



**DAMODAR  
THREADS LIMITED**



**"Tomorrow's Creativity  
Brought Today"**



**24th Annual Report  
2011-12**


**5 YEAR SNAP SHOT:**

(Rs. in Cr.)

	2011-12	2010-11	2009-10	2008-09	2007-08
<b>Turnover</b>	392.40	384.74	242.58	202.78	175.28
<b>Total Income</b>	393.02	385.21	242.74	202.96	176.84
<b>Total Expenses</b>	357.85	353.13	219.13	181.69	162.47
<b>PBDIT</b>	35.17	32.08	23.6	21.27	14.36
<b>Interest</b>	17.62	14.56	9.59	9.25	5.45
<b>PBDT</b>	17.55	17.52	14.01	12.02	8.91
<b>Depreciation</b>	8.98	8.67	7.92	7.28	3.97
<b>PBT</b>	8.57	8.85	6.09	4.74	3.94
<b>Tax</b>	2.63	0.65	3.11	2.19	2.26
<b>PAT</b>	5.94	8.20	2.98	2.55	2.68
<b>Earning Per Share ( EPS)</b>	6.67	9.22	3.81	3.14	8.64
<b>Equity Share Capital</b>	8.9	8.9	7.8	7.8	3.1
<b>Dividend ( % )</b>	16	15	10	6	15

**Important Communication to Members**

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their e-mail addresses to the Company or its Registrar and Share Transfer Agents (RTA).

You are requested to send an e-mail to [cs@damodargroup.com](mailto:cs@damodargroup.com) for register your e-mail ID with Name of 1st registered shareholder, Folio/DP ID & Client ID.

On registration, all the communication will be sent to the e-mail ID registered in the Folio/DP ID & Client ID.

**Board of Directors**

Shri Arun Kumar 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  
E-mail: damodardadra@gmail.com  
Website: www.damodargroup.com

**Plant Location**

1. Survey No. 265/10/1, 2 & 3  
Demni Road, Dadra Village,  
D. & N.H. (U.T.) – 396230  
Ph.: 0260-3264788, Fax: 0260-2668929
2. Survey No. 288/1/1  
Old Dena Bank Road, Dadra Village,  
D. & N.H. (U.T.) – 396230  
Ph.: 0260-3294102
3. Plot No. 165/67/68, Dabhel Ind. Co.Op.Soc.  
Dabhel, Nani Daman - 396210

**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,  
No. 022-25946969  
E-mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)  
Website: [www.linkintime.com](http://www.linkintime.com)

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## **NOTICE FOR CONVENING THE ANNUAL GENERAL MEETING**

NOTICE is hereby given that the 24th Annual General Meeting of the Members of **Damodar Threads Limited** will be held on Saturday, 25th August, 2012 at 11.30 A.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, 2012 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 a dividend.
3. To appoint a Director in place of Shri Arunkumar Biyani, who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Rajendra Prasad Khator, who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
5. To appoint M/s. A. J. Baliya & Associates, Chartered Accountants as Statutory Auditors of the company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

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

**Place:** Mumbai  
**Dated:** May 30, 2012

**Pramod Kumar Jain**  
Company Secretary

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### **NOTES**

1. **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.**
2. The Share Transfer Books and Register of members of the Company will remain closed from Monday 16th July, 2012 to Friday 20th July, 2012 (both days inclusive).
3. 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.
4. 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.



5. 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.
6. Members holding shares in physical form are requested to notify immediately any change in their address and Bank particulars to the Company or its Registrar and Share Transfer Agents (RTA) 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/ RTA, without any delay.
7. 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.
8. 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 Registrar and Share Transfer Agents by quoting their respective Folio Numbers.

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

**Place:** Mumbai  
**Dated:** May 30, 2012

**Pramod Kumar Jain**  
Company Secretary



## DIRECTORS` REPORT

### To the Members ,

Your Directors have pleasure in presenting the 24th Annual Report on the Operations of the Company together with audited statement of accounts for the year ended 31st March, 2012.

