



Tomorrow's Creativity Brought Today



**DAMODAR
THREADS LIMITED**

22nd Annual Report 2009-10

5 YEAR SNAP SHOT:**(Rs. in Cr.)**

	2009-10	2008-09	2007-08	2006-07	2005-06
Turnover	242.58	202.78	175.28	63.03	59.35
Total Income	242.74	202.96	176.84	63.92	59.62
Total Expenses	219.13	181.69	162.47	59.38	55.65
PBDIT	23.6	21.27	14.36	4.54	3.97
Interest	9.59	9.25	5.45	0.61	0.67
PBDT	14.01	12.02	8.91	3.93	3.3
Depreciation	7.92	7.28	3.97	0.49	0.49
PBT	6.09	4.74	4.94	3.44	2.8
Tax	3.11	2.19	2.26	1.09	0.87
PAT	2.98	2.55	2.68	2.35	1.93
Earning Per Share (EPS)	3.81	3.14	8.64	7.6	6.23
Equity Share Capital	7.8	7.8	3.1	3.1	3.1
Dividend (%)	10	6	15	12	10

Board of Directors

Shri Arunkumar Biyani	Executive Chairman
Shri Ajay D. Biyani	Managing Director
Shri Anil D. Biyani	Executive Director
Shri Girdharlal S. Daga	Independent Director
Shri Rajendra Prasad Khator	Independent Director
Shri Ashok Kumar Damani	Independent Director

Company Secretary & Compliance Officer

Mr. Pramod Kumar Jain

Auditors

M/s A.J. Baliya & Associates
Chartered Accountants
Mumbai

Bankers

1. State Bank of India
2. Bank of Baroda
3. Union Bank of India

Registered Office

A1/202, Centre Point,
243-A, N. M. Joshi Marg,
Lower Parel (E),
Mumbai – 400 013
Ph.: 022-66610301-2,
Fax: 022-66610308
Email: info@damodargroup.com

Plant Location

Survey No. 265/10/1,2 & 3
Demni Road, Dadra Village,
D. & N.H. (U.T.) – 396230
Ph.: 0260-3264788, Fax: 0260-2668929
Email: cs@damodargroup.com

Registrar & Share Transfer Agent

Link Intime India Pvt. Limited,
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W), Mumbai – 400078.
Tel. No.: 022-25946970 –78, Fax No. 022-25946969
E-mail: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.com

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NOTICE

NOTICE is hereby given that the 22nd Annual General Meeting of the Members of **Damodar Threads Limited** will be held on Thursday, 26th August, 2010 at 4.30 P.M. at Maheshwari Bhawan, 603, Chira Bazar (J. S. Road), Mumbai – 400 002 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2010 and the Profit & Loss Account, Cash Flow Statement for year ended on that date together with Report of the Board of Directors' and Auditors thereon.
2. To declare dividend on equity shares .
3. To appoint a Director in place of Shri Girdharlal S.Daga, who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Ashok Kumar Damani, who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
5. To appoint M/s A.J. Baliya & Associates as auditors of the company to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **special resolution**:
"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 & 311 and all other applicable provisions of the Companies Act, 1956 (hereinafter referred to as "the Act"), read with schedule XIII of the Act and such other consents, permissions and approval as may be required, the Company hereby accords its approval for the re-appointment of Shri Arun Kumar Biyani, Whole-Time Director designated as Executive Chairman for a period of 5 years with effect from April 1, 2010 on the terms and conditions including payment of remuneration as set out in the Explanatory Statement with liberty to the Directors to alter and vary terms and conditions of the aforesaid appointment and/or remuneration, as may be agreed to between the Directors and Shri Arun Kumar Biyani.
RESOLVED FURTHER THAT in the event of absence or inadequacy of net profit in any financial year, the remuneration payable to Shri Arun Kumar Biyani, Executive Chairman shall be governed by the limits of Section II of Part II of Schedule XIII to the Companies Act, 1956, or any statutory modification thereof.
RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to vary or increase the remuneration and perquisites including the monetary value thereof as specified in the aforesaid terms and conditions, to the extent as may be considered appropriate and necessary by the Board of Directors in mutual consultation with Shri Arun Kumar Biyani, Executive Chairman and further authorized to take all such actions and do all such things as may be deemed necessary, desirable and expedient for giving effect to the above resolution."
7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **special resolution**:
"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and 311 and all other applicable provisions of the Companies Act, 1956 (hereinafter referred to as "the Act") read with Schedule XIII of the Act and such other consents, permissions and approvals as may be required, the Company hereby accords its approval for the re-appointment of Shri Ajay D. Biyani, Managing Director for a period of 5 years with effect from April 1, 2010 on the terms and conditions including payment of remuneration as set out in the Explanatory Statement with liberty to the Directors to alter and vary terms and conditions of the aforesaid appointment and/or remuneration, as may be agreed to between the Directors and Shri Ajay D. Biyani .

RESOLVED FURTHER THAT in the event of absence or inadequacy of net profit in any financial year, the remuneration payable to Shri Ajay D. Biyani, Managing Director shall be governed by the limits of Section II of Part II of Schedule XIII to the Companies Act, 1956, or any statutory modification thereof.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to vary or increase the remuneration and perquisites including the monetary value thereof as specified in the aforesaid terms and conditions, to the extent as may be considered appropriate and necessary by the Board of Directors in mutual consultation with Shri Ajay D. Biyani, Managing Director and further authorized to take all such actions and do all such things as may be deemed

necessary, desirable and expedient for giving effect to the above resolution.”

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **special resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and 311 and all other applicable provisions of the Companies Act, 1956 (hereinafter referred to as “the Act”) read with Schedule XIII of the Act and such other consents, permissions and approvals as may be required, the Company hereby accords its approval for the re-appointment of Shri Anil D. Biyani, Whole-Time Director designated as Executive Director for a period of 5 years with effect from April 1, 2010 on the terms and conditions including payment of remuneration as set out in the Explanatory Statement with liberty to the Directors to alter and vary terms and conditions of the aforesaid appointment and/or remuneration, as may be agreed to between the Directors and Shri Anil D. Biyani.

RESOLVED FURTHER THAT in the event of absence or inadequacy of net profit in any financial year, the remuneration payable to Shri Anil D. Biyani, Executive Director shall be governed by the limits of Section II of Part II of Schedule XIII to the Companies Act, 1956, or any statutory modification thereof.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to vary or increase the remuneration and perquisites including the monetary value thereof as specified in the aforesaid terms and conditions, to the extent as may be considered appropriate and necessary by the Board of Directors in mutual consultation with Shri Anil D. Biyani, Executive Director and further authorised to take all such actions and do all such things as may be deemed necessary, desirable and expedient for giving effect to the above resolution.”

By Order of the Board
For **Damodar Threads Limited**

Pramod Kumar Jain
Company Secretary

Dated: May 22, 2010

Place: Mumbai

NOTES

1. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in relation to the Special Business of the Meeting is annexed hereto and forms part of this Notice.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
3. The Share Transfer Books and Register of members of the Company will remain closed from Monday, 19th July, 2010 to Friday, 23rd July, 2010 (both days inclusive).
4. Members are requested to produce the attendance slip duly signed as per the specimen signature recorded with the Company/Depository Participant for admission to the meeting hall.
5. Members, who hold shares in de-materialized form, are requested to bring their client ID and DP ID Nos. for easier identification of attendance at the meeting.
6. A Member desirous of getting any information on the accounts or operations of the Company is requested to forward his/her queries to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
7. Members holding shares in physical form are requested to notify immediately any change in their address and Bank particulars to the Company or its Share Transfer Agents (STA) and in case their shares are held in dematerialized form, this information should be passed on directly to their respective Depository participants and not to the Company/ STA, without any delay.
8. In all future correspondence with the Company, Members are requested to quote their account/folio numbers and in case there, shares are held in the dematerialized form, they must quote their DP ID and Client ID Number.



9. Members holding shares in physical form can now avail the facility of nomination in respect of shares held by them pursuant to the amendment in the Companies Act, 1956. The prescribed Form (Form 2B) can be obtained from the Share Department of the Company. Members desiring to avail this facility may send their Nomination Form (in duplicate) duly filled in, to the Company or its Share Transfer Agents by quoting their respective Folio Numbers.

Explanatory Statement as required by Section 173(2) of the Companies Act, 1956.

Item No. 6

At a meeting of the Remuneration Committee held on 22nd May 2010, the Committee recommended the re-appointment of Shri Arun Kumar Biyani as Whole-Time Director designated as Executive Chairman of the Company for a period of 5 years w.e.f. April 1, 2010 on revised terms and conditions.

Broad particulars of the terms and conditions of appointment of remuneration payable to Shri Arun Kumar Biyani are as under:

1. Emoluments for: 5 Years w.e.f. April 01, 2010

a) Salary:

Rs. 27.00 lakhs per annum (with annual increment of Rs.25,000 per month from 1st April every year) . The Remuneration Committee may review and determine from time to time necessary changes in salary during the tenure of appointment.

b) Commission:

Proposed commission to be paid for each financial year based on Net profits of the Company subject to a maximum of Rs. 15.00 lakhs per annum.

c) Perquisites :

Perquisites like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance together with utilities such as gas, electricity, water furnishings and repairs, medical reimbursement, leave travel concession for himself and his family, club fees, medical insurance etc. in accordance with the rules of the company or such perquisites as may be agreed by the Board of Directors for each year not exceeding his annual salary.

Company's Contribution to Provident Fund and Superannuation or Annuity Fund (to the extent these either singly or together are not taxable under the income tax act), gratuity payable as per the Rules of the Company and encashment of leave at the end of his tenure as per the Rules of the Company applicable to senior executives and the same shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

2. Minimum Remuneration:

In the event of loss or inadequacy of profits in any Financial Year during currency of tenure of service of Shri Arun Kumar Biyani, the remuneration payable shall be subject to the limits of Section II of Part II of Schedule XIII to the Companies Act, 1956, or any statutory modification thereof

3. Information about Shri. Arun D. Biyani:

Shri Arun Kumar Biyani, aged 53 years is a Commerce Graduate and having more than 31 years of experience in the field of textile industry. Shri Arun Kumar Biyani has been one the key persons in setting up the Company's Unit. He is in charge of the financial aspects of the Company and is actively involved in planning the expansion plans of the Company. Your Company in the recent past has gained considerably under his close association as he has played a vital role in Funds Mobilization, Project Advisory & Financing, and Working Capital Arrangements etc.

