed
For B. K. Shroff & Co.,
Chartered Accountants
Reg. No. 302166E

O.P. Shroff
Partner
Membership No. 6329

Place : Mumbai
Date : 17 th May, 2011

Anil Kumar Jain
Chairman & Managing
Director

R. Sundaram
Company Secretary

R. N. Gupta
Joint Managing
Director

**Consolidated Profit & Loss Account** for the year ended on 31st March, 2011

	Schedule	For the year ended 31-03-2011 [₹ in lac]		For the year ended 31-03-2010 [₹ in lac]	
INCOME					
Sales (Gross)		69,848.13		39,234.74	
Less : Excise duty		1,867.03		516.66	
Sales (Net)			67,981.10		38,718.08
Processing income (Including tax deducted at source ₹ 3.79 lac, previous year ₹ 1.76 lac)			190.06		79.60
Export Incentives / Benefits			2,946.35		2,540.95
Other Income	L		2,203.24		961.92
Increase in Stocks	M		1,716.13		3,074.13
			75,036.88		45,374.68
EXPENDITURE					
Material Cost	N		49,456.68		26,745.01
Purchases - Traded goods			41.62		147.55
Manufacturing & Other expenses	O		18,311.42		15,179.53
			67,809.72		42,072.09
Profit before financial charges, depreciation, taxation & exceptional items			7,227.16		3,302.59
Finance Charges	P		3,064.00		2,732.39
Profit before depreciation, taxation & exceptional items			4,163.16		570.20
Depreciation		3,167.64		3,171.20	
Less : Transfer from revaluation reserve		1,211.14		1,168.58	
Profit / (Loss) before exceptional items & taxation			2,206.66		(1,432.42)
Exceptional items (Foreign exchange losses)			460.12		1,151.59
Profit / (Loss) before taxation			1,746.54		(2,584.01)
Provision for Taxation					
Income Tax Earlier years			(1.80)		—
Deferred Tax Asset (Net)			(679.62)		(931.13)
Fringe Benefit Tax			—		0.15
Wealth Tax			(0.09)		0.60
Prior period Wealth Tax			0.99		—
Profit / (Loss) after Tax			1,066.02		(1,653.63)
Share of minority interest			(10.12)		(12.87)
Add : Balance brought forward			(3,396.23)		(1,729.73)
			(2,340.33)		(3,396.23)
Transfer from General Reserve			(1.09)		—
Balance carried forward to Balance Sheet			(2,341.42)		(3,396.23)
EARNING PER SHARE (Basic / dilutive) ₹ (Note 17 Schedule R)			3.03		(5.00)
SIGNIFICANT ACCOUNTING POLICIES	Q				
NOTES ON ACCOUNTS	R				

As per our report of even date annexed
For **B. K. Shroff & Co.,**
Chartered Accountants
Reg. No. 302166E

O.P. Shroff
Partner
Membership No. 6329

Anil Kumar Jain
Chairman & Managing
Director

R. N. Gupta
Joint Managing
Director

Place : Mumbai
Date : 17 th May, 2011

R. Sundaram
Company Secretary

Consolidated Cash Flow Statement for the year ended on 31st March, 2011

PARTICULARS	31-03-2011 [₹ in lac]	31-03-2010 [₹ in lac]
A. CASH FLOW FROM OPERATING ACTIVITIES		
– Net Profit/(Loss) before tax	1746.54	(2,584.01)
– Adjustments for:-		
– Depreciation	1,956.50	2,002.62
– Interest income	(19.90)	(18.64)
– Dividend received	—	(1.27)
– Diminution in value of investments written back	(2.25)	—
– Diminution in value of investments written off	—	2.62
– Insurance Claim	(12.53)	(66.12)
– Loss on sale of Investments	—	3.09
– Interest expenses	2,587.74	2,732.39
– Loss/(Profit) on sale of fixed assets	(11.66)	—
– Fixed Assets written off	3.26	—
– Liability no longer payable	—	(77.12)
– Exceptional Items	460.12	1,151.59
Operating profit before working capital changes	6,707.82	3,145.16
Adjustment for working capital changes:		
– Trade and other Receivables	2,415.86	212.42
– Inventories	(4,802.98)	(3,974.12)
– Trade payables	(2,163.10)	1,778.39
– Taxes paid	(99.06)	(13.25)
– Employee Benefits	—	64.35
– Exceptional Items	(460.12)	(1,151.59)
	1,598.42	61.36
B. CASH FLOW FROM INVESTING ACTIVITIES		
– Purchase of fixed assets	(407.69)	(360.58)
– Sale of fixed assets	23.37	—
– Investments in Mutual Fund	—	58.65
– Interest received	19.90	18.64
– Dividend received	—	1.27
Net cash from investing activities	(364.42)	(282.02)
C. CASH FLOW FROM FINANCING ACTIVITIES		
– Proceeds from issue of equity shares	216.67	350.00
– Changes in Security Premium	108.33	—
– Changes in Share Application money	(75.00)	—
– Increase/(decrease) in long term borrowings	(2,437.44)	—
– Repayment of long term borrowings	—	(989.84)
– Proceeds from Insurance claim	12.53	66.12
– Increase/(decrease) in short term borrowings	4,377.11	2,269.13
– Interest paid	(2,587.74)	(2,732.39)
– Dividend Received	—	1.27
Net cash from financing activities	(385.54)	(1,035.71)
Net increase in cash and cash equivalents	848.46	(1,256.36)
Cash and cash equivalents (Opening balance)	680.84	1,937.21
Cash and cash equivalents (Closing balance)	1,529.30	680.84

Notes : Figures in bracket represent cash outflow.

As per our report of even date annexed
For B. K. Shroff & Co.,
Chartered Accountants
Reg. No. 302166E

O.P. Shroff
Partner
Membership No. 6329

Anil Kumar Jain
Chairman & Managing
Director

R. N. Gupta
Joint Managing
Director

Place : Mumbai
Date : 17 th May, 2011

R. Sundaram
Company Secretary


Schedules to the Consolidated Balance Sheet as at 31st March, 2011

	As at 31-03-2011 [₹ in lac]	As at 31-03-2010 [₹ in lac]
A. SHARE CAPITAL		
Authorised		
55,000,000 Equity shares of ₹ 10/- each	5,500.00	5,500.00
5,000,000 Preference shares of ₹ 10/- each	500.00	500.00
	<u>6,000.00</u>	<u>6,000.00</u>
Issued, Subscribed & Paid up		
35,481,634 (previous year 33,314,967)	3,548.16	3,331.50
Equity shares of ₹ 10/- each fully paid up		
Share Application Money - Pending allotment *	250.00	325.00
	<u>3,798.16</u>	<u>3,656.50</u>

* Refer Note No 5 of Schedule R, Notes on accounts

	Balance As at 01-04-2010 [₹ in lac]	Additions [₹ in lac]	Deductions [₹ in lac]	Balance As at 31-03-2011 [₹ in lac]
B. RESERVES & SURPLUS				
Capital Reserve	198.81	—	—	198.81
Share Premium Account	1,335.26	108.33	—	1,443.59
Debenture Redemption Reserve	750.00	—	—	750.00
General Reserve	(1.09)	1.09	—	—
Revaluation Reserve	16,712.42	—	1,211.14	15,501.28
	<u>18,995.40</u>	<u>109.42</u>	<u>1,211.14</u>	<u>17,893.68</u>

Schedules to the Consolidated Balance Sheet as at 31st March, 2011

	As at 31-03-2011 [₹ in lac]	As at 31-03-2010 [₹ in lac]
C. SECURED LOANS		
1) Debentures		
10% 300 - Secured Redeemable		
Non Convertible Debentures of ₹ 10,00,000/- each (a)	2,799.00	2,994.00
Funded Interest on Debentures (a)	—	249.71
2) Term Loans		
a) Rupee Loans		
- From Financial Institutions (a)	3,615.41	3,900.26
- From Banks (a)	11,504.43	12,377.99
3) Working Capital Term Loans (a)	2,826.54	2,994.85
4) Demand Term Loan (d)	3,185.97	3,408.07
5) Funded Interest on Term Loans (a)	—	437.50
6) Interest accrued and due	70.66	77.09
7) Packing Credit Loans		
- From Banks (b)		
- In Rupees	11,666.98	8,620.31
- In Foreign Currency	1,321.18	—
8) Hire Purchase Finance		
- From Banks / Others (c)	28.62	19.36
	<u>37,018.79</u>	<u>35,079.14</u>

- (a) Secured inter se on pari-passu basis by way of mortgage of all immovable properties and hypothecation of all moveable properties (save and except stocks and book debts and movables of electronic division) both present & future. Loans of ₹ 23,935.94 lac, (previous year ₹ 26,362.38 lac) are additionally secured by personal guarantee of the managing Director.
- (b) Secured by hypothecation of raw materials, semi finished goods, finished goods, stores and spares, goods in transit and book debts of spinning and home textile divisions, and further secured by second charge on fixed assets both present & future and personally guaranteed by the managing Director.
- (c) Secured against hypothecation of vehicles acquired under auto loan schemes.
- (d) Secured against third charge on the fixed assets of the Company and additionally secured by personal guarantee of the Managing Director.