### 1. FINANCIAL RESULTS

(Rs. in Lacs)

Particulars	2011-12	2010-11
Sales & Other Income	39301.98	38521.13
Profit before Depreciation & Tax	1755.62	1752.44
Depreciation	898.75	867.34
<b>Profit before Tax</b>	<b>856.87</b>	<b>885.10</b>
Provision for Taxation including Deferred Taxes	261.56	279.54
Prior year Tax Adjustments	1.74	(214.93)
<b>Profit after Tax</b>	<b>593.57</b>	<b>820.49</b>
Profit brought forward from previous year	1429.56	914.24
Profit available for appropriation	<b>2023.13</b>	<b>1734.73</b>
<b>Appropriation</b>		
Transfer to General Reserve	50.00	150.00
Proposed Dividend @ 16%	142.41	133.51
Corporate Dividend Tax	23.10	21.66
Profit carried to Balance Sheet	1807.62	1429.56

### 2. EXPORTS

The Export Sales of your company have fallen this year. The export sales have dropped by 21 % to Rs 189.80 Crores from Rs. 241.04 Crores. The Recession in the US, Europe continues to affect the demand. Apart from this safeguard measures have been taken by countries like Turkey, Egypt etc by imposing anti dumping duty on Indian origin goods to protect their local industry. 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, South Korea, Indonesia and China etc.

### 3. DIVIDEND

Your Directors has recommend dividend on Equity Shares of the Company @ 16% (Rs. 1.60/- per share) for the financial year ended 31st March, 2012. (Previous year 15% (Rs. 1.50/- per share).

### 4. DIRECTORS

Shri Arunkumar Biyani and Shri Rajendra Prasad Khator 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.

### 5. 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.

**6. AUDITORS REPORT**

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

**7. FIXED DEPOSITS**

Fixed Deposit with your company as at year-end were Rs. 236.93 Lacs. None of these deposits has matured for payment and consequently there were no unclaimed deposits till the date of this report.

**8. PARTICULARS OF EMPLOYEES**

None of the employees of the Company has received remuneration exceeding the limits prescribed under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Amendment Rules, 2011.

**9. 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.

**10. 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, 2012 and of the Profit for the year ended March 31, 2012.
- 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.

**11. 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

**12. 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

Place: Mumbai  
Dated: May 30, 2012

**ARUN KUMAR BIYANI**  
Chairman

**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:

	2011-12	2010-11
[A] Power and fuel consumption		
1. Electricity		
A) Purchased unit	29277240	31098340
Amount (Rs.'000) `	122626.97	98863.13
Rate/Unit (Rs.)	4.19	3.18
B) Own Generation		
i) Through Diesel Generator Unit	37060	42416
ii) Unit/Liter of Diesel Oil	4	4
iii) Fuel cost / unit (Rs.)	10.72	10.20
[B] Electricity units Consumption in Production of Yarn per KG. (Unit/Kg)	2.37	2.44

**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 constantly promoting new products and developing new customers around the world . It is also taking part in various trade fairs to develop export business .

**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	2011-12	2010-11
Foreign Exchange outgo (used)	965.94	707.31
Earned (FOB Value of Export goods)	17613.91	22822.27

Place: Mumbai

Dated: May 30, 2012

For and on behalf of the Board  
**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 the distribution of the role and responsibilities among different participants in the organization, such as the Board, managers, shareholders and other stakeholders and spells 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 2012, 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 Arun Kumar Biyani and Shri Rajendra Prasad Khator shall retire by rotation at the forthcoming Annual General Meeting.

#### Brief Resume of Directors seeking re-appointments

Shri Arun Kumar Biyani, aged 56 years, is a Commerce graduate and having experience around 35 years in the textile industry. Shri Arun Kumar Biyani is the key person in driving the company's growth. The company has vastly gained from his deep knowledge in finance. He is the Chairman of the Company.

Shri Rajendra Prasad Khator, aged 72 years, is a B.A. (Hons.) in Economics, having 53 years experience of various industries. He was the President of Bombay Oxygen Corporation Limited, Mumbai since 1985 and Joint



Managing Director for 5 years from 25th September, 1998. He was President of All India Gases Manufacturers' Association (AIGMA) for the year 1989-90 and 2002-03 and 2004-2006. Shri Khator is a Member of Power Committee of Federation of Indian Chambers of Commerce and Industry.