4. Disclosure:

Except Shri Arun Kumar Biyani, Shri Ajay D. Biyani and Shri Anil D. Biyani, no other Director shall be deemed to be concerned or interested in the resolution.

This resolution is being proposed to seek your consent under Section 269 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII of the said Act

The above should also be considered as an abstract of the terms of appointment of Shri Arun Kumar Biyani and Memorandum as to the nature of concern or interest of the Director in the said appointment, as required under Section

302 of the Companies Act, 1956.

Item No. 7

At a meeting of the Remuneration Committee held on 22nd May 2010, the Committee recommended the re-appointment of Shri Ajay D. Biyani as Managing Director of the Company for a period of 5 years w.e.f. April 1, 2010 on revised terms and conditions.

Broad particulars of the terms and conditions of appointment of remuneration payable to Shri Ajay D. Biyani are as under:

1. Emoluments for: 5 Years w.e.f. April 01, 2010

a) Salary:

Rs. 27.00 lakhs per annum (with annual increment of Rs.25,000 per month from 1st April every year) . The Remuneration Committee may review and determine from time to time necessary changes in salary during the tenure of appointment.

b) Commission:

Proposed commission to be paid for each financial year based on Net profits of the Company subject to a maximum of Rs. 15.00 lakhs per annum.

c) Perquisites :

Perquisites like accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance together with utilities such as gas, electricity, water furnishings and repairs, medical reimbursement, leave travel concession for himself and his family, club fees, medical insurance etc. in accordance with the rules of the company or such perquisites as may be agreed by the Board of Directors for each year not exceeding his annual salary.

Company's Contribution to Provident Fund and Superannuation or Annuity Fund (to the extent these either singly or together are not taxable under the income tax act), gratuity payable as per the Rules of the Company and encashment of leave at the end of his tenure as per the Rules of the Company applicable to senior executives and the same shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

2. Minimum Remuneration:

In the event of loss or inadequacy of profits in any Financial Year during currency of tenure of service of Shri Ajay D. Biyani, the remuneration payable shall be subject to the limits of Section II of Part II of Schedule XIII to the Companies Act, 1956, or any statutory modification thereof

3. Information about Shri. Ajay D. Biyani:

Shri Ajay D. Biyani, aged 48 years, is a Commerce graduate from the University of Bombay, having experience of 28 years in the textile industry. Shri Ajay D. Biyani is the key person in setting up Company's unit and Managing Director of the Company since 5th June 1988. He is in charge of the production of the Company. Shri Ajay D. Biyani with his extensive knowledge on the industry is expected to play a dynamic role in the future endeavors of the Company.

4. Disclosure:

Except Shri Arun Kumar Biyani, Shri Ajay D. Biyani and Shri Anil D. Biyani, no other Director shall be deemed to be concerned or interested in the resolution.

This resolution is being proposed to seek your consent under Section 269 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII of the said Act

The above should also be considered as an abstract of the terms of appointment of Shri Ajay D. Biyani and Memorandum as to the nature of concern or interest of the Director in the said appointment, as required under Section 302 of the Companies Act, 1956.

Item No. 8

At a meeting of the Remuneration Committee held on 22nd May 2010, the Committee recommended the re-appointment of Shri Anil D. Biyani as Whole Time Director of the Company for a period of 5 years w.e.f. April 1, 2010 on revised terms and conditions.



Broad particulars of the terms and conditions of appointment of remuneration payable to Shri Anil D. Biyani are as under:

1. Emoluments for: 5 Years w.e.f. April 01, 2010

a) Salary:

Rs. 27.00 lakhs per annum (with annual increment of Rs.25,000 per month from 1st April every year) . The Remuneration Committee may review and determine from time to time necessary changes in salary during the tenure of appointment.

b) Commission:

Proposed commission to be paid for each financial year based on Net profits of the Company subject to a maximum of Rs. 15.00 lakhs per annum.

c) Perquisites :

Perquisites like accommodation (furnished or otherwise) or house rent allowance in lieu thereof , house maintenance allowance together with utilities such as gas , electricity , water furnishings and repairs ; medical reimbursement , leave travel concession for himself and his family , club fees , medical insurance etc. in accordance with the rules of the company or such perquisites as may be agreed by the Board of Directors for each year not exceeding his annual salary .

Company's Contribution to Provident Fund and Superannuation or Annuity Fund (to the extent these either singly or together are not taxable under the income tax act), gratuity payable as per the Rules of the Company and encashment of leave at the end of his tenure as per the Rules of the Company applicable to senior executives and the same shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

2. Minimum Remuneration:

In the event of loss or inadequacy of profits in any Financial Year during currency of tenure of service of Shri Anil D. Biyani, the remuneration payable shall be subject to the limits of Section II of Part II of Schedule XIII to the Companies Act, 1956, or any statutory modification thereof

3. Information about Shri. Anil D. Biyani:

Shri Anil D. Biyani, aged 46 years is a BBA from the Cornell University, USA and has a rich and wide experience of 27 years in the textile industry. Shri Anil D. Biyani has been instrumental in the setting up of Company's unit and is associated with the Company since its inception. As the key member in devising and implementing corporate growth strategy for Damodar, Shri Anil D. Biyani is also its marketing head. The Company, through his association has been able to achieve all round growth and prosperity during the good times as well as survive through the recessionary trends and overcome the rough tides.

4. Disclosure:

Except Shri Arun Kumar Biyani, Shri Ajay D. Biyani as Shri. Rajendra Prasad Khator, Shri Anil D. Biyani, no other Director shall be deemed to be concerned or interested in the resolution.

This resolution is being proposed to seek your consent under Section 269 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII of the said Act

The above should also be considered as an abstract of the terms of appointment of Shri Anil D. Biyani and Memorandum as to the nature of concern or interest of the Director in the said appointment, as required under Section 302 of the Companies Act, 1956.

By Order of the Board
For **Damodar Threads Limited**

Pramod Kumar Jain
Company Secretary

Dated: May 22, 2010

Place: Mumbai

DIRECTOR'S REPORT

To the Members,

Your Directors have pleasure in presenting the 22nd Annual Report on the Operations of the Company together with audited statement of accounts for the year ended 31st March, 2010.

I. FINANCIAL RESULTS

(Rs. in Lacs)

Particulars	2009-10	2008-09
Sales & Other Income	24273.82	20296.43
Profit before Depreciation & Tax	1401.38	1203.43
Depreciation	792.10	728.65
Profit before Tax	609.27	474.78
Provision for Taxation including Deferred Taxes	311.11	219.51
Prior year Tax Adjustments	0.76	10.53
Profit after Tax	297.40	244.74
Profit brought forward from previous year	758.04	618.02
Profit available for appropriation	1055.44	862.76
Appropriation		
Transfer to General Reserve	50.00	50.00
Proposed Dividend @ 10%	77.96	46.77
Corporate Dividend Tax	13.25	7.95
Profit carried to Balance Sheet	914.24	758.04

Your Company's performance has considerably improved during the Financial Year 2009-10. The sales have grown by 19 % from Rs. 202.96 cr to Rs. 242.73 cr. Profit before tax has grown by 28 % from Rs. 4.75 cr to Rs. 6.09 cr. Profit after Tax has grown by Rs. 21.22 % from Rs. 2.45 cr to Rs. 2.97 cr.

2. EXPORTS

Your Company's performance on export front has improved tremendously from the year 2007-08. The company has shown consistent growth every year and in the year 2009-10 the total export turnover has grown by 24.66 % from Rs. 121.16 crores in 2008-09 to Rs. 151.03 crores in 2009-10. Your Company has attracted new customers of international repute during the year. The Company's marketing, design and development teams participated in various international trade fairs to acquaint with the latest market trends and better understanding of the customers' requirement. The Company has developed a large design studio for fabric to boost the export sales of value added yarns by introducing new concepts. It is also making efforts to penetrate the new Customers and new International markets, including Brazil, Turkey, Egypt, and China etc.

3. DIVIDEND

Your Directors has recommend dividend on Equity Shares of the Company @ 10% (Rs. 1.00 per share) for the financial year ended 31st March, 2010. (Previous year 6% (Rs. 0.60/- per share).

4. EXPANSION

During the year, under review the company invested in construction of warehouse at Village Tambadi near to Dadra plant for storing of Cotton and other raw materials which is completed and operational. The company has also constructed staff colony near the warehouse for its staff and workers. The company has installed 4 Air Texturising Machines to increase production of value added yarns. Installation of these machines is complete and are operating at full capacity. The company has also installed 7 fancy twisting machines. These machines are operational at full capacity. During the financial year 2010-11 the company has planned capital Expenditure of about Rs. 20 crores, on completion of the Project turnover & profitability of the Company will further increase.



5. DIRECTORS

Shri Girdharlal S. Daga and Shri Ashok Kumar Damani shall retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offers themselves for re-appointment. The Board is pleased to recommend their re-appointment.

6. AUDITORS

M/s A. J. Baliya & Associates, Chartered Accountants, retires at the conclusion of the forthcoming annual general meeting and have given their consent for re-appointment.

7. AUDITORS REPORT

There are no specific observations in the Auditors Report requiring further comments under Section 217 (3) of the Companies Act, 1956.

8. FIXED DEPOSITS

Fixed Deposit with your company as at year-end were Rs. 72.85 lacs. None of these deposits has matured for payment and consequently there were no unclaimed deposits till the date of this report.

9. PARTICULARS OF EMPLOYEES

As required by the provisions of section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the annexure to the report.

10. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

The information pursuant to section 217(i)(e) of the Companies Act, 1956 read with the Companies (disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are annexed.

11. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 217(2AA) of the Companies (Amendment) Act, 2000, the Directors confirm that:

- i. in the preparation of the annual accounts, the applicable accounting standard had been followed.
- ii. appropriate accounting policies have been selected and applied consistently, and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state affairs of the Company as at March 31, 2010 and of the Profit for the year ended March 31, 2010.
- iii. proper and sufficient care has been taken 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.
- iv. the annual accounts have been prepared on a going concern basis.

12. CORPORATE GOVERNANCE

As required under the Listing Agreement with Bombay Stock Exchange Limited, a report on Corporate Governance is given in Annexure to this Report

13. ACKNOWLEDGEMENTS

The Board acknowledges with appreciation the efforts put in by its employees during the year under review. The Company is grateful to its customers and bankers for their support and understanding and the shareholders for their faith and confidence.

For and on behalf of the Board

ARUN KUMAR BIYANI
Chairman

Place: Mumbai
Date: May 22, 2010

ANNEXURE TO DIRECTORS' REPORT

Particulars pursuant to Companies (Disclosure in particulars in the Report of Board of Directors), Rules, 1988

CONSERVATION OF ENERGY

The nature of the Company's Operation entails a very High Level of Energy Consumption. However, adequate measures have been taken to conserve energy. Total energy consumption and energy consumption per unit of production:

	2009-10	2008-09
[A] Power and fuel consumption		
I. Electricity		
A) Purchased unit	25701550	20572516
Amount (Rs.'000)`	99018.78	75602.49
Rate/Unit (Rs.)	3.85	3.67
B) Own Generation		
i) Through Diesel Generator Unit	24280	19164
ii) Unit/Liter of Diesel Oil	4	4
iii) Fuel cost / unit (Rs.)	9.68	8.93
[B] Electricity units Consumption in		
Production of Yarn per KG. (Unit/Kg)	2.72	2.27

RESEARCH AND DEVELOPMENT

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

The Company is actively engaged in product up gradation design development.

b. Benefits derived as a result of the above R & D

Improved product designs resulted in higher value added products and better realisations.

c. Future plan of action

Emphasis on the above activities is the on going exercise.

d. Expenditure on R & D

Since the expenditure incurred on research and development activities were not substantial, no separate account for the same were being maintained.

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

Since the Company's products are being developed by an in-house R & D team, no further information under this head is required to be given.

FOREIGN EXCHANGE EARNINGS AND OUTGO

a. Initiatives taken to increase exports and exports plans

Your Company has been in constant touch with various customers around the world. We do hope that our regular follow up will result in order from other countries.

b. Development of new export markets for synthetic yarn.

Your Company is consistently exploring possibilities of exporting its products to new markets. This is an on going process.

c. Total Foreign Exchange Earnings and outgo (Rs. In Lacs)

Particulars	2009-10	2008-09
Foreign Exchange outgo (used)	424.98	430.18
Earned (FOB Value of Export goods)	13677.89	10899.97

**PARTICULARS OF EMPLOYEES**

Statement pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975

S. No.	Name	Designation	Total Remuneration	Qualification	Age (Years)	Experi-ence (Years)	Commen- cement of Employment	Service F.Y.
1.	Arun Kumar Biyani	Executive Chairman	3424349	B. Com.	54	33	09.02.1992	12 Months
2.	Ajay D. Biyani	Managing Director	2409360	B. Com.	48	28	05.06.1988	12 Months
3.	Anil D. Biyani	Executive Director	2409360	B.B.A.	46	27	28.03.1992	12 Months
4.	Sureshchandra Gattani	V P Finance	2400000	C.A	46	19	1.04.2009	12 Months

For and on behalf of the Board

Place: Mumbai
Date: May 22, 2010

ARUN KUMAR BIYANI
Chairman

Report on Corporate Governance

Corporate Governance is the system by which companies are directed, controlled and managed. The Corporate Governance structure specifies distribution of role and responsibilities among different participants in the organization, such as the Board, managers, shareholders and other stakeholders and spell's out rules and procedures for making decisions on corporate affairs. It also provides a mechanism through which the company objectives are set, the means to achieve these objectives are defined and the process of monitoring performance is delineated.

1. **Company's Philosophy on Code of Governance**

Damodar Threads Ltd. maintains an unwavering focus on adopting sound corporate governance standards and ethical business practices. The Company's philosophy on corporate governance stems from its belief that timely disclosure, transparent accounting policies, and a strong and independent board go a long way in maximizing corporate value. Your company believes that all actions and strategic plans should deliver value to all stakeholders, including shareholders as well as conform to the highest standard of corporate behavior. It was this conviction, which led Damodar Threads Limited to incorporate best of the Corporate Governance Practices.

2. **Board of Directors**

Composition of the Board

As on 31st March 2010, the Board of Damodar Threads Limited is comprised of 6 Directors of which three are Executive Directors and three are Independent Director. The Composition of the Board is in conformity with the Clause 49 of the Listing Agreement. The Board is primarily responsible for the overall management of the Company's Business. The Composition of the Board and other relevant details relating to the Directors are given below:

SL. No.	Name of Director	Nature of Directorship	Number of Directorship of other Public Companies	Number of Membership in Board Committees	Number of Chairmanship in Board Committees
1.	Shri Arun Kumar Biyani	Executive Chairman	Nil	1	Nil
2.	Shri Ajay D. Biyani	Managing Director	Nil	Nil	Nil
3.	Shri Anil D. Biyani	Executive Director	Nil	Nil	Nil
4.	Shri Girdharlal S. Daga	Independent Non-Executive Director	Nil	4	3
5.	Shri Rajendra Prasad Khator	Independent Non-Executive Director	Nil	3	1
6.	Shri Ashok Kumar Damani	Independent Non-Executive Director	Nil	3	Nil

Appointment/Re-appointment of Directors

Pursuant to the provisions of Sections 255 & 256 of the Companies Act, 1956, Shri. Girdharlal S. Daga and Shri Ashok Kumar Damani shall retire by rotation at the forthcoming Annual General Meeting as being eligible offers themselves for reappointment .

Brief Resume of Directors seeking reappointments

Shri Girdharlal S. Daga, aged 54 years, is a practicing Chartered Accountant and has about 30 years experience in the field of Finance and Taxation. His guidance has been and always will be, very helpful in the business of the Company.

Shri Ashok Kumar Damani, aged 52 years, has 31 years of experience in the Financial Market. He heads one of the major stock broking firms and has earned an enviable reputation for himself. Shri Damani is also on the Board of Mahtab Investment Pvt. Ltd., Priyanka Antibiotics Pvt. Ltd. and Lavolta Investment Pvt. Ltd. He brings to the Damodar Board, a judicious mix of entrepreneurial and professional skills.

Board Meetings and Annual General Meeting:

During the Financial year 2009-10, Seven Board Meetings were held on May 20, 2009, June 27, 2009, July 30, 2009,



September 15, 2009, October 30, 2009, January 29, 2010 and March 23, 2010. The details of attendance of Directors in Board Meetings and the previous Annual General Meeting are as follows:

Sl. No.	Name of the Directors	No. of Board Meeting Attended	Last AGM Attended
1.	Shri Arun Kumar Biyani	7	Yes
2.	Shri Ajay D. Biyani	7	Yes
3.	Shri Anil D. Biyani	7	Yes
4.	Shri Girdharlal S. Daga	7	Yes
5.	Shri Rajendra Prasad Khator	7	Yes
6.	Shri Ashok Kumar Damani	5	Yes

Code of Conduct

The Board has laid down a code of conduct for all Board members and senior management of the company.

The Company has obtained the confirmation of the Compliance with the Code from all its Board members and senior management personnel. As required by Clause 49 of the Listing Agreement, the declaration on compliance of the Company's code of conduct signed by Managing Director forms a part of this Annual Report.

3. Board Committees

For effective and efficient functioning of the Company the Board has formed the following Committees:

- Audit Committee
- Shareholders / Investors' Grievance Committee
- Remuneration Committee
- Selection Committee

Audit Committee

The Audit Committee consists wholly of Independent Directors having knowledge of Finance, Accounts and Company Law. At present, the committee comprises of the following independent Directors:

1. Shri Girdharlal S. Daga,
2. Shri Rajendra Prasad Khator; and
3. Shri Ashok Kumar Damani.

Shri Girdharlal S. Daga, Chartered Accountant, who has good financial and accounting knowledge, is the Chairman of the Committee.

During the year under review, the committee met Four times on June 27, 2009, July 30, 2009, October 30, 2009 and January 29, 2010. The details of attendance of the members are as follows:

Committee Members Attending the Meeting	Designation	No. of Meetings Attended
Shri Girdharlal S. Daga,	Chairman	4
Shri Rajendra Prasad Khator;	Member	4
Shri Ashok Kumar Damani.	Member	4

The terms of reference of the Audit Committee as defined by the Board are as under:

- i) Hold discussions with the auditors periodically about internal control systems, the scope of audit including the observations and review the quarterly, half-yearly and annual financial statements before submission to the Board and also ensure compliance of internal control systems.
- ii) Oversee of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

- iii) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and fixation of audit fees.
- iv) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- v) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - (a) 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.
 - (b) Changes, if any, in accounting policies and practices and reasons for the same.
 - (c) Major accounting entries involving estimates based on the exercise of judgment by management.
 - (d) Significant adjustments made in the financial statements arising out of audit findings.
 - (e) Compliance with listing and other legal requirements relating to financial statements.
 - (f) Disclosure of any related party transactions.
 - (g) Qualifications in the draft audit report.
- vi) Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- vii) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- viii) 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.
- ix) Discussion with internal auditors on any significant findings and follow up there on.
- x) 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.
- xi) 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.
- xii) 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.
- xiii) Review of information as prescribed under Clause 49 (II)(E) of the listing agreement.

Powers of the Audit Committee:

The Board has delegated the following powers to the Audit Committee:

- i) Investigating any activity within its terms of reference as above, or in relation to the items specified in Section 292A of the Companies Act, 1956, or as may be referred to it by the Board, from time to time and for this purpose, it shall have full access to information contained in the records of the Company and external professional advice, if necessary
- ii) Seek information from any employee.
- iii) Obtain outside legal or other professional advice, if necessary.
- iv) Secure attendance of outsiders with relevant expertise, if it considers necessary.