[₹ in lac]

D. FIXED ASSETS

PARTICULARS	G R O S S B L O C K				D E P R E C I A T I O N		N E T B L O C K	
	As at 1-04-2010	Additions	Value added on Revaluation	Sales / Adjustment	As at 31-03-2011	As at 31-03-2011	As at 31-03-2011	As at 31-03-2010
Land - Leasehold	1,047.83	-	-	-	1,047.83	17.36	1,030.47	1,034.54
Land - Freehold	846.21	-	-	-	846.21	-	846.21	846.21
Buildings *	8,319.28	6.39	-	0.98	8,324.69	1,810.38	6,514.31	6,762.59
Plant & Machinery	48,743.92	206.15	-	235.58	48,714.49	18,646.35	30,068.14	32,732.47
Furniture & Fixtures	292.26	6.06	-	6.54	291.78	185.66	106.12	130.61
Factory & Office Equipments	373.20	17.61	-	4.27	386.54	257.62	128.92	113.77
Vehicles	# 175.75	22.27	-	0.24	197.78	119.77	78.01	76.11
Goodwill	71.84	-	-	-	71.84	-	71.84	71.84
Total	59,870.29	258.48	-	247.61	59,881.16	21,037.14	38,844.02	41,768.14
Previous Year	56,171.50	405.59	3,293.20	-	59,870.29	18,102.15		
Capital Work-in-progress							212.12	62.91
TOTAL							39,056.14	41,831.05

Includes

- a) * 10 shares of ₹ 50/- each of Arcadia Premises Co-operative Society Ltd.
- b) # One vehicle costing ₹ 38.45 lac, is in the name of the Managing Director as a nominee of the Company.

Schedules to the Consolidated Balance Sheet as at 31st March, 2011

	Face Value [₹]	Number	As at 31-03-2011 [₹ in lac]	Number	As at 31-03-2010 [₹ in lac]
E. INVESTMENTS					
Trade Investments - Long Term					
In Fully Paid Equity Shares					
-Quoted					
Trade Investments - Long Term					
Others					
Margo Finance Limited	10	209,902	20.99	209,902	20.99
Less : Provision for diminution			14.34		16.58
* (Formerly Indocount Finance Ltd.)			<u>6.65</u>		<u>4.41</u>
-Unquoted					
Non-Trade Investments - Long Term					
Shri Datta Nagari Sahakari Pat Sanstha Ltd.	10	1,050	0.11	1,050	0.11
Choudeshwari Co-op. Bank Ltd.	25	200	0.05	200	0.05
Indo Count Textile Ventures Pvt. Ltd.	10	100	0.01	100	0.01
Shiva Services Limited	10	10,000	1.00	10,000	1.00
			<u>1.17</u>		<u>1.17</u>
Less : Provision for diminution			1.00		1.00
			<u>0.17</u>		<u>0.17</u>
TOTAL			<u>6.82</u>		<u>4.58</u>
Aggregate value of					
- Quoted Investments			6.65		4.41
- Unquoted Investments			0.17		0.17
- NAV Based Units			—		—
TOTAL			<u>6.82</u>		<u>4.58</u>
Market value of					
- Quoted Investments			6.65		4.41
- NAV of Units			—		—
F. INVENTORIES					
(as certified & valued by the management)					
Stores, Spares & Packing material (Includes goods in transit ₹ 36.25 lac (previous year ₹ 4.71 lac)			817.07		603.62
Raw materials (Includes goods in transit ₹ 402.29 lac, previous year ₹ 229.11 lac)			4,140.45		1,377.39
Dyes and Chemicals (Includes goods in transit ₹ 13.36 lac, previous year ₹ 8.39 lac)			254.84		144.50
Waste			110.15		37.11
Stock in process			5,191.18		3,652.94
Finished goods			2,763.67		2,658.82
			<u>13,277.36</u>		<u>8,474.38</u>
G. SUNDRY DEBTORS					
(Unsecured-Considered good)					
-Exceeding six months		37.99		94.97	
Less : Provision for doubtful debts		<u>18.60</u>	19.39	<u>12.65</u>	82.32
-Others			5,544.52		5,146.64
			<u>5,563.91</u>		<u>5,228.96</u>



	As at 31-03-2011 [₹ in lac]	As at 31-03-2010 [₹ in lac]
H. CASH & BANK BALANCES		
Cash on hand	7.30	5.90
Balances with Scheduled Banks		
- In Current Accounts *	1,370.89	664.01
- In Fixed Deposit **/ Margin Money Accounts	151.11	10.93
	<u>1,529.30</u>	<u>680.84</u>
* Includes balance in current account with (i) The Kolhapur Urban Co-operative Bank Ltd. ₹ 0.88 lac, (previous year ₹ 0.82 lac), maximum balance anytime during the year ₹ 4.06 lac (previous year ₹ 3.56 lac), (ii) The Shamrao Vittal Co-operative Bank Ltd., ₹ 2.08 lac, previous year ₹ 1.14 lac), maximum balance anytime during the year ₹ 3.95 lac, (previous year ₹ 3.76 lac)		
** Includes receipts for ₹ 0.01 lac (previous year ₹ 0.01 lac) lodged with Sales Tax Department.		
I. LOANS & ADVANCES		
(Unsecured - Considered good)		
Interest accrued on loans & deposits	1.27	0.41
Advances (recoverable in cash or in kind or for value to be received)		
Considered doubtful	35.13	10.00
Less : Provision for doubtful debts	<u>35.13</u>	<u>10.00</u>
Considered good		
- Capital	—	—
- Others	4,145.69	7,418.50
Export Incentives / Claims recoverable	2,071.17	1,582.03
Security Deposits	136.46	104.45
Income Tax Payments (including tax deducted at source)	436.55	339.45
MAT credit entitlement	148.35	148.35
	<u>6,939.49</u>	<u>9,593.19</u>
J. CURRENT LIABILITIES		
Sundry Creditors		
Total outstanding dues of Micro Enterprises and Small Enterprises	2.93	2.33
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	9,038.52	11,004.91
Other Liabilities	<u>2,833.97</u>	<u>3,086.73</u>
	<u>11,875.42</u>	<u>14,093.97</u>
K. PROVISIONS		
For Wealth Tax	0.09	1.15
For Income Tax	246.41	246.41
Gratuity	268.44	197.34
Leave Encashment	25.06	40.70
	<u>540.00</u>	<u>485.60</u>

Schedules to the Consolidated Profit and Loss Account for the year ended 31st March, 2011