**Board Meetings and Annual General Meeting:**

During the Financial year 2011-12, Six Board Meetings were held on May 30, 2011, August 8, 2011, August 27, 2011, November 7, 2011, February 4, 2012 and March 28, 2012. 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	6	Yes
2.	Shri Ajay D. Biyani	6	Yes
3.	Shri Anil D. Biyani	6	Yes
4.	Shri Girdharlal S. Daga	6	Yes
5.	Shri Rajendra Prasad Khator	6	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 May 30, 2011, August 8, 2011, November 7, 2011 and February 4, 2012. 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) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- iii) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- 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 the 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 2011-12 the Company has received 10 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 2011-12.

**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.

There was no meeting of the selection committee held during the financial year 2011-12.

**Directors' Remuneration & Sitting Fee**

- a) The details of remuneration paid to Directors during the Financial Year 2011-12 as approved by the Board and shareholders:

Sl. No.	Name of Directors	Salary	Contribution to Provident Fund	Perquisites & Allowances	Total
1.	Shri Arun Kumar Biyani	3000000	9360	13000	3022360
2.	Shri Ajay D. Biyani	3000000	9360	-	3009360
3.	Shri Anil D. Biyani	3000000	9360	-	3009360
<b>TOTAL</b>		<b>9000000</b>	<b>28080</b>	<b>13000</b>	<b>9041020</b>



- 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 2011-12 are as under:

(Amt. in Rs.)

Sl. No.	Name of Directors	Sitting fees
1.	Shri Girdharlal S. Daga	6000
2.	Shri Rajendra Prasad Khator	6000
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 Note No. 30 of Financial Statement.

**Compliances by the Company**

During the financial year 2011-12, 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 regularly.
- Company has been regularly sending quarterly / half - yearly/annual financial results to Stock Exchanges. These results are also sent to those 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
2011	Maheshwari Bhawan, 603, Chira Bazar (J S Road), Mumbai – 400 002	27/08/2011	11.30 A.M.
2010	Maheshwari Bhawan, 603, Chira Bazar (J S Road), Mumbai – 400 002	26/08/2010	4.30 P.M.
2009	Maheshwari Bhawan, 603, Chira Bazar (J S Road), Mumbai – 400 002	12/09/2009	11.30 A.M.

- b. Special Resolutions during previous three Annual General Meetings:

Financial Year	Particulars of Special Resolutions Passed
2008-09	- Increase in Remuneration of Shri Aman A. Biyani - Appointment of Shri Aditya A. Biyani - Increase the Borrowing Limit
2009-10	- Re-appointment of Shri Arunkumar Biyani, Executive Chairman - Re-appointment of Shri Ajay D. Biyani, Managing Director - Re-appointment of Shri Anil D. Biyani, Executive Director u/s 198, 269,309,310 & 311
2010-11	- Commencement of business as specified in clause 34 & 51 in the other objects of the Memorandum of Association of the company.

**7. General Shareholder Information****• Annual General Meeting**

- Annual General meeting for the year 2012
- Date and time: Saturday, 25th August, 2012 - at 11.30 A.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: 16/07/2012 to 20/07/2012 (Both days inclusive)

**• Listing on Stock Exchange:**

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

The Annual Listing Fee for the year 2012-2013 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 2011-12:

Months	High (Rs.)	Low (Rs.)
April, 2011	45.25	38.00
May, 2011	41.80	34.55
June, 2011	41.95	33.00
July, 2011	42.00	34.05
August, 2011	40.50	31.00
September, 2011	43.80	31.55
October, 2011	41.20	35.25
November, 2011	41.25	31.65
December, 2011	39.75	32.70
January, 2012	38.20	30.35
February, 2012	38.20	32.40
March, 2012	40.00	30.40

**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 Compund,  
 L.B.S. Marg, Bhandup (W), Mumbai – 400078.  
 Tel. No.: 022-25946970 –78, Fax No. 022-25946969  
 E-mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)  
 Website: [www.linkintime.com](http://www.linkintime.com)

• **Compulsory Dematerialized Trading**

As the shareholders are aware the Securities and Exchange Board of India (SEBI), has included equity shares of the company for compulsory dematerialized 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 94.47% holding of the company has already been dematerialized. 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, 2012