Shareholder's/Investor's Grievance Committee

The Shareholders'/Investors' Grievance Committee comprises of Shri Girdharlal S. Daga and Shri Arun Kumar Biyani, Directors of the Company. Shri Girdharlal S. Daga, Independent Non-Executive Director, is the Chairman of the Committee. The Committee looks into redressing of shareholders and investor complaints like transfer of shares, non-receipt of Balance sheet, non-receipt of declared dividend etc.

Mr. Pramod Kumar Jain, Company Secretary is the Compliance officer of the Company.



During the year 2009-10 the Company has received 3 complaints from shareholders / investors all of which were satisfactorily resolved. There were no complaints pending as at end of the year.

Remuneration Committee

The Remuneration Committee consists of three Independent Directors. The Committee comprises of Shri Rajendra Prasad Khator, Shri Girdharlal S. Daga and Shri Ashok Kumar Damani, all Independent Non Executive Directors of the Company. Shri Rajendra Prasad Khator is the Chairman of the Committee.

The remuneration Committee is primarily responsible for implementing the remuneration policy of the Company.

The Remuneration policy of the Company for managerial personnel is primarily based on the following: -

- to address the policy on remuneration packages for Executive Directors and their Service Contracts;
- to prepare performance link Remuneration package and retiral benefits;
- to Track record, potentials and performance of individual managers; and
- to prepare policy for training, development, job rotation and delegation as important tools for optimum utilization of available man power resources.
- to formalize guidelines for out sourcing skills and capabilities for new opportunities from the External competitive environment.

The Board of Directors decides on remuneration, if any, payable to non-executive Directors. The company is not paying any commission to its Non-Executive Directors.

There was no meeting of the Remuneration Committee held during the financial year 2009-10.

Selection Committee:

The Selection Committee consists of three Independent Directors, comprises of Shri Girdharlal S. Daga, Shri Rajendra Prasad Khator and Shri Ashok Kumar Damani, all Independent Non Executive Directors of the Company. Shri Girdharlal S. Daga is the Chairman of the Committee. The Committee would look into the matters relevant to the Selection of Employee. During the year one committee meeting held on 27th June 2009.

Directors' Remuneration & Sitting Fee

- a) The details of remuneration paid to Directors during the Financial Year 2009-10 as approved by the Board and shareholders:

(Amount in Rs.)

Sl. No.	Name of Directors	Salary	Contribution to Provident Fund	Perquisites & Allowances	Total
1.	Shri Arun Kumar Biyani	2400000	9360	1014989	3424349
2.	Shri Ajay D. Biyani	2400000	9360	-	2409360
3.	Shri Anil D. Biyani	2400000	9360	-	2409360
TOTAL		7200000	28080	1014989	8243069

- b) The Non-executive directors of the Company are entitled to sitting fees of Rs. 1,000/- for each meeting of Board of Directors attended. Details of payment for sitting fee during the year 2009-10 are as under:

(Amt. in Rs.)

Sl. No.	I. Name of Directors	Sitting fees
1.	Shri Girdharlal S. Daga	7000
2.	Shri Rajendra Prasad Khator	7000
3.	Shri Ashok Kumar Damani	5000

4. Disclosures

Related Party Transactions

The Company has entered into transaction with the related parties that may not have any potential conflict with the interests of the Company. The details of such transactions are already given in Para 11 to the notes of Accounts in Schedule P.

Compliances by the Company

During the financial year 2009-10, no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI for any matter. The Company has fairly complied with the requirements of the Stock Exchanges and SEBI.

5. Means of Communication

- Full annual report is sent to shareholders every year at their registered address.
- Company has been regularly sending quarterly/half-yearly/annual financial results to Stock Exchanges. These results are also sent to shareholders on request.
- The quarterly results are published regularly in an English Newspaper (Economic Times, Free press Journal) having circulation all over India and in a Marathi (Nav Shakti) Newspaper having circulation in Mumbai.
- The quarterly financial results and Annual Report are also sent to Financial Institutions/Analysts/Institutional Investors on demand.

6. Shareholder's Meetings

Details of the location of the last three Annual General Meetings and the details of the resolutions passed or to be passed by Postal Ballot.

a. Particulars of last three years Annual General Meetings

Year	Venue	Date	Time
2009	Maheshwari Bhawan, 603, Chira Bazar (J S Road), Mumbai – 400 002	12/09/2009	11.30 A.M.
2008	Maheshwari Bhawan, 603, Chira Bazar (J S Road), Mumbai – 400 002	09/09/2008	11.30 A.M.
2007	Maheshwari Bhawan, 603, Chira Bazar (J S Road), Mumbai – 400 002	31/08/2007	4.30 P.M.

b. Special Resolutions during previous three Annual General Meetings:

Financial Year	Particulars of Special Resolutions Passed
2006-07	- Right Issue of Share u/s 81(1) - Re-appointment of Shri Arun Kumar Biyani, Executive Chairman Shri Ajay D. Biyani, Managing Director and Shri Anil D. Biyani, Executive Director, u/s 198,269,309,310 & 311
2007-08	- Increase in Remuneration of Shri Aman A. Biyani
2008-09	- Increase in Remuneration of Shri Aman A. Biyani - Appointment of Shri Aditya A. Biyani - Increase the Borrowing Limit

7. General Shareholder Information

• **Annual General Meeting**

- Annual General meeting for the year 2010
- Date and time: Thursday, 26th August 2010 - at 4.30 P.M.
- Place: Maheshwari Bhawan, 603, Chira Bazar, (J S Road), Mumbai – 400 002



- **Financial Calendar**

The Company follows April-March as its financial year. The results for every quarter beginning from April are declared in the month following the quarter.

- **Dates of Book closure:** 19/07/2010 to 23/07/2010 (Both days inclusive)

- **Listing on Stock Exchange:**

The Equity Shares of the company are listed at Bombay Stock Exchange Limited, (BSE)

The Annual Listing Fee for the year 2010-2011 has been paid to the BSE.

- Scrip Code at the Bombay Stock Exchange Limited– **521220**

- **Market price data :**

Monthly high and low quotation of shares traded on Bombay Stock Exchange Limited during the Financial Year 2009-10:

Months	High (Rs.)	Low (Rs.)
April, 2009	22.80	15.75
May, 2009	27.85	21.50
June, 2009	29.50	22.70
July, 2009	24.05	19.10
August, 2009	24.65	19.90
September, 2009	26.50	22.10
October, 2009	26.25	22.00
November, 2009	25.40	20.30
December, 2009	27.30	21.10
January, 2010	38.00	24.10
February, 2010	36.35	24.05
March, 2010	34.75	24.00

Share Transfer System

A shareholder's request is normally attended and reply is sent in 10-15 days time and the certificates after transfer of shares are returned within one-month period except in the cases that are constrained for technical reasons. Shares are being transferred and demat option letter in their respect are dispatched within 15 days from the date of receipt, so long as the documents have been clear in all respects.

The Board of Directors has delegated the power of share transfer to the M/s Link Intime India Pvt. Ltd., Registrar and Share Transfer Agent of the Company. Share Transfer Agent attends to share transfer formalities once in a fortnight.

- **Address for Correspondence**

For any assistance regarding dematerialisation of shares, share transfers, transmissions, change of address, non-receipt of dividend or any other query relating to shares:

Link Intime India Pvt. Ltd.,
 C-13, Pannalal Silk Mills Compound,
 L.B.S. Marg, Bhandup (W), Mumbai – 400078.
 Tel. No.: 022-25946970 –78, Fax No. 022-25946969
 E-mail: rnt.helpdesk@linkintime.co.in
 Website: www.linkintime.com

- **Compulsory Dematerialised Trading**

As the shareholders are aware the Securities and Exchange Board of India (SEBI), has included equity shares of the company for compulsory dematerialised trading for all investors with effect from 24th July, 2000. The Company has already entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to enable members of the company to select the depository of their choice for

holding and dealing in shares in electronic form. The shareholders may also note that around 85.96% holding of the company has already been dematerialised. The shareholders are requested to make use of such facility for maximizing their convenience in the dealing of Company's shares. The ISIN (International Securities Identification Number) of the Company is INE 497D01014.

• **Distribution Of Shareholders**

Distribution of shareholding as on 31st March, 2010

Slab of shares	Number of Shareholders	Percentage of shareholders	Number of shares	Percentage of shareholding
1 -500	3417	88.3860	468982	6.0160
501 -1000	214	5.5350	161880	2.0770
1001 -2000	100	2.5870	144707	1.8560
2001 -3000	24	0.6210	61097	0.7840
3001 -4000	21	0.5430	74408	0.9540
4001 -5000	13	0.3360	60889	0.7810
5001 -10000	18	0.4660	122843	1.5760
Above 10000	59	1.5260	6700844	85.9560
	3866	100.0000	7795650	100.0000

Sl. No.	Category of Shareholders	No. of Shares held	Percentage of Shareholding
1	Promoters, Directors & Relatives	5279460	67.7231
2	Associate Body Corporates	486200	6.2368
3	Banks and Financial Institutions	700	0.0090
4	NRIs/OCBs	10918	0.1400
5	Private Corporate Bodies	369169	4.7356
6	Indian Public	1616393	20.7346
7	Clearing Members	32810	0.4209
TOTAL		7795650	100.000

- Plant Location : Survey No. 265/10/1,2,3
Demni Road, Village Dadra, Silvassa
Dadra & Nagar Haveli (U.T.) 396 230
Ph. 0260-3264788 Fax: 0260-2668929
- Outstanding GDRs / ADRs / Warrants or any Convertible Instruments conversion date and likely impact on equity:
The Company has not issued any GDRs / ADRs. There were no outstanding convertible warrants as on March 31, 2010.
- Compliance Officer: Mr. Pramod Kumar Jain
Ph: 0260-3264788 Fax: 0260-2668929
E-mail: cs@damodargroup.com

8. Other Disclosures

- a. The Company has complied with the non-mandatory requirements relating to remuneration Committee.
- b. The Company has not implemented the Whistle Blower Policy, which is a non-mandatory requirement under the code of the Corporate Governance.