	For the year ended on 31-03-2011 [₹ in lac]		For the year ended on 31-03-2010 [₹ in lac]	
L. OTHER INCOME				
Interest				
-Banks (Including tax deducted at source ₹ 1.37 lac, (previous year ₹ 0.61 lac)	9.78		4.26	
- Others (Including tax deducted at source ₹ 0.70 lac, previous year ₹ 0.02 lac)	10.12	19.90	14.38	18.64
VAT Refund		1,837.67		671.01
Miscellaneous Receipts and Income		109.59		8.53
Insurance claim received		12.53		66.12
Provision for diminution in value of investments		2.25		—
Exchange rate difference (Net)		123.59		26.00
Dividend received on trade investments		—		1.27
Profit on sale / redemption of investments		—		0.73
Rent received		0.48		0.49
Previous year's income		2.15		14.09
Interest Short / Excess Paid		27.75		—
Sundry balances / Excess provision written back		20.47		77.93
Liability no longer payable		35.20		77.11
Profit on sale of fixed Assets		11.66		—
		<u>2,203.24</u>		<u>961.92</u>
M. INCREASE IN STOCKS				
Closing Stock				
Finished goods	2,763.67		2,658.82	
Stock in process	5,191.18		3,652.94	
Waste	110.15	8,065.00	37.11	6,348.87
Less : Opening Stock				
Finished goods	2,658.82		1,170.48	
Stock in process	3,652.94		2,085.82	
Waste	37.11	6,348.87	18.44	3,274.74
		<u>1,716.13</u>		<u>3,074.13</u>
N. MATERIAL COST				
Raw material & Components consumed				
Opening Stock	1,148.28		669.15	
Add : Purchases	52,046.54	53,194.82	27,349.57	28,018.72
Less : Cost of Sales	—		125.43	
Less : Closing Stock	3,738.14	3,738.14	1,148.28	1,273.71
		<u>49,456.68</u>		<u>26,745.01</u>



	For the year ended on 31-03-2011 [₹ in lac]		For the year ended on 31-03-2010 [₹ in lac]	
O MANUFACTURING & OTHER EXPENSES				
Stores, Spares & Packing Material consumed		2,878.03		2,290.99
Jobwork Charges		1,360.89		1,390.13
Service charges		290.14		159.80
Dyes and chemicals		2,332.16		1,862.69
Power, Fuel & Water		4,570.94		4,024.71
Salaries, Wages, Allowances & Bonus		3,115.74		2,550.54
Gratuity		82.19		73.02
Contribution to Provident Fund, Employees' State Insurance, etc.		192.74		166.97
Welfare expenses		56.77		53.97
Recruitment & Training expenses		11.27		10.14
Director's Remuneration		62.66		52.56
Rent		76.94		41.31
Rates, Taxes & Fees		29.57		27.70
Insurance		201.20		177.63
Repairs & Maintenance				
- Plant & Machinery	139.78		113.88	
- Buildings	28.96		19.13	
- Others	42.55	211.29	56.95	189.96
Travelling & Conveyance		242.16		226.76
Directors' Sitting Fees		3.08		3.00
Commission & Brokerage		1,233.32		714.76
Freight Outward		369.40		421.20
Other Selling expenses		359.41		308.11
Claims paid / written off		131.82		20.49
Vat Paid		17.16		—
Equipment hire charges		—		7.97
Diminution in value of investments		—		2.62
Miscellaneous expenses		368.53		349.87
Charity and donation		11.87		0.08
Loss due to fire		3.51		—
Loss on Sale of Packing Material		1.91		—
Loss on Sale of Raw Material		—		2.30
Loss on sale of DEPB licence		11.96		7.32
Loss on sale of Investments		—		3.10
Provision for doubtful advances		31.07		10.00
Previous year's expenses		17.04		19.17
Auditors' Remuneration		10.25		10.66
Sundry balances / advances written back		26.40		—
		<u>18,311.42</u>		<u>15,179.53</u>
P FINANCIAL CHARGES				
Interest				
-On Debentures	302.10		322.50	
-On Term Loans	1,136.57		1,253.85	
-On Working Capital Term Loans	303.00		322.78	
-Others	846.08	2,587.75	603.28	2,502.41
L/C and Bank Charges		449.71		224.62
Finance procurement charges		26.54		5.36
		<u>3,064.00</u>		<u>2,732.39</u>

Schedules to the Consolidated Accounts for the year ended 31st March, 2011

Q. Significant Accounting Policies:

1. Basis of consolidation

- i) The accounts have been prepared to comply with all material aspects applicable to accounting policies of Indo Count Industries Limited. Goodwill arising on investments made in Subsidiary Company has been treated as intangible asset and capital reserve arising on investments made in subsidiary Company has been treated as reserve and surplus.
- ii) The consolidated accounts have been prepared based on a line by line consolidation of the profit & loss account and balance sheet of Indo Count Industries Limited and its subsidiary. For the purpose of consolidation, adjustments have been made in respect of shareholdings in subsidiary Company, amounts owed from/to Company within group and in respect of intra group transactions, as per Accounting Standard (AS-21) "Consolidated Financial Accounts".
- iii) The financial statements of the subsidiaries used in the consolidation are drawn up to the same reporting date as that of the holding Company.
- iv) Indo Count Industries Limited holds 93.76 % shareholding in Pranavadiya Spinning Mills Limited (PSML) . PSML is incorporated in India and is engaged in the business of manufacture of cotton yarn.

2. Method of Accounting

- i) The accounts are prepared under the historical cost convention using the accrual method of accounting unless otherwise stated hereinafter.
- ii) Accounting policies not significantly referred to are consistent with generally accepted accounting principles.

3. Fixed Assets

Fixed assets are stated at cost except for land, plant & machinery (other than of electronics division) and buildings which have been shown at revalued amount. Cost is inclusive of inward freight, duties & taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational, start-up and trial run expenses form part of the value of the assets capitalised. As per practice, expenses incurred on modernisation / debottlenecking / relocation / relining of plant & equipment are capitalised. Fixed assets, other than leasehold land, acquired on lease are not treated as assets of the Company and lease rentals are charged off as revenue expenses.

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

4. Capital Work-in-Progress

All expenditure including interest cost incurred during the project construction period are accumulated and disclosed as capital work-in-progress until the assets are ready for commercial use. Assets under construction are not depreciated. Income earned from investment of surplus borrowed funds during construction/trial run period is reduced from capital work-in-progress. Expenditure/ income arising during trial run is added to/ reduced from capital work-in-progress.

5. Investments

Long term investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary in the opinion of the management.



Current investments are stated at lower of cost and quoted / fair value.

6. Inventories

Inventories are valued at lower of cost or net realizable value except for waste.

Cost is determined using the first-in-first-out (FIFO) basis except for inventories of home textiles division where cost is determined at weighted average .

Finished goods and stock in process include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Wastage and rejections are valued at estimated realizable value.

Obsolete, defective and unserviceable stocks are duly provided for.

The closing stock of units partly comprises of such materials lying in finished or semi-finished stage. The mode of valuation referred to ‘ Weighted Average Cost’ represents cost worked out by taking into account the price charged by such units.

7. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

8. Excise Duty

Provision for excise duty is made on waste and finished goods lying in bonded warehouse and meant for sale in domestic tariff area. CENVAT benefit is accounted for by reducing the purchase cost of the material / Fixed assets.

9. Retirement and other employee related benefits

i) Short term Employee Benefits

All employee benefits payable only within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc and the expected cost of bonus, exgratia, incentives are recognized in the period during which the employee renders the related service.

ii) Post employment Benefits

a) Defined Contribution Plans

State Government Provident Fund Scheme is a defined contribution plan. The contribution paid/payable under the scheme is recognized in the profit and loss account during the period in which the employee renders the related service.

b) Defined Benefit Plans

The employee Gratuity Fund Scheme and Leave Encashment Scheme managed by different trusts are defined benefit plans. The present value of obligation under such defined benefit plans are determined based on actuarial valuation under the projected unit credit method which recognizes each period of service as giving rise to additional unit of employees benefits entitlement and measures each unit separately to build up the final obligation.

The obligations are measured at the present value of future cash flows. The discount rates used for determining the present value having maturity periods approximated to the returns of related obligations.

Actuarial gains and losses are recognized immediately in the profit & loss account.

In case of funded plans, the fair value of the planned assets is reduced from the gross obligation under the defined benefit plans to recognize the obligation on net basis.

Schedules to the Consolidated Accounts for the year ended 31st March, 2011

10. Research and Development

Revenue expenditure on research and development is charged against the profit of the year in which it is incurred. Capital expenditure on research & development is shown as an addition to fixed assets.