Slab of shares	Number of Shareholders	Percentage of shareholders	Number of shares	Percentage of shareholding
1 -500	3239	88.5460	431797	4.8510
501 -1000	174	4.7570	132575	1.4890
1001 -2000	103	2.8160	148437	1.6680
2001 -3000	24	0.6560	59175	0.6650
3001 -4000	19	0.5190	71182	0.8000
4001 -5000	13	0.3550	60225	0.6770
5001 -10000	27	0.7380	191831	2.1550
Above 10000	59	1.6130	7805428	87.6950
	<b>3658</b>	<b>100.0000</b>	<b>8900650</b>	<b>100.0000</b>

Shareholding Pattern as on 31st March, 2012

Sl. No.	Category of Shareholders	No. of Shares held	Percentage of Shareholding
1	Promoters, Directors & Relatives	5451020	61.2429
2	Associate Body Corporates	536200	6.0243
3	Banks and Financial Institutions	700	0.0079
4	NRIs/OCBs	19642	0.2206
5	Private Corporate Bodies	1067257	11.9908
6	Indian Public	1819139	20.4383
7	Clearing Members	6692	0.0752
<b>Total</b>		<b>8900650</b>	<b>100.000</b>



- **Plant Location**

1. 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
2. Survey No. 288/1/1  
Old Dena Bank Road, Dadra Village,  
D. & N.H. (U.T.) – 396230  
Ph.: 0260-3294102
3. Plot No. 165/67/68,  
Dabhel Ind. Co.-Op. Soc.  
Dabhel, Nani Daman (U.T.)- 396210  
Ph.: 0260-3253356

- **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, 2012.

- **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 and on behalf of the Board

**Place:** Mumbai  
**Dated:** May 30, 2012

**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, 2012 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, 2012 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  
**Dated:** May 30, 2012

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## **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  
**Dated:** May 30, 2012



## Management Discussions & Analysis

### **Industry Structure & Development (Overview)**

India Textile Industry is one of the leading textile industries in the world. Though was predominantly unorganized industry even a few years back, but the scenario started changing after the economic liberalization of Indian economy in 1991. The opening up of economy gave the much-needed thrust to the Indian textile industry, which has now successfully become one of the largest in the world.

India textile industry largely depends upon the textile manufacturing and export. It also plays a major role in the economy of the country. India earns about 27% of its total foreign exchange through textile exports. Further, the textile industry of India also contributes nearly 14% of the total industrial production of the country. It also contributes around 4% to the GDP of the country. India textile industry is also the largest in the country in terms of employment generation. It not only generates jobs in its own industry, but also opens up scopes for the other ancillary sectors. India textile industry currently generates employment to more than 35 million people.

Production of raw cotton grew to 32.5 million bales in FY11 from 28 million bales in FY07, while production of man-made fibre rose to 1,281 million kgs in FY11 from 1139 million kgs in FY07. Production of yarn grew to 6,233 million kgs in FY11 from 5,183 million kgs in FY07.

India has the potential to increase its textile and apparel share in the world trade from the current level of 4.5 per cent to 8 per cent and reach US\$ 80 billion by 2020.

### **Opportunities and threat, Risk & Concerns**

#### **Economic Development**

The Indian Textile Industry continues to go through a difficult phase due to poor international demand and protection policies implemented by importing nations. Local demand for textile products continues to slow down due to high inflation and economic slowdown. However with the closure of many textile units in the international market and high cost of labour in countries like China, Europe, Turkey – India spinning industry has very good growth opportunities.

#### **Cotton Scenario- India**

India's cotton output is likely to dip by two million bales to 32.3 million in the 2012-13 marketing year (August-July) as farmers are likely to switch to better-priced alternative crops amid unclear cotton export policy. India, the world's second biggest cotton grower, had produced a record 34.25 million bales in the 2011-12 marketing year. Cotton production is forecast to decrease by two million bales to 32.3 million bales as the area is expected to drop by 10 per cent, But the domestic cotton consumption is expected to increase to 26 million bales in 2012-13, from 25.3 million bales in 2011-12. However, India's exportable cotton supply would be only six million bales in 2012-13 as against 11.75 million bales this year, given an expected drop in production and higher domestic demand.

#### **Cotton Scenario- Global**

Global 2012/13 production is forecast to decline 6 percent from the preceding year to 115.3 million bales. The revised forecast reflects a 1.4-million-bale reduction from the previous month due to expectations that Australia, Argentina, and Brazil will reduce area (and thus production) in response to the continuing decline in world cotton prices.