For & on behalf of Board of Directors

Place: Mumbai
Date: 22nd May, 2010

Arun Kumar Biyani
Chairman



AUDITORS' CERTIFICATE

To the members of **DAMODAR THREADS LIMITED**

We have examined the compliance of the conditions of Corporate Governance by Damodar Threads Limited, for the year ended 31st March, 2010 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof, Adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of the opinion of the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that based on the report given by the Registrar of the Company to the Investors Grievance Committee as on 31st March, 2010 there were no investor grievance matters against the Company remaining unattended / pending for more than 30 days.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency of effectiveness with which the management has conducted the affairs of the Company.

For **A. J. BALIYA & ASSOCIATES**

Chartered Accountants

(CA. A. J. BALIYA)

Partner

FCA No. 35989

Place: Mumbai

Date: May 22, 2010

CEO's Declaration

I, Ajay D. Biyani, Managing Director of the Company do hereby declare that pursuant to the provisions of clause 49 (I)(D) of the Listing Agreement, all the members of the Board and the Senior Management Personnel of the company have furnished their affirmation of the compliance with the code of conduct of the Company.

Sd/-

Ajay D. Biyani
Managing Director

Place: Mumbai

Date: May 22, 2010

Management Discussions & Analysis:

Industry Structure & Development (Overview)

The Indian Textiles Industry has an overwhelming presence in the economic life of the country. Apart from providing one of the basic necessities of life, textiles industry also plays a pivotal role through its contribution to industrial output, employment generation, and the export earnings of the country. Currently, it contributes about 14% of industrial production, 4% to the GDP and 17 % to the country's export earnings. It provides direct employment to over 35 million people. The rapid expansion over the years has attracted the attention of the foreign firms and the industry is expected to benefit from foreign direct investment (FDI) of more than USD 7 billion by the year 2015. Thus, the growth and all round development of this industry has a direct bearing on the improvement of the economy of the nation.

Opportunities and threat, Risk & Concerns

In the current financial year the growth of textiles is expected to be better than the previous years. The recession across the globe is now receding, demand is picking up. Due to high cost of production in the developed nations most of the manufacturing operations are shifting to the developing nations. India being the second largest producer of cotton in the world will have a major share in export of textile products. Textile is the second largest employment generating industry in the country; therefore, the Government is continuously extending its support for the growth of this Industry. With the appreciation of the yuan, exports from China will become expensive. This will be a major factor in increasing of India's Export.

India has a lot of positive internal factors which can make it a world leader in textiles;

- a. Low Cost of labour
- b. Stable Political Climate, trade friendly economic laws, balanced and growing economy.
- c. Government priority for investment in power generation.

Discussion of Financial performance with respect to operational performance

Financial Highlights:

- Revenue from operations increased by 19.60 % from Rs. 202.96 crores. in 2008-09 to Rs. 242.74 crores. in year 2009-10.
- Profit before Tax increased by 28.21% from Rs. 4.75 crores to Rs.6.09 crores.
- Profit after Tax increased by 21.22% from Rs. 2.45 crores to Rs.2.97 crores.
- Basic Earning Per share (EPS) increased from Rs. 3.14 to Rs.3.81.

Outlook

Branding Initiative:

Damodar Threads is positioning itself as a world class supplier for fancy yarns. This tag line of Damodar '**Tomorrow's Creativity brought today**' signifies continuous development the company is taking to provide its customers unique products which will help them to create a new trend in the field of textiles. The company is taking part in various international trade fairs to create brand awareness. The company is also taking a number of steps for strong internal and domestic branding.

Future Plans:

The company is planning to upgrade its infrastructure for better efficiency and higher production to meet the increase in demand and for lowering of costs to increase profitability. The company is planning to increase its production in value added yarns by installing specialized machines. The company is also planning for forward integration by entering into knitting . Value addition will increase profitability of the company.

Internal control systems and their adequacy:

Damodar's internal control systems as well as procedures adequately commensurate with magnitude of its current business. The operating and business control procedures have been framed in order that they ensure efficient use of resources and comply with the procedures and regulatory requirements. The internal control system has been strengthened by implementation of ERP solution laying out well-documented guidelines, approval and authorization procedures.



Human Resources:

Over The Years Damodar has grown to a mid-sized corporate identity. Carrying along the values that are deeply inculcated by the visionaries, are followed and are reflected among the employees. Inter-preneurship in its true sense is the value addition one enjoys working in Damodar. Establishing new profit centers, growth in the human capital is immense.

Though the age – old values, respect and mutual trust are the prominent things, which are highlighted in Damodar style of working, change is always welcome. Innovative Human Resource practices of Employee Referrals, 360-degree feedback for Performance Appraisal, Employee Satisfaction Survey Activity monitoring are some of the measures the employees enjoy in Damodar. The essence of the employee – employer relationship is the personal touch, which every employee enjoys.

Quality Control Measures:

The Company follows strict quality parameters. The quality parameters are set as per the properties of the various yarns. The company has a world standard UT-5 laboratory where quality tests and check ups are done regularly.

Corporate Social Responsibility:

Damodar Threads is deeply committed to improve the quality of life of the communities that it operates in. Its strong sense of social responsibility is embedded in the company's values and actions.

For & on behalf of Board of Directors

Place: Mumbai

Arun Kumar Biyani

Date: 22nd May, 2010

Chairman

AUDITOR'S REPORT

To the Members of DAMODAR THREADS LTD

We have audited the attached Balance Sheet of Damodar Threads Limited as at March 31, 2010 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. 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 amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) On the basis of written representation received from the directors as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (vi) 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, 2010;
 - (b) In the case of Profit and 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 A.J. Baliya & Associates

Chartered Accountants

(C.A. A. J. BALIYA)

Partner

Membership No.FCA 35989

Place: Mumbai

Dated: 22nd May, 2010.



ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 2 of our report of even date]

- (1) In respect of fixed assets
 - (a) The Company has maintained proper records to showing full particulars including quantitative details and situation of fixed assets.
 - (b) As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (2) In respect of its inventories :
 - (a) As explained to us, inventories have been physically verified by the management at regular intervals during the year.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
- (3) In respect of loans accepted by the company from companies, firms or other parties covered in registrar maintained under Section 301 of the companies Act, 1956, according to the information and explanations given to us:
 - (a) The company has accepted unsecured loans from twenty parties repayable on demand. At year end aggregate outstanding balance of such loans was Rs. 4,66,34,386/- and the maximum amount outstanding during the year was Rs 6,85,82,929/-.
 - (b) The Company has not granted any loan during the year.
 - (c) In our opinion the rate of interest and other terms and conditions are prima facie not prejudicial to the interest of the company.
 - (d) The Company is regular in repaying the principal amounts of loan as stipulated and has been regular in payment of interest in respect of such loans.
 - (e) There is no overdue amount of loans taken as referred to in (a).
- (4) 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, fixed assets and also for the sale of goods. During the course of our audit, we have not observed any major weaknesses in internal control.
- (5)
 - (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that transactions that need to be entered into the register maintained under Section 301 of the Companies Act 1956, have been so entered.
 - (b) In our opinion and according to the information and explanations given to us, transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act 1956, and exceeding the value of five Lakhs rupees 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.
- (6) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of sections 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the rules framed there under with regard to the deposits accepted from the public. As per information given to us, no order under the aforesaid sections has been passed by the company Law Board or Reserve Bank of India or any court or any other tribunal, on the company.
- (7) In our opinion, the internal audit system of the Company is commensurate with its size and nature of its business.

- (8) To the best of our knowledge, the Central Government has prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956. In our opinion, prime facie, the prescribed accounts and records have been maintained. However, we are not required to and have not made examination of the records.
- (9) In respect of statutory dues:
- (a) According to the information and explanation given to us, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth Tax, Customs Duty, Excise Duty, Service Tax, Cess and other Statutory Dues have been regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2010 for a period of more than six months from the date of becoming payable.
- (b) According to the information and explanations given to us, there are no dues in respect of Income-Tax, Sales-Tax, Custom Duty, Wealth-Tax, Excise Duty, Service Tax or Cess outstanding on account of any dispute.
- (10) The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial year.
- (11) According to the information and explanations given to us and the records examined by us, the Company has not defaulted in repayment of dues to any financial institution or bank.
- (12) In our opinion and according and explanation given to us no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- (13) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
- (14) In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (15) According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from banks or financial institutions.
- (16) To the best of our knowledge and belief and according to the information and explanation given to us, in our opinion, term loans availed by the company were, prima facie, applied by the company during the year for the purposes for which the loans were obtained, other than amounts temporarily invested pending utilization of the funds for the intended use.
- (17) In our opinion and according to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long term investment and vice-versa.
- (18) The Company has not made any preferential allotment of shares during the year.
- (19) The Company has not issued any debentures during the year.
- (20) The Company has not raised any money by public issue during the year.
- (21) In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For A.J. Baliya & Associates

Chartered Accountants

(C.A. A.J. BALIYA)

Partner.

Membership No.FCA35989

Place : Mumbai

Dated : 22nd May, 2010.



BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	2009-10 Rs.	2008-09 Rs.
SOURCES OF FUNDS :			
SHAREHOLDERS' FUND :			
Share Capital	A	77,956,500	77,956,500
Reserves & Surplus	B	<u>255,792,437</u>	<u>235,172,508</u>
		333,748,937	313,129,008
LOAN FUNDS :			
Secured Loans	C	924,782,005	849,670,536
Unsecured Loans	D	<u>168,117,927</u>	<u>153,640,602</u>
		1,092,899,932	1,003,311,137
DEFERRED TAX LIABILITIES (Net)		63,905,500	43,194,126
	TOTAL	<u>1,490,554,369</u>	<u>1,359,634,271</u>
APPLICATION OF FUNDS :			
FIXED ASSETS :			
a) Gross Block	E	1,077,668,650	974,386,203
b) Less: Depreciation		<u>210,084,738</u>	<u>131,143,461</u>
c) Net Block		867,583,912	843,242,742
d) Capital Work-in-progress		-	33,042,266
INVESTMENTS	F	105,788	105,788
CURRENT ASSETS, LOANS & ADVANCES	G		
(a) Inventories		378,162,052	265,138,244
(b) Sundry Debtors		226,576,432	143,888,406
(c) Cash & Bank Balances		20,082,620	19,304,003
(d) Loans & Advances		<u>88,482,164</u>	<u>147,669,105</u>
		713,303,268	575,999,758
Less : CURRENT LIABILITIES & PROVISIONS	H		
(a) Current Liabilities		79,531,088	90,176,788
(b) Provisions		<u>12,421,899</u>	<u>5,472,312</u>
		91,952,987	95,649,100
		621,350,281	480,350,658
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted) Expenditure on Increase of Share Capital/ Right issue			
		1,514,388	2,892,817
TOTAL		<u>1,490,554,369</u>	<u>1,359,634,271</u>
NOTES ON ACCOUNTS	P		

As per our report of even date
For **A.J.BALIYA & ASSOCIATES**
Chartered Accountants

For and On behalf of the Board

(CA A. J. Baliya)
Partner
Membership No. FCA 35989

(Arunkumar Biyani)
Chairman

(Ajay D. Biyani)
Managing Director

PLACE : MUMBAI
DATED : 22ND MAY 2010

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

	Schedule	2009-10 Rs.	2008-09 Rs.
INCOME :			
<u>Sales</u>			
Domestic Sales		915,509,386	816,266,215
Export Sales and Incentives		1,510,309,686	1,211,568,447
		<u>2,425,819,072</u>	<u>2,027,834,662</u>
Other Income	I	1,562,874	1,808,661
		<u>2,427,381,946</u>	<u>2,029,643,323</u>
EXPENDITURE :			
Materials Cost	J	1,833,433,553	1,510,332,545
Manufacturing Expenses	K	159,229,696	117,829,329
Employees Remuneration	L	75,077,024	55,236,011
Administrative Expenses	M	35,066,583	37,013,644
Selling & Distribution Expenses	N	88,526,423	96,424,396
Interest	O	95,910,726	92,464,126
Depreciation	E	79,210,470	72,864,990
		<u>2,366,454,475</u>	<u>1,982,165,041</u>
PROFIT FOR THE YEAR		60,927,471	47,478,282
Less: Provision For Tax			
Current Provision		10,400,000	5,379,000
Fringe Benefit Tax		-	500,000
Deferred Tax		20,711,374	16,072,168
PROFIT AFTER TAX		29,816,097	25,527,114
Less: Prior Years Tax Adjustments		75,645	1,053,355
		<u>29,740,452</u>	<u>24,473,759</u>
Balance brought forward		75,803,857	61,802,410
BALANCE AVAILABLE FOR APPROPRIATION		105,544,308	86,276,169
Appropriation			
Proposed Dividend		7,795,650	4,677,390
Tax On Dividend		1,324,871	794,922
Transfer to General Reserve		5,000,000	5,000,000
Balance Carried to Balance Sheet		91,423,787	75,803,857
		<u>105,544,308</u>	<u>86,276,169</u>

NOTES ON ACCOUNTS

As per our report of even date
For A.J.BALIYA & ASSOCIATES
 Chartered Accountants

(CA A. J. Baliya)
 Partner
 Membership No. FCA 35989

PLACE : MUMBAI
 DATED: 22ND MAY 2010

P

For and On behalf of the Board

(Arunkumar Biyani)
 Chairman

(Ajay D. Biyani)
 Managing Director

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH , 2010**

	2009-10 Rs.	2008-09 Rs.
<u>SCHEDULE - A</u>		
SHARE CAPITAL		
Authorised :		
150,00,000 Equity Shares of Rs. 10/- each	<u>150,000,000</u>	<u>150,000,000</u>
Issued, Subscribed & Paid-up :		
77,95,650 Equity Shares of		
Rs. 10/- each fully paid up (Of the above 4,00,000 Equity Shares were allotted as fully paid-up Bonus shares by capitalisation of balance in Profit & Loss Account)	77,956,500	77,956,500
	<u>77,956,500</u>	<u>77,956,500</u>
<u>SCHEDULE - B</u>		
RESERVES & SURPLUS :		
General Reserve	30,000,000	25,000,000
Add: Transfer	<u>5,000,000</u>	<u>5,000,000</u>
	35,000,000	30,000,000
Share Premium	129,368,650	129,368,650
Balance in Profit & Loss Account	91,423,787	75,803,858
	<u>255,792,437</u>	<u>235,172,508</u>
<u>SCHEDULE - C</u>		
SECURED LOANS :		
Working Capital Loan from Bank of Baroda (Secured by hypothecation of Stocks, Debtors & personal guarantees of three Directors)	157,628,878	122,792,577
Working Capital Loan from State Bank of India (Secured by hypothecation of Stocks, Debtors & personal guarantees of three Directors)	221,246,359	201,487,964
Term Loan from Bank of Baroda (Secured by hypothecation of Fixed Assets , & personal guarantees of three Directors)	290,868,151	260,000,000
Term Loan from State Bank of India (Secured by hypothecation of Fixed Assets , & personal guarantees of three Directors)	228,938,617	265,243,938
Term Loan from Union Bank of India (Secured by hypothecation of Specific Machinery, & personal guarantees of three Directors)	26,100,000	-
Motor Car Loan From HDFC Bank Ltd. (Secured by Hypothecation of a Motor car)	-	146,057
	<u>924,782,005</u>	<u>849,670,536</u>
<u>SCHEDULE - D</u>		
UNSECURED LOANS :		
From Directors	44,814,300	44,800,983
Inter-Corporate	63,428,084	58,845,419
From Others	52,590,516	45,056,822
Fixed Deposit from Public	7,285,027	4,937,378
	<u>168,117,927</u>	<u>153,640,602</u>

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH , 2010

SCHEDULE - E

FIXED ASSETS

FIXED ASSETS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at 01/04/2009	Addition	Deduction	As at 31/03/2010	Up to 01/04/2009	For the Year	Deduction/ Adjustment	Up to 31/03/2010	As at 31/03/2010	As at 31/03/2009
FREEHOLD LAND	15,618,849	-	-	15,618,849	-	-	-	-	15,618,849	15,618,849
RESIDENTIAL FLATS	213,555	-	-	213,555	31,328	3,481	-	34,809	178,746	182,227
BUILDING	206,426,141	67,362,000	-	273,788,141	10,652,254	7,106,817	-	17,759,071	256,029,070	195,773,887
PLANT & MACHINERY	643,687,797	33,547,615	198,576	677,036,836	106,148,424	65,990,238	-	172,138,662	504,898,174	537,539,373
ELECTRICAL INST.	76,063,905	886,603	-	76,950,508	6,413,915	3,630,968	-	10,044,883	66,905,625	69,649,990
FURNITURE & FIXTURES	4,635,453	259,055	-	4,894,508	519,899	306,150	-	826,049	4,068,459	4,115,554
VEHICLES	5,868,047	735,354	374,464	6,228,937	2,605,532	558,016	269,193	2,894,355	3,334,582	3,262,515
AIR CONDITIONERS	1,253,269	-	-	1,253,269	269,554	59,530	-	329,084	924,185	983,715
GENERATORS	1,669,695	-	-	1,669,695	741,484	79,311	-	820,795	848,900	928,211
WEIGHING SCALE	502,704	14,249	-	516,953	60,173	24,168	-	84,341	432,612	442,531
OTHER EQUIPMENTS	14,060,973	360,151	-	14,421,124	1,984,492	676,453	-	2,660,945	11,760,179	12,076,481
COMPUTORS	4,385,815	690,460	-	5,076,275	1,716,406	775,338	-	2,491,744	2,584,531	2,669,409
Total	974,386,203	103,855,487	573,040	1,077,668,650	131,143,461	79,210,470	269,193	210,084,738	867,583,912	843,242,742
Previous Year	864,359,276	114,718,727	4,691,800	974,386,203	58,619,706	72,864,990	341,235	131,143,461	843,242,742	
Capital Work -in-Progress										33,042,266

2009-10

2008-09

Rs.

Rs.

SCHEDULE - F

NON-TRADE INVESTMENT (AT COST)

Quoted (fully paid-up)

*100 Equity Shares of Padmini Technologies Ltd. of Rs. 10/- each	18,458	18,458
*800 Equity Shares of Color Chip (I) Ltd. of Rs. 10/- each	41,284	41,284
*35 Equity Shares of DSQ Software Ltd. of Rs. 10/- each	36,747	36,747
40 Equity Shares of Penta Media Graphics Ltd. of Rs. 10/- each	8,299	8,299
	<u>104,788</u>	<u>104,788</u>

Unquoted (fully paid-up)

10 Equity Shares of Mogaveera C-op Bank Ltd. of Rs. 10/- each	1,000	1,000
Total	<u>105,788</u>	<u>105,788</u>
Aggregate Market Value of Quoted Investments	7,527	7,477

*Presently suspended by respective Stock Exchanges and market value taken at last traded price.