11. Depreciation

Depreciation is calculated on fixed assets on straight-line method in accordance with Schedule XIV to the Companies Act 1956. Leasehold assets are depreciated over the lease period. Software system is amortized over a period of five years. Depreciation on amount of additions made to cost of fixed assets on account of foreign exchange fluctuation is provided prospectively over the residual life of the fixed assets.

Depreciation on revalued assets is calculated on straight line method over the residual life of the respective assets as estimated by the valuer. The additional charge for depreciation on account of revaluation is withdrawn from the revaluation reserve and credited to the profit and loss account.

12. Foreign Currency Transactions, Derivatives instruments and hedge accounting:

Transactions in foreign currency other than those covered by forward contracts are accounted for at the prevailing conversion rates at the close of the year and difference arising out of the settlement are dealt with in the Profit and Loss account. Outstanding export documents when covered by foreign exchange forward contracts are translated at contracted rates. Foreign currency loans availed for acquisition of fixed assets are restated at the exchange rate prevailing at year end and exchange rate difference arising on such transactions are adjusted to the cost of fixed assets. Other foreign currency current assets and liabilities outstanding at the close of the year are valued at the year end exchange rates. The fluctuations are reflected under the appropriate revenue head.

The Company uses foreign currency forward contracts and currency options to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The Company designates these hedging instruments as cash flow hedges applying the recognition and measurement principles set out in the Accounting Standard 30 'Financial Instruments: Recognition and Measurement' (AS-30).

Changes in the fair value of derivatives financial instruments that do not qualify for hedge accountings are recognized in profit and loss account as they arise.

Hedging instruments are initially measured at fair value. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. If a hedge transaction is no longer expected to occur, the net cumulative gain or loss is recognized in profit and loss account for the year.

13. Revenue Recognition

Sales are accounted for ex-factory on despatch and do not include excise duty.

14. Claims & Benefits

Claims recoverable and export incentives / benefits are accounted on accrual basis to the extent considered recoverable. Export incentives / benefits include premium on import licence, sales tax, etc.

15. Subsidy

Subsidy is recognized when there is reasonable assurance that the subsidy will be received and conditions attached to it are complied with.

Government subsidy in the nature of promoter's contribution is credited to capital reserve. Subsidy received against a specific asset is reduced from the cost of the asset.

16. Income from Investment / Deposits

Income from investments / deposits is credited to revenue in the year in which it accrues. Income is stated in full with the tax thereon being accounted for under income tax deducted at source.



17. Taxation

Provision for current tax is made by applying the applicable tax rates and tax laws. Deferred Taxation is provided using the liability method in respect of the taxation effect arising from all material timing differences between the accounting and tax treatment of income and expenditure which are expected with reasonable probability to crystallize in the foreseeable future. Deferred tax benefits are recognized in the financial statements only when such benefits are reasonably expected to be realizable in the near future.

18. Earnings per share

Basic earning per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity share outstanding during the year.

Dilutive earning per share is calculated by dividing the net profit attributable to equity shareholders by the weighted average number of equity share outstanding during the year adjusted for the effects of dilutive options.

19. Segment Information

The Company is currently organized into two business-operating segments viz: Textile and consumer durable / electronic goods. In line with the global trend, the Company has viewed yarn, fabrics and textiles as one integrated business. Therefore, all these products have been considered as part of a single business segment. Yarn covers production of basic cotton yarn over a wide range of counts, which besides being primarily exported, is also used for further value addition in fabrics and textiles. While, fabrics cover value added activity relating to knitting and weaving, textiles cover value added activity relating to processed fabrics. The Company also manufactures electronic / consumer durable goods.

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

Assets and Liabilities represent assets employed in operations and liabilities owed to third parties that are individually identifiable or allocable on a reasonable basis to that segment. Assets and Liabilities excluded from allocation to operating segments such as investments, corporate debt and taxes etc. are classified as “unallocable”.

Segment assets employed in the Company’s various business segments are all located in India. Capital expenditure includes expenditure incurred during the period of acquisition of segment fixed assets.

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

20. Operating Leases

Operating lease receipts and payments are recognized as income or expenses in the profit and loss account on a Straight - line basis over the lease term.

21. Events occurring after balance date

Events occurring after the balance sheet date have been considered in the preparation of the financial statements.

22. Contingent Liabilities

Contingent liabilities as defined in Accounting Standard-29 are disclosed by way of notes to accounts. Provision is made if it becomes probable that an outflow of future economic benefit will be required for an item previously dealt with as a contingent liability.

Schedules to the Consolidated Accounts for the year ended 31st March, 2011

R. Notes on Consolidated Accounts:

	As at 31-03-2011 (₹ in lac)	As at 31-03-2010 (₹ in lac)
1. Contingent liabilities not provided for in respect of -		
(i) Amount outstanding in respect of export bills discounted under Export Letters of Credit (Since realized ₹ 2,901.56 lac, previous year ₹ 1,401.71 lac)	4,103.98	2,641.38
(ii) Bank Guarantees *	673.92	389.79
(iii) Claims not acknowledged as debts	11.10	10.78
(iv) Income tax/Custom Duty/Excise Duty demands disputed in appeals	21.13	36.15
(v) Corporate guarantee given to a bank for securing financial assistance to subsidiary Company.	100.00	100.00
* The Company has given bank guarantee for ₹ 4.11 lac to DGFT on behalf of Pranavaditya Spinning Mills Limited, for duty free import of Machines.		
2. (a) The names of small scale industrial undertakings to whom the Company owes any sum together with interest and outstanding for more than thirty days: Saikrupa Industries	2.93	2.33
Payments against supplies from small-scale industries are made in accordance with agreed terms. Besides, there are no claims from the parties for interest on overdue payments.		
(b) The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.		
3 (a) In terms of EPCG Licence issued, the Company has undertaken an export obligation for ₹ 378.12 lac, which is to be fulfilled over a period of 8 years. The Company has already completed this obligation and necessary application for redemption of license is being made to DGFT.		
(b) In terms of advance licence obtained for import of raw cotton the Company has undertaken an export obligation for ₹ 1,702.62 lac which is to be fulfilled over a period of 2 years.		
4 Under the package scheme of incentives of Government of Maharashtra for mega projects the Company is eligible for VAT and electricity duty refund benefit for its home textiles and consumer durable goods divisions. However, if it contravenes any of the conditions of the scheme or eligibility certificate or certificate of entitlement or agreement, it shall repay forthwith the entire benefits drawn / availed alongwith interest thereon together with costs, charges and expenses thereon.		
5 The shareholders of the Company in their extra ordinary general meeting held on 26-03-2011 accorded their approval for allotment of 25,00,000 - 4% Non Cumulative Redeemable Preference shares of ₹ 10/- each on Preferential basis to promoter group companies. However, allotment will be made on receipt of approval for the same from various authorities. Pending approval, the amount received has been reflected under Share Application Money pending allotment.		
6 The 10 % Privately Placed Secured Redeemable Non-Convertible Debentures are redeemable in 36 quarterly Installments beginning from 30-06-2009.		