Australia and Brazil are forecast to produce 4.25 million bales and 7.0 million bales in 2012/13, respectively, a decline of 10 percent and 23 percent from the previous year. Area harvested in 2012/13 is expected to decline 18 percent to 475,000 hectares in Australia, while Brazil's area is forecast to contract 23 percent to 1.1 million hectares.

China and India are forecast to produce 30.5 million bales and 25.0 million bales, respectively, down 9 percent and 6 percent from the previous year. Pakistan's 2012/13 crop is forecast to decline 6 percent from a year earlier to 10 million bales.

The United States is the only major producer where the 2012/13 crop (17 million bales) is expected to increase (9



percent) from the preceding year, the result of last season's devastating drought. Global harvested area is forecast at 33.7 million hectares, down 6 percent from the previous year, while yield is forecast at 746 kg/ha, similar to 2011/12.

**Yarn outlook**

In line with cotton prices, cotton yarn prices also continued to remain high. This decrease was in fact less than the increase in cotton prices due to short supply in the system where the pipeline of yarn stocks was at very low levels and also due to closure of many mills. Cotton yarn prices touched a high of \$6.50/kg. To look at this in perspective, the average of the last 20 years was around \$3/kg, with \$4.5/kg being the previous all time high in cotton yarn prices. These prices have since corrected and touched around 4.00 USD / KG. Global yarn prices have stabilized and are in line with the cotton prices. With the production facilities of spinning shifting to Asian economies, we anticipate a good demand of yarns in export market from India. This demand will help the Indian Spinners to achieve better realization in sales.

**Discussion of Financial performance with respect to operational performance****Financial Highlights:**

- Revenue from operations increased from Rs. 384.74 crores approx. in 2010-11 to Rs. 392.40 crores approx. in year 2011-12.
- Profit before Tax decreased from Rs. 8.85 crores to Rs. 8.57 crores.
- Profit after Tax decreased from Rs. 8.20 crores to Rs 5.94 crores.
- Basic Earning Per share (EPS) decreased from Rs. 9.22 to Rs 6.67

**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 the 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. Damodar Threads has diversified into Shirting and Suiting Fabric business and is promoting the same under the name brand name of 'Scafati'

**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 costs to increase profitability. The company is already under process of installing 10,416 Spindles at Silvassa for which Term Loan has scansion by Bank. The company has planned capital expansion in the field of technical textiles and Fast Moving Consumer Goods (FMCG) to be manufactured from input of Cow products.

**Internal control systems and their adequacy:**

Damodar's internal control systems as well as procedures adequately commensurate with the 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 and on behalf of the Board

**Place:** Mumbai  
**Dated:** May 30, 2012

**ARUN KUMAR BIYANI**  
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, 2012 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 representations received from the directors as on March 31, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 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, 2012;
    - (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

**(CA. A. J. BALIYA)**  
Partner

Membership No.FCA 35989

Place: Mumbai

Dated: May 30, 2012



**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 sixteen parties repayable on demand. At year end aggregate outstanding balance of such loans was Rs. 12,81,956/- and the maximum amount outstanding during the year was Rs 4,48,62,914/-.
  - (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, 2012 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) During the year Company has not made any preferential allotment to parties and companies covered in the Register maintained under section 301 of the Companies Act.
- (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