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH , 2010**

	2009-10 Rs.	2008-09 Rs.
SCHEDULE - G		
CURRENT ASSETS, LOANS & ADVANCES		
Current Assets :		
Inventories :		
(As per inventory taken, valued and Certified by Chairman & Managing Director)		
Raw Materials	197,979,847	91,606,660
Work in Process	60,421,214	51,951,335
Finished Goods	113,429,058	112,290,266
Packing Materials	2,096,773	3,910,140
Stores & Spares	4,235,160	5,379,843
	<u>378,162,052</u>	<u>265,138,244</u>
Sundry Debtors :		
(Unsecured, considered good)		
Outstanding for a period Exceeding six months	5,147,268	14,494,878
Others	221,429,164	92,659,301
Due from Companies in which Director is director or Member		
Outstanding for a period Exceeding six months	-	-
Others	-	36,734,227
	<u>226,576,432</u>	<u>143,888,406</u>
Cash & Bank Balances :		
Cash on hand	804,852	897,634
Balances with Scheduled banks : in current account	717,668	1,427,203
In Unpaid Dividend Accounts	862,090	586,526
In fixed deposits including accrued interest	17,698,010	16,392,640
	<u>20,082,620</u>	<u>19,304,003</u>
Loans and Advances :		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received including incentive and duty refundable	66,864,773	59,762,902
Advances to Suppliers	16,186,792	82,258,101
Deposits	2,646,095	2,863,154
Advance Income Tax(Net of Provision)	2,784,504	2,784,948
	<u>88,482,164</u>	<u>147,669,105</u>
SCHEDULE - H		
CURRENT LIABILITIES & PROVISIONS		
Current Liabilities :		
Sundry Creditors :		
For Goods	40,087,819	38,847,060
For Expenses	24,680,966	16,970,516
Other Liabilities	13,900,213	33,772,687
Unpaid Dividend	862,090	586,526
	<u>79,531,088</u>	<u>90,176,788</u>
PROVISIONS		
Proposed Dividend	7,795,650	4,677,390
Tax on Dividend	1,324,871	794,922
Income Tax	3,301,378	-
	<u>12,421,899</u>	<u>5,472,312</u>

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	2009-10 Rs.	2008-09 Rs.
<u>SCHEDULE - I</u>		
OTHER INCOMES :		
Commission	1,562,824	1,808,661
Dividend	50	-
	<u>1,562,874</u>	<u>1,808,661</u>
<u>SCHEDULE - J</u>		
MATERIALS COST :		
Raw Material Consumption :		
Opening Stock	91,606,660	77,318,557
ADD: Purchases	1,080,032,619	883,898,649
	<u>1,171,639,279</u>	<u>961,217,206</u>
LESS: Closing Stock	<u>197,979,847</u>	<u>91,606,660</u>
	973,659,432	869,610,546
Purchases for Trading	869,382,792	709,121,990
Opening Stock of :		
Work-In-Process	51,951,335	45,234,571
Finished Goods	112,290,266	50,607,039
	<u>164,241,601</u>	<u>95,841,610</u>
Less : Closing Stock		
Work-In-Process	60,421,214	51,951,335
Finished Goods	113,429,058	112,290,266
	<u>173,850,272</u>	<u>164,241,601</u>
	(9,608,671)	(68,399,991)
	<u>1,833,433,553</u>	<u>1,510,332,545</u>
<u>SCHEDULE - K</u>		
MANUFACTURING EXPENSES :		
Stores & Spares	23,361,864	13,138,208
Packing Materials	23,040,198	19,011,618
Power & Fuel	99,253,677	75,159,616
Repairs & Maintenance :		
Building	179,868	145,060
Plant & Machinery	1,046,548	1,030,086
Others	<u>2,054,010</u>	<u>1,400,094</u>
	3,280,426	2,575,240
Factory Rent	-	242,000
Job Work Charges	<u>10,293,531</u>	<u>7,702,647</u>
	<u>159,229,696</u>	<u>117,829,329</u>
<u>SCHEDULE - L</u>		
EMPLOYEES' REMUNERATION :		
Salaries, Wages , Bonus & allowances	68,620,950	49,424,196
Staff Welfare & Perquisites	2,006,318	2,112,034
Contribution to Provident Fund	1,143,345	729,595
Gratuity	246,511	6,000
House Rent	3,059,900	2,964,186
	<u>75,077,024</u>	<u>55,236,011</u>



SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	2009-10	2008-09
	Rs.	Rs.
<u>SCHEDULE - M</u>		
ADMINISTRATIVE EXPENSES :		
Directors Remuneration	7,200,000	7,200,000
Directors House Rent/ Allowances	1,000,000	1,200,000
Directors Medical Allowances	14,989	11,477
Electricity Charges	1,192,825	953,503
Insurance	4,225,358	5,385,227
Postage & Telephone	2,855,637	3,315,935
Printing & Stationery	1,226,489	1,252,565
Professional & consultancy Charges	1,656,161	2,003,203
Advertisement	166,882	181,372
*Bank Charges & Commission	7,424,225	8,016,247
Rent, Rates & Taxes	1,442,383	1,185,325
Sundry Expenses	747,053	282,249
Travelling & Conveyance	2,904,901	3,218,835
Vehicles Expenses	2,223,517	1,421,717
Loss on sale of fixed assets	25,271	451,367
Listing Fees	49,763	31,422
Directors Sitting Fees	23,000	20,000
Auditors Remuneration :		
Audit Fees	75,000	75,000
Tax Audit	15,000	15,000
	<u>90,000</u>	<u>90,000</u>
Miscellaneous expenditure written off	598,129	793,200
	<u>35,066,583</u>	<u>37,013,644</u>

*including export collection charges and LC advising fees

SCHEDULE - N

SELLING & DISTRIBUTION EXPENSES :

Sales Promotion	218,350	381,314
Brokerage & Commission	27,675,464	18,668,821
Sample Expenses	1,122,435	748,139
Freight, Forwarding & Transport	59,510,174	76,626,122
	<u>88,526,423</u>	<u>96,424,396</u>

SCHEDULE - O

INTEREST :

Bank (Net)	83,830,389	82,825,146
Others (Net)	12,080,337	9,638,980
	<u>95,910,726</u>	<u>92,464,126</u>

SCHEDULE -P 2009-10

NOTES ON ACCOUNTS

1) Significant Accounting Policies:

i) **Basis of Accounting :**

All Income and expenditure items having a material bearing on the financial statements are recognised on accrual basis, except the items in respect of which it is not possible to ascertain with reasonable accuracy the quantum thereof.

ii) **Fixed Assets :**

(i) All fixed assets are valued at cost less depreciation. Pre-operative expenses including trial run expenses (net of revenue) are capitalised. Interest on borrowings and financing costs during the period of construction is added to cost of fixed assets.

(ii) Impairment loss, if any is recognised in the year in which impairment takes place.

iii) **Depreciation :**

Depreciation on Fixed Assets is provided on Straight Line method at the rate and in the manner specified under Schedule XIV of the companies Act, 1956.

iv) **Investments :**

Investments are stated at cost. Dividend is accounted for when received.

v) **Inventories :**

Inventories are valued at the lower of cost or net realisable value.

vi) **Miscellaneous Expenditure :**

Expenses are being written off in equal installments over a period of five financial years.

vii) **Gratuity /Retirement Benefits**

(i) Gratuity liability is accounted as per the actuarial contribution demanded by Life Insurance Corporation of India.

(ii) Leave encashment is accounted for on the basis of accumulated leave to the credit of employees at the year end.

viii) **Sales :**

Sales includes interest from debtors, export incentive, claims, sale of wastage, job work charges but net of sales discount and sales returns.

ix) **Deferred Tax**

Deferred Tax is accounted for by computing the the tax effect of timing differences which arise during the year and reverse in subsequent periods.

Deferred Tax Assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future.

x) **Transaction in Foreign Currency**

Transaction in foreign currency are recorded at the rate of exchange in force on the respective date of such transactions. Foreign currency transaction remain unsettled as at the end of the year are translated at the year end /contracted rates. Exchange difference on repayment/conversion/translation are adjusted to

(i) Carrying cost of fixed assets, if foreign currency liability relates to fixed assets.

(ii) the Profit & Loss account in other cases.

2) Contingent Liabilities

Counter Gurantees given to Banks	Rs. 23,704,600
Letter of Credit/Bill Discounting with Banks	Rs. 242,164,202

3) There was no amount due to small scale industrial undertaking at the close of the year. This disclosure is based on the document/information available to the Company regarding their status of the small scale undertakings.



4) Licensed, Installed Capacities & Actual Production :

(As certified by the management)

Class of Goods	Units of Measure	Licensed Capacity		Installed Capacity		Actual Production	
		31/03/2010	31/03/2009	31/03/2010	31/03/2009	31/03/2010	31/03/2009
Yarn	Kgs.	N.A.	N.A.	Not Ascertainable	Not Ascertainable	9,450,670	9,053,427
Job Work(Yarn)	Kgs.	N.A.	N.A.	Not Ascertainable	Not Ascertainable	3,561	100,840
Fabrics	Mtr.	N.A.	N.A.	Not Ascertainable	Not Ascertainable	-	-
Job Work (Fabric)	Mtr.	N.A.	N.A.	Not Ascertainable	Not Ascertainable	-	-

2009-10

2008-09

5) **Opening Stock :**

		Qty.	Rs.	Qty.	Rs.
Yarn	Kgs.	1,055,484	112,290,266	344,956	50,607,039
Fabrics	Mtr.	-	-	-	-
Yarn (Trading)	Kgs.	-	-	-	-
Packing Material		Not Ascertainable	3,910,140	Not Ascertainable	1,082,050
Store & Spares		Not Ascertainable	5,379,843	Not Ascertainable	4,594,220

6) **Closing Stock :**

Yarn	Kgs.	822,938	113,429,058	1,055,484	112,290,266
Fabrics	Mtr.	-	-	-	-
Yarn (Trading)	Kgs.	-	-	-	-
Packing Material		Not Ascertainable	2,096,773	Not Ascertainable	3,910,140
Store & Spares		Not Ascertainable	4,235,160	Not Ascertainable	5,379,843

7) **Sales :**

Yarn	Kgs.	9,683,216	1,440,676,587	8,342,898	1,161,779,035
Job Work(Yarn)		3,561	37,455	100,840	1,356,153
Fabric(Trading)	Mts.	-	-	246,468	19,006,554
Yarn(Trading)	Kgs.	6,874,604	941,124,674	6,281,991	760,193,637
Others			34,547,518		52,279,460
Foreign Exchange Rate Difference			9,432,838		33,219,823
Total			2,425,819,072		2,027,834,662

8) **Purchases for Trading**

Yarn	Kgs.	6,874,604	869,382,792	6,281,991	688,691,066
Fabric	Mts.	-	-	252,185	20,430,924
Total			869,382,792		709,121,990

9) **Raw Material, Stores & Spare Parts etc. consumed :**

		%	Quantity	Rs.	%	Quantity	Rs.
Indigenous		kgs.	kgs.				
Yarn & Fibre		45	4,820,748	569,580,881	28	2,646,026	367,024,341
Raw Cotton		52	5,580,192	373,967,684	67	6,322,742	439,607,065
Total (A)		97	10,400,940	943,548,565	95	8,968,768	806,631,406
Imported							
Yarn & Fibre		3	299,459	30,110,867	5	500,742	62,979,140
Raw Cotton		-	-	-	-	-	-
Total (B)		3	299,459	30,110,867	5	500,742	62,979,140
Total (A) + (B)		100	10,700,399	973,659,432	100	9,469,510	869,610,546
		%			%		

Stores & Spares	Indigenous	92	Not Ascertainable	21,432,325	100	Not Ascertainable	13,138,208
	Imported	8	Not Ascertainable	1,929,539	-	Not Ascertainable	-
Total		100		23,361,864	100		13,138,208
Packing Materials	Indigenous		Not Ascertainable	23,040,198		Not Ascertainable	19,011,618

10) The Company is engaged in manufacturing and sale of Textile Products, which is the only reportable segment.