- 7 Based on reference of Union Bank of India, the lead Bank, a financial restructuring package was approved by Empowered Group of Corporate Debt Restructuring (CDR-EG).
While the Company had given effect of the restructuring package in its books of account, banks have continued to raise demand notices for interest payment at the rate of interest charged prior to the sanction of restructuring package.
The Company has taken up the matter with the banks and accordingly the resultant difference in interest (which is still under reconciliation/determination) between the demand notice received from banks and as per Company's books of account, has not been provided, as the liability is not payable.
- 8 (a) In respect of various term loan / working capital facilities availed by the Company, the lenders have first/second / third pari passu charge on fixed assets of the Company.
(b) The term loans are to be further secured by way of first / second charge on the existing fixed assets of Pranavaditya Spinning Mills Ltd., subject however to necessary approvals.
Pending creation of permanent security, the Company has pledged 72,16,512 equity shares held by it in Pranavaditya Spinning Mills Ltd., as per CDR stipulation.
- 9 In terms of master restructuring agreement dated 30-03-2009, if the Company commits a default in payment or repayment of three consecutive installment of principal amounts of the facilities or interest thereon or any combination thereof, then, the lenders shall have the right to convert at their option the whole of the outstanding amount of the facilities and /or 20% of rupee equivalent of the defaulted amount into fully paid-up equity shares of the Company, at par, in the manner specified in a notice in writing to be given by the lenders to the Company prior to the date on which the conversion is to take effect, which date shall be specified in the said notice.
- 10 (a) The holding Company revalued its land, buildings and plant & machinery (except for electronics division and 2 D.G sets of spinning division) as on 01-10-2008 based on the valuation made by an approved valuer. Accordingly, the original cost of such assets resulted in gross increase in the value of assets over their original cost by ₹ 15,092.28 lac, increase in depreciation upto the date of revaluation by ₹ 504.49 lac and thereby net increase in replacement cost by ₹ 14,587.79 lac. The net increase in the value of such land, building and plant & machinery has been credited to revaluation reserve account.
(b) Revaluation of 2 D.G. sets of spinning division of the holding Company was carried out on 01-04-2009 by an approved valuer. The revaluation resulted in gross increase in the value of assets over their original cost by ₹ 1,238.07 lac. Increase in depreciation up to 31-03-2009 by ₹ 65.37 lacs and thereby net increase in replacement cost by ₹ 1,172.70 lac, which has been taken as increase in the value of plant & machinery as on 01-04-2009 by creating revaluation reserve to that extent.
(c) The subsidiary Company revalued its land, building and plant & machinery as on 01-04-2009 based on the valuation made by an approved valuer. Accordingly, the original cost of such assets resulted in gross increase in the value of assets over their original cost by ₹ 2,055.14 lac increase in depreciation upto the date of revaluation by ₹ 66.88 lac and thereby net increase in replacement cost by ₹ 1,988.26 lac. The net increase in the value of such land, building and plant & machinery has been credited to revaluation reserve account.
- 11 In the opinion of the management, the current assets, loans and advances are expected to realize at least the amount at which they are stated, if realized in the ordinary course of business and provision for all known liabilities has been adequately made in the accounts.
- 12 As required under Accounting standard (AS) 22, 'Accounting for taxes on income' issued by the Institute of Chartered Accountants of India , the Company is required to account for deferred taxation while preparing its accounts. The details of deferred tax assets / liabilities are as under:

Schedules to the Consolidated Accounts for the year ended 31st March, 2011

Particulars	As At 01-04-2010 (₹ in lac)	Tax effect For the year (₹ in lac)	As At 31-03-2011 (₹ in lac)
Deferred Tax (liability)			
Fixed Assets Others	(3,793.92)	110.48	(3,683.44)
Deferred Tax Assets			
Accumulated Losses	6,946.39	(854.27)	6,092.12
	3,152.47	(743.79)	2,408.68
43B items Others	66.14	64.15	130.29
Net deferred tax Assets / (liability)	3,218.61	(679.64)	2,538.97

13. a) During the year, the following contributions have been made under defined contribution plans.

	(₹ In lac)	
	2010-11	2009-10
Employer's Contribution to provident fund	110.18	94.32
Employer's Contribution to employees' pension scheme	56.74	51.15
Employer's contribution to employees' state insurance	2.56	0.83

b) Group Gratuity and Leave encashment benefits :

i) Reconciliation of opening and closing balances of defined benefit obligations (funded) for Gratuity and leave encashment.

Particulars	2010-11 (₹ in lac)		2009-10 (₹ in lac)	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Defined benefit obligation at the beginning of the year	338.66	81.58	268.33	74.13
Current service cost	35.17	18.26	31.42	9.18
Interest cost	27.09	6.56	21.67	5.97
Actuarial (gain)/Loss on obligation	31.58	(30.33)	30.05	4.78
Benefits Paid	(9.26)	(5.98)	11.57	2.92
Defined benefit obligation at the end of the year	423.24	70.09	339.90	81.58

ii) Reconciliation of opening and closing balances of fair value of plan assets

Particulars	2010-11 (₹ in lac)		2009-10 (₹ in lac)	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Fair value of plan assets at the beginning of the year	142.68	44.90	135.60	43.11
Expected return on plan assets	13.35	4.31	12.23	3.96
Employers' Contributions	8.04	5.77	6.32	0.75
Benefits paid	(9.26)	(5.90)	(11.57)	(2.92)
Actuarial gain/(loss) on plan assets	—	0.04	(0.02)	—
Fair value of plan assets at the end of the year	154.81	49.13	142.56	44.90

iii) Reconciliation of Fair value of assets and obligations

Particulars	2010-11 (₹ in lac)		2009-10 (₹ in lac)	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Fair value of plan assets	154.81	49.13	137.32	44.90
Present value of obligation	423.24	70.09	339.90	74.72
Amount recognized in Balance Sheet	268.43	20.96	197.34	40.70



iv) Expenses recognized during the year

Particulars	2010-11 (₹ in lac)		2009-10 (₹ in lac)	
	Gratuity	Leave encashment	Gratuity	Leave encashment
Current service cost	35.17	18.25	31.42	9.18
Interest cost	27.09	6.56	21.67	5.97
Expected Return on Plan Assets	(13.35)	(4.31)	(12.23)	(3.96)
Net Acturial (Gain) / Loss recognized in the year	31.58	(30.37)	30.07	(4.78)
Expenses recognized	80.49	(9.87)	70.93	6.40

- v) Actuarial assumptions 1994-96 (duly modified)
 Gratuity & Leave encashment
 Valuation method Projected Unit Credit Method
 Mortality Table (LIC) 1994-96 (ultimate)
 Discount rate (per annum) 8%
 Rate of Increase in Salaries 4%

The estimates of rate of future salary increase takes account of inflation, seniority, promotion and other relevant factors on long term basis. The discount rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches that of liability. The above information is certified by the actuary.

14. Segment data :-

Primary segment

(₹ in lac)

Particulars	Textiles (including Yarn, Fabrics and Home Textiles)	Electronic/ Consumer Durable Goods	Total
Segment revenue	59,447.53 (37,167.84)	11,669.98 (4,091.19)	71,117.51 (41,259.03)
Other income	309.41 (357.04)	1,893.83 (684.10)	2,203.24 (1,041.14)
Total income	59,816.94 (37,525.26)	13,503.81 (4,775.29)	73,320.75 (42,300.55)
Operating profit	6,556.69 (3,068.62)	670.47 (233.97)	7,227.16 (3,302.59)
Financial costs	3,057.10 (2,731.13)	6.91 (1.26)	3,064.01 (2,732.39)
Taxes	680.52 (930.39)	- (-)	680.52 (930.39)
Net profit	421.15 (1,870.60)	644.87 (216.98)	1,066.02 (1,653.62)

Particulars	Textiles (including Yarn, Fabrics and Home Textiles)	Electronic/ Consumer Durable Goods	Total
Segment Assets	62,886.95 (47,613.25)	3,486.05 (1,765.37)	66,373.00 (49,378.62)
Segment Liabilities	34,663.39 (17,292.40)	1,754.03 (725.73)	36,417.42 (18,018.13)
Capital employed	26,246.49 (31,409.04)	1,732.02 (1,087.14)	27,978.51 (32,496.18)
Capital expenditure	139.20 (313.07)	21.37 (47.50)	160.57 (360.57)
Depreciation	1,937.82 (1,986.86)	18.68 (15.76)	1,956.50 (2,002.62)
Exceptional Items	460.12 (1,151.59)	- (-)	460.12 (1,151.59)
NonCash expenditure	15,501.28 (16,712.41)	- (-)	15,501.28 (16,712.41)

Note : Figures in brackets denotes previous year.

Schedules to the Consolidated Accounts for the year ended 31st March, 2011

B. Secondary Segment - Geographical -

The Company's operating facilities are located in India (₹ In lac)

Particulars	2010-11	2009-10
Domestic revenue	27,164.13	9,417.38
Export revenue	43,953.38	31,841.65
Total	71,117.51	41,259.03

15 Accounting for Leases:

A. In respect of the Parent Company:

(a) As Lessor :

Lease income from non cancellable operating leases is recognized in the statement of Profit and Loss Account, on straight line basis, over the non cancellable lease term.