**Place:** Mumbai  
**Dated:** May 30, 2012

**(CA. A. J. BALIYA)**  
Partner  
Membership No.FCA 35989





**BALANCE SHEET AS AT 31ST MARCH, 2012**

	<b>Note No.</b>	<b>As at 31-03-2012 Rs.</b>	<b>As at 31-03-2011 Rs.</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Fund:</b>			
Share Capital	2	89,006,500	89,006,500
Reserves & Surplus	3	414,855,768	372,050,010
<b>Non-Current Liabilities</b>			
Long Term Borrowings	4	523,453,376	515,251,872
Deferred Tax Liabilities (Net)	11	68,974,179	71,615,962
		592,427,555	586,867,834
<b>Current Liabilities</b>			
Short Term Borrowings			
Trade Payables	5	443,298,073	494,751,344
Other Current Liabilities	6	61,474,041	66,748,604
Short Term Provisions	7	145,084,507	129,217,381
	8	20,979,129	19,683,101
		670,835,750	710,400,430
		<b>1,767,125,573</b>	<b>1,758,324,774</b>
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Fixed Assets	9		
Tangible Assets		769,166,378	833,688,961
Intangible Assets		517,412	336,043
Capital Work-in-Progress		2,548,556	-
		772,232,346	834,025,004
Non Current Investments	10	9,299	9,299
Long Term Loans and Advances	12	13,259,721	22,964,718
		13,269,020	22,974,017
<b>Current Assets</b>			
Inventories	14	497,220,445	408,531,650
Trade Receivables	15	379,760,444	368,820,405
Cash and Bank Balances	16	23,663,127	54,003,301
Short Term Loans and Advances	12	80,481,473	69,000,020
Other Current Assets	13	498,718	970,377
		981,624,207	901,325,753
		<b>1,767,125,573</b>	<b>1,758,324,774</b>

Significant Accounting Policies

1

Other Notes on accounts from Nos 2 to 38 are an integral part of the Financial Statements

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: 30th MAY 2012

**For and On behalf of the Board of Directors**

**(Arunkumar Biyani)**

Chairman

**(Ajay D. Biyani)**

Managing Director

**(Pramod Kumar Jain)**

Company Secretary

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012**

	Note No.	31-03-2012 Rs.	31-03-2011 Rs.
<b>INCOME</b>			
Revenue from Operations (Gross)	17	3,924,003,455	3,847,422,011
Less: Excise Duty		-	-
Revenue from Operations (Net)		3,924,003,455	3,847,422,011
Other Income	18	6,194,996	4,690,792
<b>TOTAL</b>		<b>3,930,198,451</b>	<b>3,852,112,803</b>
<b>EXPENDITURE</b>			
Cost of Material and Components Consumed	19	1,993,242,813	1,789,760,588
Purchase of traded goods	20	1,153,714,766	1,281,502,702
(Increase)/Decrease in Inventories of Finished Goods Work-in-progress and Trade Goods	21	(51,699,002)	5,651,501
Employee Benefit Expenses	22	103,819,442	90,745,215
Finance Costs	23	176,180,306	145,621,147
Other Expenses	24	379,377,729	363,587,289
<b>TOTAL</b>		<b>3,754,636,054</b>	<b>3,676,868,442</b>
<b>Profit/(Loss) before Depreciation and Amortization</b>		<b>175,562,397</b>	<b>175,244,361</b>
Depreciation and Amortization Expenses	25	89,874,788	86,733,796
<b>Profit/(Loss) before Exceptional Items and Tax</b>		<b>85,687,609</b>	<b>88,510,565</b>
Less: Exceptional Items		-	-
<b>Profit/(Loss) before Tax</b>		<b>85,687,609</b>	<b>88,510,565</b>
Less: Tax Expenses			
Current Tax		28,797,747	20,243,867
Deferred Tax		(2,641,783)	7,710,462
Earlier years adjustments		174,238	(21,493,173)
		<b>59,357,407</b>	<b>82,049,409</b>
<b>Profit/(Loss) for the period</b>		<b>59,357,407</b>	<b>82,049,409</b>
Earnings per Equity Share (Nominal Value of share Rs. 10/-each )	26		
Basic		6.67	9.22
Diluted		6.67	9.22
Significant Accounting Policies	1		
Other Notes on accounts from Nos 2 to 38 are an integral part of the Financial Statements			