11) Related Party Disclosures

Key Managerial Personnel :

Name Designation

- a. Shri Arun Kumar Biyani Chairman & Director
- b. Shri Ajay D. Biyani Managing Director
- c. Shri Anil D. Biyani Whole - Time Director

Associates & Relatives :

- a. M/s. Damodar Overseas - Associates k. Mrs. Kanta Biyani - Relatives
- b. M/s. Aman Industries - Associates l. Mr. Aman Biyani - Relatives
- c. M/s. Samm Silk Mills - Associates o. Mr. Akshay Biyani - Relatives
- d. M/s. Panna Yarns Pvt. Ltd. - Associates p. Mrs. Manju Biyani - Relatives
- e. M/s. Shri Damodar Yarn Manufacturing Pvt.Ltd. - Associates q. Mrs. Sanju Biyani - Relatives
- f. Ajay Biyani HUF - Associates r. Risha Biyani - Relatives
- g. Arun Kumar Biyani HUF - Associates s. M/s. CSS Mercantiles Pvt. Ltd. - Associates
- h. M/s. Suam Overseas Pvt. Ltd. - Associates

Disclosure of transactions between the Company and related parties and the status of outstanding balances as on 31st March ,2010.

	Associates & Relatives		Key Management Personnel		Total (Amt. In Rs.)	
	As of March 31		As of March 31		As of March 31	
	2,010	2,009	2,010	2,009	2,010	2,009
Unsecured Loans /share capital fund	1,820,086	1,217,684	44,814,300	44,800,983	46,634,386	46,018,667
Sundry Debtors ,Loans & Advances	6,387,543	37,193,239	-	-	6,387,543	37,193,239
Current Liabilities	-	-				
Sundry Creditors	343,824	3,053,113	-	-	343,824	3,053,113
Income	-	-				
Sales	74,530,436	141,078,456	-	-	74,530,436	141,078,456
Expenditure	-	-				
a) Purchase (including Job work)	211,178,384	280,775,601	-	-	211,178,384	280,775,601
b) Interest on Loan	134,897	2,554,162	1,415,464	1,142,799	1,550,361	3,696,961
c) Directors Remuneration	-	-	7,200,000	7,200,000	7,200,000	7,200,000
d) Directors House Rent/ Allowance	-	-	1,000,000	1,200,000	1,000,000	1,200,000
e) Directors Medical Allowance	-	-	14,989	11,477	14,989	11,477



f) Employees Remuneration	1,140,000	540,000	-	-	1,140,000	540,000
g) Rent {Net}	270,000	387,000	105,000	-	375,000	387,000

12) Deferred Tax Liabilities(net)		Deferred tax liability/asset as at 01/04/2009	Current year charge/(credit)	Deferred tax liability/asset as at 31/03/2010
		Rs.	Rs.	Rs.
Deferred tax liabilities				
i) Depreciation		61,775,758	7,205,550	68,981,308
	(A)	61,775,758	7,205,550	68,981,308
Deferred tax assets				
i) Unabsorbed Depreciation		18,581,632	(13,505,824)	5,075,808
	(B)	18,581,632	(13,505,824)	5,075,808
Deferred tax liability (net)	(A) - (B)	43,194,126	20,711,374	63,905,500

The impact of Deferred Tax Liability(Net) of Rs. 2,07,11,374/- for the year ended 31.3.2010 has been debited to Profit and Loss Account.

	(in Rs.)	(in Rs.)
	2009-10	2008-09
13) Remuneration to Directors		
Salary	7,200,000	5,550,000
Medical Allowances	14,989	13,720
House Rent /Allowances	1,000,000	1,175,000
14) FOB Value Of Exports		
Yarn	1,367,788,704	934,595,896
15) C I F Value of Imports		
Yarn	28,075,813	69,599,140
Plant & Machinery	12,492,178	99,268,413
Stores & Spares	1,929,539	-
16) Expenditure In Foreign Currency		
Travelling	539,891	366,318
Commission	18,621,720	3,472,349
17) Earning Per Share :	2009-10	2008-09
Basic	3.82	3.14
Diluted	3.82	3.14

18) As the market value of quoted investment fluctuates regularly the diminution in the value of investments has not been considered of the permanent nature and hence no provision of the same amounting to Rs.98,261/- (Previous Year -98,311/-) has been made in the accounts.

19) Balance in respect of Unsecured loans. Sundry Creditors, Sundry Debtors and Loans & Advances are subject to confirmation by respective parties.

20) Comparative figures for previous year have been regrouped / rearranged wherever necessary.

21) Additional informaton as required under Part IV of Schedule VI to the Companies Act, 1956.

Balance Sheet Abstract and Company General Business Profiles :

I. Registration Details :

Registration No.	L17110MH1987PLC045575
State Code	011
Balance Sheet Date	31/03/2010

II. Capital Raised during the year	(Amt.in Rs.Thousand)	
Public Issue		Nil
Rights Issue (including Share Premium)		Nil
Bonus Issue		Nil
Private Placement (Promotor)		Nil
III. Position of Mobilisation and Development of Funds :		(Amt.in Rs.Thousand)
Total Liabilities		1,582,507
Total Assets		1,582,507
Sources of Funds :		
Paid up capital including Share application money		77,956.50
Reserves & Surplus		255,792.44
Secured Loans		924,782.01
Unsecured Loans		168,117.93
Deferred Tax Liabilities		63,905.50
Application of Funds :		
Net Fixed Assets		867,583.91
Capital Work in Progress		-
Investments		105.79
Net Current Assets		621,350.28
Miscellaneous Expenditure		1,514.39
IV. Performance of Company		(Amt.in Thousand)
Turnover (Gross Revenue)		2,427,382
Total Expenditure		2,366,454
Profit Before Tax		60,927
Profit After Tax		29,740
Earning per Shares (Rs.)		3.82
V. Generic Terms of Three Principal Products/Services of Company		
(As per monetary terms)		
Item Code No. : (ITC Code)		540,233
Product Description	Multiple folded fancy yarn ,Cotton yarn and fabrics.	

Signatories to Schedules A to P

As per our report of even date

For A.J.BALIYA & ASSOCIATES
Chartered Accountants

(CA A. J. Baliya)
Partner
M.No. FCA 35989

For and On Behalf of the Board

(Arunkumar Biyani) Chairman	(Ajay D. Biyani) Managing Director
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PLACE : MUMBAI
DATED : 22nd MAY 2010



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH , 2010

	Rs.	2009-10 Rs.	Rs.	2008-09 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Tax & Extra-ordinary Items		60,927,471		47,478,283
Adjustment for :				
Depreciation	79,210,470		72,864,990	
Interest	95,910,726		92,464,126	
Profit/(loss) On Sale Of Fixed Assets	25,271		451,367	
Profit on sale of Investments	-		-	
Share Issue Expenses Written off	598,129		793,200	
		<u>175,744,596</u>		<u>166,573,683</u>
Operating Profit Before Working Capital Changes		236,672,067		214,051,966
Adjustment for :				
Trade & Other Receivable	(23,501,529)		17,349,214	
Inventories	(113,023,808)		(86,301,807)	
Trade Payable	(10,921,265)		(19,791,805)	
		<u>(147,446,602)</u>		<u>(88,744,398)</u>
Cash generated from Operations		89,225,465		125,307,568
Interest paid		(95,910,726)		(92,464,126)
Direct Tax paid(net)		(7,098,180)		(6,029,599)
Cash flow before Extra-Ordinary Items		<u>(13,783,441)</u>		<u>26,813,843</u>
Prior Years Tax Adjustments		75,645		1,053,355
Net Cash from Operating Activities A		(13,859,086)		25,760,488
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchases of Fixed Assets including Capital Work-in-Progress	(70,614,645)		(141,593,816)	
Sale of Fixed Assets	80,000		628,000	
(Purchase)/Sale of Investments	-		-	
Net Cash used in Investing Activities B		(70,534,645)		(140,965,816)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Borrowings & Fixed deposits	89,588,795		35,443,548	
Dividend	(4,401,826)		(4,500,387)	
Proceeds from Right Issue	-		46,999,500	
Share Application Fund	-		(72,834,877)	
Share Premium	-		117,498,750	
Expenditure on increase of share capital/Right issue	780,300		(1,582,007)	
Tax on Dividend	(794,922)		(789,171)	
Net Cash used in Financing Activities C		85,172,347		120,235,356
Net increase in cash and cash equivalents (A+B+C)		778,616		5,030,028
Opening Balance of Cash & Cash Equivalents		19,304,004		14,273,976
Closing Balance of Cash & Cash Equivalents		20,082,620		19,304,004

() indicates 'minus'

For and On behalf of the Board

(Arunkumar Biyani)

Chairman

(Ajay D. Biyani)

Managing Director

AUDITORS' CERTIFICATE

TO

The Board of Directors

M/s Damodar Threads Limited ,

A-1/202 ,Centre Point,

M.M. Joshi Marg ,Lower Parel (E), Mumbai - 400 013

We have examined the attached Cash Flow statement of Damodar Threads Limited for the year ended 31st March, 2010.

The Statement has been prepared by the Company in accordance with the requirements of the Clause 32 of Listing Agreement with the Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the company covered by our report of even date to the members of the Company.

For A.J.BALIYA & ASSOCIATES

Chartered Accountants

(CA A. J. Baliya)

Partner

M.No. FCA 35989

PLACE : MUMBAI

DATED : 22 nd MAY 2010