- The Company has entered into lease arrangements, for renting specified machinery at a rent of ₹ 1.68 lac per month for a period of 120 months and are renewable at the option of the lessee after the end of the term.
- Disclosure in respect of assets given on operating lease:

(₹ in lac)

Particulars	2010-11	2009-10
Gross Carrying amount of assets	227.12	98.74
Accumulated Depreciation	203.69	91.87
Depreciation for the year	22.55	3.28

(b) As Lessee :

Operating lease payments including expenses incurred for bringing the leased asset to its working condition for intended use are recognized as an expense in the Profit & Loss Account on a straight line basis over the lease term.

(₹ in lac)

S. No.	Particulars	2010-11	2009-10
A	The total of future minimum lease payments under non-cancelable operating leases for each of the following years:		
(i)	Not later than one year	—	—
(ii)	Later than one year and not later than five years,	81.04	120.32
(iii)	Later than five years,	—	—
B	The total of future minimum sub-lease payments expected to be received under non cancelable sub leases at the balance sheet date,	—	—
C	Lease payments recognized in the statement of profit & loss account	39.28	37.62



B. In respect of subsidiary :

As Lessee :

Operating lease payments including expenses incurred for bringing the leased asset to its working condition for intended use are recognized as an expense in the Profit & Loss Account on a straight line basis over the lease term.

(₹ in lac)

S. No.	Particulars	2010-11	2009-10
A	The total of future minimum lease payments under non-cancelable operating leases for each of the following years:		
(i)	Not latter than one year	—	—
(ii)	Later than one year and not later than five years,	—	—
(iii)	Later than five years,	110.78	84.11
B	The total of future minimum sub-lease payments expected to be received under non cancelable sub leases at the balance sheet date,	—	—
C	Lease payments recognized in the statement of profit & loss account	18.64	5.89

16. (a) The Company has outstanding foreign currency related derivative contracts in the form of options for hedging its business related exposure which are not speculative in nature. The contracts have long dated tenor with multiple contingent / uncertain events. As such ascertainment of fair value of these contracts is not feasible. However, banks estimate the total mark to market loss (MTM) of all outstanding contracts at approx. ₹ 607 lac as at 31-03-2011 (Previous year ₹ 1,619 lac). The management is of the opinion that the determination and crystallization of liability is dependent upon the outcome of uncertain future events or actions, not wholly within the control of the Company. As adoption of AS-30 is presently not mandatory, the estimated MTM loss of ₹ 607 lac for the year ended 31-03-2011 (Previous year ₹ 1,619 lac) has not be provided.

(b) Outstanding derivatives instruments as at 31st March, 2011 entered by the Company.

Currency	Number of Contracts	Amount in Foreign Currency	Amount (₹ in Lac)	Buy/Sell
US \$/INR	3	US\$ 19 Mn	7,695	Sell
Previous Year (US\$ / INR)	(3)	(US \$ 28 Mn)	(11,290)	(Sell)

(c) Foreign currency exposures recognized by the Company that have not been hedged by a derivate instrument or otherwise as at 31st March, 2011 are as under:

Currency	Number of Contracts	Amount in Foreign Currency	Amount (₹ in Lac)	Buy/Sell
US \$/INR	85	US\$ 36.50 Mn	17,193	Sell
Previous Year (US\$ / INR)	(23)	(US \$ 38.35 Mn)	(15,545.04)	(Sell)

Schedules to the Consolidated Accounts for the year ended 31st March, 2011

17. EARNINGS PER SHARE (EPS)

Basic Earning Per Share	As at 31-03-2011	As at 31-03-2010
Profit /(loss) after tax as per profit & loss account (₹ in lac)	1,066.02	(1,653.63)
Average no. of equity shares	34,816,794	33,314,282
Earning per share (₹)	3.03	(5.00)

Note : Diluted earning per share is not disclosed as the same is anti-dilutive.

18. Figures have been rounded off to the nearest lac.

As per our report of even date annexed
For B. K. Shroff & Co.,
Chartered Accountants
Reg. No. 302166E

O.P. Shroff
Partner
Membership No. 6329

Anil Kumar Jain
Chairman & Managing
Director

R. N. Gupta
Joint Managing
Director

Place : Mumbai
Date : 17 th May, 2011

R. Sundaram
Company Secretary



Notice

NOTICE is hereby given that the 22nd Annual General Meeting of **INDO COUNT INDUSTRIES LIMITED** will be held on Tuesday, the 2nd August, 2011 at 12.30 p.m., at the Registered Office of the Company at Village Alte, Taluka Hatkanangale, Dist. Kolhapur 416 109, Maharashtra to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Accounts for the financial year ended 31st March 2011 and the Report of Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. R. Anand, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Sushil kumar Jiwarajka, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Prem Malik, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. Dilip J. Thakkar, who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

7. To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution

“RESOLVED THAT in supersession of the resolution passed at the Extra Ordinary General Meeting held on 26-03-2011 and in accordance with the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956, as amended from time to time, M/s Unic Consultant, a proprietary concern owned by Mr. Mohit Kumar Jain, son of Mr. Anil Kumar Jain, the Chairman and Managing Director of the Company, be and is hereby appointed as **“Marketing Consultant”** for a period from 01-05-2011 to 31-12-2013, on a revised remuneration detailed as under:-

- a. ₹ 75,000/- p.m. for the period from 01-05-2011 to 31-12-2011.
- b. ₹ 1,00,000/- p.m. for the second year i.e. 01-01-2012 to 31-12-2012.
- c. ₹ 1,50,000/- p.m. for the third year i.e. 01-01-2013 to 31-12-2013.

RESOLVED FURTHER THAT the aforesaid remuneration is exclusive of out of pocket expenses which are to be reimbursed on actual basis.”

8. To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution

“RESOLVED THAT consent of the Company be and is hereby accorded in accordance with the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956, as amended from time to time, for revision in the terms of remuneration of Ms. G. D. Jain, Export Executive, wife of Mr. Anil Kumar Jain, the Chairman and Managing Director of the Company, detailed as under:-

- (a) Period : 3 Years from 01-05-2011 to 30-04-2014
- (b) Basic : ₹ 14,000/- with an annual increment of ₹ 5,000/- p.m. First increment will be on 01-04-2012
- (c) HRA : Upto 50% of the Basic Salary
- (d) Special Allowance : ₹ 7,930/- p.m.
- (e) Medical Reimbursement : ₹ 1,250/- p.m.
- (f) Conveyance Allowance : ₹ 800/- p.m.
- (g) Ex-gratia : ₹ 1,170/- p.m.
- (h) Leave Travel Assistance : ₹ 1,170/- p.m.
- (i) Employer Contribution to RPF : 12% of Basic Salary.

9. To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution.

“RESOLVED THAT consent of the Company be and is hereby accorded in accordance with the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956, as amended from time to time, for revision in the terms of remuneration of Ms. Shikha Jain, Marketing Executive, daughter in law of Mr. Anil Kumar Jain, the Chairman and Managing Director, detailed as under:-

Notice

(a) Period : 3 Years from 01-05-2011 to 30-04-2014
(b) Basic : ₹ 14,000/- with an annual increment of ₹ 5,000/- p.m. First increment will be on 01-04-2012 (c) HRA : Upto 50% of the Basic Salary
(d) Special Allowance : ₹ 7,930/- p.m. (e) Medical Reimbursement : ₹ 1,250/- p.m. (f) Conveyance Allowance : ₹ 800/- p.m. (g) Ex-gratia : ₹ 1,170/- p.m. (h) Leave Travel Assistance : ₹ 1,170/- p.m. (i) Employer Contribution to RPF : 12% of Basic Salary

10. To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution

"RESOLVED THAT consent of the Company be and is hereby accorded in accordance with the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956 as amended from time to time, for revision in the terms of remuneration of Ms. Neha Jain, Fashion Designer, daughter of Mr. Anil Kumar Jain, the Chairman and Managing Director of the Company, detailed as under:-

(a) Period : 3 Years from 01-05-2011 to 30-04-2014
(b) Basic : ₹ 14,000/- with an annual increment of ₹ 5,000/- p.m. First increment will be on 01-04-2012
(c) HRA : Upto 50% of the Basic Salary (d) Special Allowance : ₹ 7,930/- p.m. (e) Medical Reimbursement : ₹ 1,250/- p.m. (f) Conveyance Allowance : ₹ 5,800/- p.m. (g) Ex-gratia : ₹ 1,170/- p.m. (h) Leave Travel Assistance : ₹ 1,170/- p.m. (i) Employer Contribution to RPF : 12% of Basic Salary.

11. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution.

"RESOLVED THAT in supersession of the Resolution passed by the Shareholders at the General Meeting held on 27-09-2008 and in accordance with the provisions of Section 198, 269, 309, 310 and 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, and subject to such approvals as may be necessary,

consent of the Company be and is hereby accorded for payment of Remuneration to Mr. Kamal Mitra, as Director (Works) with effect from 01-01-2011 to 30-09-2013, on the terms and conditions detailed as under, with authority to the Remuneration Committee /Board of Directors (herein after referred to as "The Board" which term shall be deemed to include any Committee which the Board may constitute to exercise its powers conferred by this resolution) to alter and vary the terms and conditions of the remuneration within the limits specified in Schedule XIII to the Companies Act, 1956, including any statutory modification or re-enactment thereof, for the time being in force or any amendments and/or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Mr. Kamal Mitra :-

(a) Period : 01-01-2011 to 30-09-2013 (b) Basic Salary : ₹ 85,700/- p.m. with an annual increment upto ₹ 25,000/- p.m. in the Basic Salary as may be decided by the Board of Directors from time to time. First increment payable on 01-01-2012 and second on 01-01-2013. (c) House Rent and Other Allowances : upto 100% of Basic Salary (d) Bonus/Ex-gratia : As applicable to Senior Executives of the Company from time to time.

Other Benefits:

(a) Earned/privilege Leave : As per Rules of the Company (b) Company's Contribution to the Recognised Provident Fund and Superannuation Fund : As per Rules of the Company (c) Gratuity : As per Rules of the Company (d) Chauffeur Driven Company Car, Telephone & Other Communication facilities at the Residence for Official purpose : As per Rules of the Company.

RESOLVED FURTHER THAT the following Perquisites shall not be included in computation of the ceiling on the Remuneration as mentioned above:

- Superannuation fund or Annuity fund to the extent these either singly or put together, are not taxable under the Income Tax Act, 1961.
- Gratuity payable at a rate not exceeding half month's salary for each completed year of service.



c) Encashment of leave as per rules of the Company.

MINIMUM REMUNERATION

RESOLVED FURTHER THAT notwithstanding anything hereinabove stated, where in any financial year, after aforesaid revision in the remuneration, the Company incurs a Loss or has no Profits or its Profits are inadequate, the Company shall pay to Mr. Kamal Mitra, the remuneration by way of Salary, HRA, Ex-gratia and other allowances as aforesaid as minimum remuneration.”

By Order of the Board

Place : Mumbai

R. Sundaram

Date : 27th June 2011

Company Secretary

Item No. 8, 9 and 10

Ms. G. D. Jain, Export Executive, Ms. Shikha Jain, Marketing Executive and Ms. Neha Jain, Fashion Designer, are relatives of Mr. Anil Kumar Jain, Chairman & Managing Director of the Company, whose salary has been revised as per resolution.

In terms of amended provision of section 314 of the Companies Act, 1956, the payment of above remuneration is subject to permission from the Shareholders.

Board recommends the resolution set out in item No. 8 to 10 of the Notice, for your approval.

Except, Mr. Anil Kumar Jain, none of the Directors of the Company is, in any way, concerned or interested in the Resolutions.

Item No. 11

On a recommendation of the Remuneration Committee Meeting held on 24th June, 2011, the Board of Directors at their Meeting held on 27th June, 2011, have approved revised Remuneration payable to Mr. Kamal Mitra, the Director (Works), with effect from 1st January 2011 to 30th September 2013, subject, however, to the approval of Members by an Ordinary Resolution at the General Meeting.

The revised terms of Remuneration payable to Mr. Kamal Mitra, are within the limits as specified in the Schedule XIII to the Companies Act, 1956.

The above information may also be treated as an abstract of the Memorandum of interest of Mr. Kamal Mitra, the Director (Works), pursuant to the provisions of Section 302 of the Companies Act, 1956.

Board recommends the resolution set out in item No. 11 of the Notice, for your approval.

Except, Mr. Kamal Mitra, none of the Directors of the Company is, in any way, concerned or interested in the Resolution.

Additional information: As required in terms of Para VI (A) of Clause 49 of the Listing Agreement.

Brief profile of Mr R. Anand, who retires by rotation and is eligible for re-appointment.

Mr. R Anand, is a Science graduate and is associated with Textile industry for about 42 years. Mr Anand is on the Board of the Company since 27th September 1996.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956

Item No. 7

M/s Unic Consultants, a proprietary concern owned by Mr. Mohit Kumar Jain, son of Mr. Anil Kumar Jain, Chairman & Managing Director of the Company, is working as Marketing Consultant with the Company, since July, 2003. Currently a remuneration of ₹ 9,000/- p.m has been paid to M/s Unic Consultant. The said remuneration is exclusive of the out of pocket expenses, which are reimbursed on actual basis.

Considering the past performance and the role of M/s Unic Consultants in the near future for placing the Companies Products in the International Market it is proposed to increase the remuneration as mentioned in the resolution.

In terms of amended provision of section 314 of the Companies Act, 1956, the payment of above remuneration is subject to permission from the Shareholders.

Board recommends the resolution set out in item No. 7 of the Notice, for your approval.

Except, Mr. Anil Kumar Jain, none of the Directors of the Company is, in any way, concerned or interested in the Resolution.

Notice

Outside Directorship : a) Eastern Engineering Co. (Bombay) Pvt Ltd. b) Nova Silk Pvt. Ltd. c) NCL Industries Ltd. d) ETS Eastern Services Pvt. Ltd. e) NSL Textiles Ltd. f) Pranavaditya Spinning Mills Ltd.

Committee Chairmanship/Membership :

Name of the Company	Audit Committee	Remuneration Committee	Project Management Committee
Indo Count Industries Ltd.	Member	Chairman	—
Pranavaditya Spinning Mills Ltd.	Member	—	—
NSL Textiles Ltd.	Member	Member	Member

Brief profile of Mr. Sushil Kumar Jiwrajka, who retires by rotation and is eligible for re-appointment

Mr Sushil Kumar Jiwrajka, a Commerce graduate and has rich experience in Business Administration for more than 31 years . Mr Jiwrajkas has been on the Board of the Company since 27th January 1999.

Outside Directorship : a) Essjay Ericsson Pvt Ltd. b) Artheon Electronics Ltd. c) Artheon Finance Ltd. d) Artheon Battery Company Pvt Ltd. e) Artheon Televentures Pvt Ltd. f) Artheon Advisors Pvt. Ltd. g) Ericsson India Pvt Ltd. h) Associated Electronic Research Foundation i) Karrox Technologies Ltd. j) Aditya Jyot Eye Hospital Pvt Ltd. k) Sharada Inventions Pvt Ltd. l) Nova Telesec Ltd.

Committee Chairmanship/Membership : Nil

Brief profile of Mr. Prem Malik, who retires by rotation and is eligible for re-appointment.

Mr. Prem Malik is an M.A. (Master of Arts) and possesses rich experience in the Textile field and has been on the Board of the Company since 30th October 2009.

Outside Directorship : a) Spentex Industries Ltd. b) GTN Textile Ltd. c) Gyscoal Alloys Ltd. d) Smilesville Care Pvt Ltd. e) Alder Trading Co. Pvt Ltd. f) CLC Textiles Park Pvt. Ltd. g) Cotton Association of India h) Bombay Textile Research Association (BTRA) i) The Synthetic and Rayan Textile Export Promotions Council (SRTEPC) j) Confederation of Indian Textile Industries (CITI).

Committee Membership/Chairmanship :

Name of the Company	Audit Committee	Remuneration Committee
GTN Textiles Ltd.	Member	—
Spentex Industries Ltd.	Member	Chairman

Brief profile of Mr Dilip Thakkar, who retires by rotation and is eligible for re-appointment

Mr. Dilip J. Thakkar is a Chartered Accountant by profession and is specialized in Taxation and FEMA rules and regulations and has over 50 years of experience. Mr. Thakkar has been associated with the Company since 28th January 2003.