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: 30th MAY 2012

**For and On behalf of the Board of Directors****(Arunkumar Biyani)**

Chairman

**(Ajay D. Biyani)**

Managing Director

**(Pramod Kumar Jain)**

Company Secretary



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH , 2012**

	Rs.	2011-12 Rs.	Rs.	2010-11 Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit Before Tax & Extra-ordinary Items		85,687,609		88,510,565
Adjustment for :				
Depreciation and amortisation	89,874,788		86,733,796	
Interest	154,286,280		129,834,960	
(Profit)/loss On Sale of Fixed Assets	(928,455)		217,353	
Investments Written off	-		96,489	
		<u>243,232,613</u>		<u>216,882,598</u>
Operating Profit Before Working Capital Changes		328,920,222		305,393,163
Adjustment for :				
Trade & Other Receivable	(23,175,598)		(126,674,982)	
Inventories	(88,688,795)		(30,369,598)	
Trade Payable	(2,434,586)		(6,561,810)	
		<u>(114,298,979)</u>		<u>(163,606,390)</u>
Cash generated from Operations		214,621,243		141,786,773
Direct Tax paid(net)		<u>(19,460,783)</u>		<u>(19,981,498)</u>
Cash flow before Extra-Ordinary Items		195,160,460		121,805,275
Prior Years Tax Adjustments		(174,238)		-
Net Cash from Operating Activities           A		194,986,222		121,805,275
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>				
Purchases of Fixed Assets including Capital Work-in-Progress	(27,910,914)		(53,354,251)	
Sale of Fixed Assets	1,228,898		573,669	
Net Cash used in Investing Activities           B		(26,682,016)		(52,780,582)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from Borrowings & Fixed deposits	(28,919,650)		43,103,271	
Interest Paid	(154,286,280)		(129,834,960)	
Dividend	(13,272,588)		(7,754,804)	
Proceeds from Preference Issue	-		11,050,000	
Share Premium	-		49,725,000	
Expenditure on increase of share capital/Right issue	-		(67,648)	
Tax on Dividend	(2,165,862)		(1,324,871)	
Net Cash used in Financing Activities           C		(198,644,380)		(35,104,012)
Net increase in cash and cash equivalents (A+B+C)		(30,340,174)		33,920,681
Opening Balance of Cash & Cash Equivalents		54,003,301		20,082,620
Closing Balance of Cash & Cash Equivalents		23,663,127		54,003,301
() indicates 'minus'				

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: 30th MAY 2012

**For and On behalf of the Board of Directors**

**(Arunkumar Biyani)**  
 Chairman

**(Ajay D. Biyani)**  
 Managing Director

**(Prmod Kumar Jain)**  
 Company Secretary

**1 SIGNIFICANT ACCOUNTING POLICIES****A. Basis of Preparation of Financial Statements**

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rule, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

**B. Use of Estimates**

The preparation of Financial Statements in conformity with the Accounting Standards generally accepted in India requires, the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and reported amounts of revenues and expenses for the year. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

**C. Fixed Assets and Depreciation :**

- 1 Fixed Assets are stated at historical cost of acquisition / construction less accumulated depreciation and impairment loss. Cost [ Net of Input tax credit received / receivable ] includes related expenditure and pre-operative & project expenses for the period up to completion of construction / assets are put to use. The loss or gain on exchange rates on long term foreign currency loans attributable to fixed assets is adjusted to the cost of respective fixed assets.
- 2 Depreciation is provided on "straight line method" as per Section 205 (2) (b) of the Companies Act, 1956 at the rates prescribed in Schedule XIV thereto.
- 3 Depreciation on impaired assets is calculated on its residual value, if any, on a systematic basis over its remaining useful life.
- 4 Capitalised costs incurred towards purchase/development of software are amortised using straight line method.
- 5 Depreciation on additions / disposals of the fixed assets during the year is provided on pro-rata basis according to the period during which assets are put to use.

**D. Impairment of Assets :**

The Company, at each balance sheet date, assesses whether there is any indication of impairment of any asset and /or cash generating unit. If such indication exists, assets are impaired by comparing carrying amount of each asset and/ or cash generating unit to the recoverable amount being higher of the net selling price or value in use. Value in use is determined from the present value of the estimated future cash flows from the continuing use of the assets.

**E. Borrowing Costs :**

- 1 Borrowing costs that are directly attributable to the acquisition / constructions of a qualifying asset are capitalised as part of the cost of such assets, up to the date, the assets are ready for their intended use.
- 2 Other Borrowing costs are recognised as an expense in the period in which they are incurred.
- 3 Borrowing Costs also include Exchange differences arising from Foreign Currency borrowings to the extent that they are regarded as an adjustment to interest costs.

**F. Expenditure during the Construction Period :**

The expenditure incidental to the expansion / new projects are allocated to Fixed Assets in the year of commencement of the commercial production.

**F. Investments :**

Investments are stated at cost.

**G. Inventories :**

Raw Materials, Stores & Spare Parts, Packing Materials, Finished Goods, Trading Goods and Works-in-



Progress are valued at lower of cost and net realisable value.