Outside Directorship : a) Rajasvi Properties Holdings Pvt Ltd. b) Poddar Developers Ltd. c) Starrock Investment & Trading Pvt Ltd. d) Panasonic Energy India Co. Ltd. e) Essar Oil Ltd. f) Thirumalai Chemicals Ltd. g) The Ruby Mills Ltd. h) PAE Ltd. i) Himatsingka Seide Ltd. j) Blueberry Trading Company Pvt Ltd. k) Township Real Estate Developers Pvt Ltd. l) Hamlet Construction India (Private) Ltd. m) Walchandnagar Industries Ltd. n) Windmere Hospitality (India) Pvt Ltd. o) Skidata India Pvt. Ltd. p) Garware Polyester Ltd. q) Essar Shipping Ports & Logistics Ltd. r) Modern India Ltd. s) Ameya Logistics Pvt Ltd. t) Premier Ltd. u) Magus Estate & Hotels Ltd.

Committee Membership/Chairmanship :

Name of the Company	Audit Committee	Investors' Grievances Committee	Share Transfer Committee
Panasonic Energy India Co. Ltd.	Chairman	Member	—
Essar Oil Ltd.	Chairman	Member	—
Thirumalai Chemicals Ltd.	Chairman	—	Member
PAE Ltd.	Chairman	—	—
Himatsingka Seide Ltd.	Chairman	—	—
Walchandnagar Industries Ltd.	Member	Member	—

By Order of the Board

Place : Mumbai
Date : 27th June 2011

R. Sundaram
Company Secretary



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 AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

The proxy form should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the aforesaid Meeting.

2. Register of Members and the Share Transfer Books of the Company will remain closed from 22-07-2011 to 02-08-2011 (both days inclusive).

3. Members are requested to:

- (i) intimate, changes, if any, in their Registered Addresses immediately;
- (ii) intimate about consolidation of folios if shareholdings are under multiple folios;
- (iii) intimate for duplicate dividend warrants if they have not encashed their warrants for the previous year;

Pursuant to the provisions of section 205C of the Companies Act, 1956, all unpaid dividend upto financial year ended 2001-02 have been transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. Once the unpaid amount is transferred to the IEPF, no claims shall lie against the IEPF or the Company in respect of individual amounts which were unclaimed or unpaid.

- (iv) quote ledger Folio No./DPID/Client ID in all their correspondence; to the Company's Registrar & Transfer Agent:-

M/s Link Intime India Pvt. Ltd.
A-40, 2nd Floor, Naraina Industrial Area,
Phase -II, Near Batra Banquet Hall,
New Delhi 110028,
Telephone Nos. +91- 011- 41410592 - 95
Fax No. +91-011 -41410591

- (v) Register fresh Email IDs with your Depository Participant (DP).

4. MEMBERS ARE ADVISED TO SEND ALL SHARE TRANSFERS AND RELATED CORRESPONDENCE TO THE REGISTRAR AND SHARE TRANSFER AGENT AT THE ABOVE ADDRESS.

5. Members/Proxies should bring the attendance slip duly filled in for attending the aforesaid meeting.

6. Shareholders intending to require information about accounts to be explained in the Meeting are requested to inform the Company at least 7 days in advance of the Annual General Meeting.

By Order of the Board

Place : Mumbai
Date : 27th June 2011

R. Sundaram
Company Secretary

Balance Sheet Abstract

STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration details

Registration No:	11-68972/92
State Code :	11
Balance Sheet Date	31st March, 2011

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

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

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

Total Liabilities	5,661,720	Total Assets	5,661,720
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Sources of Funds

Paid-Up Capital	379,816	Reserves & Surplus	1,601,487
Secured Loans	3,680,417	Unsecured Loans	NIL

Application of Funds

Net Fixed Assets	3,630,463	Investments	181,079
Deferred tax asset	205,219	Net Current Assets	1,392,562
Profit & Loss	252,397		
Accumulated Losses	NIL		

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

Turnover	6,897,371	Total Expenditure	6,750,246
Profit Before Tax	147,125	Profit After Tax	90,360
Earning Per Share in Rs.	2.60	Dividend rate %	NIL

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

Item Code No.	5205	Product Description	Cotton Yarn
Item Code No.	6002	Product Description	Cotton Knitted Fabrics
Item Code No.	8528.00	Product Description	Television Receivers
Item Code No.	2523	Product Description	Cotton Woven & Processed Fabrics

As per our report of even date annexed

For **B. K. Shroff & Co.,**
Chartered Accountants
Reg. No. 302166E

O.P. Shroff
Partner
Membership No. 6329

Place : Mumbai
Date : 17 th May, 2011

Anil Kumar Jain
Chairman & Managing
Director

R. Sundaram
Company Secretary

R. N. Gupta
Joint Managing
Director

INDO COUNT INDUSTRIES LIMITED

REGD.OFFICE : Village Alte, Taluka Hatkanangale, Dist. Kolhapur - 416109, Maharashtra

PROXY FORM

I/We _____
of _____ in the district of _____
being a member/member(s) of the above named Company hereby appoint Mr./Miss/Mrs. _____
_____ of _____ in the district of _____
_____ or failing him/her _____
of _____ in the district of _____ as
my/our proxy to vote for me/us on my/our behalf at the **22th ANNUAL GENERAL MEETING** of the Company to be held at
Village Alte, Taluka Hatkanangale, Dist. Kolhapur 416109, Maharashtra, on **Tuesday, the 2nd August, 2011 at 12.30 p.m.**
Signed this _____ day of _____ 2011.

DP ID * / Folio No.	
Client ID *	

No. of Shares	
---------------	--

Address :
.....
.....

Signature (s)

Affix a
Re. 1/-
Revenue
Stamp

NOTE : The Proxy Form duly completed, stamped and signed must be deposited at the Registered Office of the Company not less than Forty Eight hours before the time of holding the meeting.

INDO COUNT INDUSTRIES LIMITED

REGD.OFFICE : Village Alte, Taluka Hatkanangale, Dist. Kolhapur - 416109, Maharashtra

ATTENDANCE SLIP

DP ID * / Folio No.	
Client ID *	

No. of Shares	
---------------	--

I, hereby, record my presence at the **22th ANNUAL GENERAL MEETING** of the Company being held at the Registered Office of the Company at Village Alte, Taluka Hatkanangale, Dist. Kolhapur - 416109, Maharashtra on **Tuesday, the 2nd August, 2011 at 12.30 p.m.**

Signed this _____ day of _____ 2011.

Name and address of the Shareholder/Proxy

.....
.....
.....

.....
Signature of Shareholder/Proxy

NOTE : 1. Please complete this attendance slip and hand it over at the entrance of the venue of the meeting.
2. Please bring your copy of Annual Report at the time of Annual General Meeting.

ATTENTION SHAREHOLDERS

Dear Shareholder,

This is to inform that the Ministry of Corporate Affairs (MCA) has issued circular no. 17/2011 dated April 21, 2011 regarding “Green Initiatives in the Corporate Governance – Clarification regarding service of documents by e-mode instead of Under Posting Certificate”, whereby MCA has allowed paperless compliances by the Companies, by stating that the service of document by a Company can be made through electronic mode.

Keeping in view the initiative by the MCA and the circular issued by it, we propose to send the documents like Notice calling the Annual General Meeting, Corporate Governance Report, Directors’ Report, Audited Financial Statements, Auditors’ Report, etc beginning from the year ended 31st March 2011, in electronic form to the email address provided by you and made available to us by the Depository.

Please note that as a member of the Company, you shall be entitled to be furnished copy of the Balance Sheet of the Company and all other documents required by law to be attached thereto including Directors’ and Auditors’ Report, at any time, free of cost, upon requisition from you.

We are sure that you would appreciate the “Green Initiative” taken by the MCA to save our environment and your Company’s desire to participate in such initiative.

Thanking you,

Yours faithfully

For **INDO COUNT INDUSTRIES LIMITED**

ANIL KUMAR JAIN

Chairman & Managing Director

Date : 17th May, 2011