#### **H Revenue Recognition :**

- 1 Revenue from Sale of goods is recognised when significant risks and rewards of ownership of the goods have been passed to the buyer.
- 2 Dividend income is accounted for when received.
- 3 Interest income is recognised on time proportionate method.
- 4 Revenue in respect of other income is recognised when no significant uncertainty as to its determination or realisation exists.

#### **I. Derivative Instruments and Hedge Accounting :**

The Company is exposed to foreign currency fluctuations on foreign currency assets, liabilities and forecasted cash flows denominated in foreign currency. The Company limits the effects of foreign exchange rates fluctuations by following established risk management policies, including use of derivatives. The company enters into forward, options & swap contracts where the counter parties are banks. Accordingly, losses in respect of all outstanding derivatives, contracts, other than options & swap contracts, at the year end by marking them to market are provided. However, out of prudence, the net gain, if any, on all such outstanding options & swap contracts is not accounted for.

#### **J. Taxes on Income :**

- 1 Tax expenses comprise of current and deferred tax.
- 2 Current tax is measured at the amount expected to be paid on the basis of reliefs and deductions available in accordance with the provisions of the Income Tax Act, 1961.
- 3 Deferred tax reflects the impact of current year timing differences between accounting and taxable income and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and laws that have been enacted or substantively enacted as of the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised and are reviewed at each balance sheet date.

#### **K. Miscellaneous Expenditure :**

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

#### **L. 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.

#### **M. 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.

#### **N. Provisions, Contingent Liabilities and Contingent Assets :**

Provision is recognised when the company has a present obligation as a result of past events and it is probable that the outflow of resources will be required to settle the obligation and in respect of which reliable estimates can be made. A disclosure for contingent liability is made when there is a possible obligation, that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision / disclosure is made. Contingent assets are not recognised in the financial statements. Provisions and contingencies are reviewed at each balance sheet date and adjusted to reflect the correct management estimates.

**Notes to Financial Statements for the year ended 31 March, 2012**

	<b>As at 31-03-2012</b>	<b>As at 31-03-2011</b>
<b>2. Share Capital</b>		
<b>Authorized Shares</b>		
15000000 (31 March 2011: 15000000) Equity Shares of Rs. 10/- each	<u>150,000,000</u>	<u>150,000,000</u>
	<b><u>150,000,000</u></b>	<b><u>150,000,000</u></b>
<b>Issued, Subscribed and fully paid up Shares</b>		
8900650 (31 March 2011: 8900650) Equity Shares of Rs. 10/- each	<u>89,006,500</u>	<u>89,006,500</u>
	<b><u>89,006,500</u></b>	<b><u>89,006,500</u></b>
<b>2.1 Reconciliation of the Shares outstanding at the beginning and at the end of the reporting period</b>	<b>31-03-2012</b>	<b>31-03-2011</b>
<b>Equity Shares:</b>	<b>Nos.</b>	<b>Nos.</b>
At the beginning of the period	8,900,650	7,795,650
Issued during the period - Preferential Basis		1,105,000
<b>Outstanding at the end of the period</b>	<b><u>8,900,650</u></b>	<b><u>8,900,650</u></b>

**2.2 Terms/Rights attached to equity shares:**

The company has only one class of equity share having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 31st March 2012, the amount of per share dividend recognized as distributions to equity shareholders was Rs. 1.6 (31st March 2011 - Rs.1.5)

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be proportion to the number of equity shares held by the shareholders.

**2.3 Details of shareholders holding more than 5% share in the company**

	<b>31-03-2012</b>		<b>31-03-2011</b>	
	<b>Nos.</b>	<b>% held</b>	<b>Nos.</b>	<b>% held</b>
<b>Equity Shares:</b>				
Equity shares of Rs. 10/- each fully paid				
<b>Name of Shareholder</b>				
Arunkumar Biyani - Director	1,000,000	11.24%	1,000,000	11.24%
Ajay D. Biyani - Director	1,210,000	13.59%	1,210,000	13.59%
Anil D. Biyani - Director	1,143,300	12.85%	1,143,300	12.85%

As per records of the company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.



**Notes to Financial Statements for the year ended 31 March, 2012**

	<u>31-03-2012</u>	<u>31-03-2011</u>
<b>3. Reserve and Surplus</b>		
<b>3.1 Securities premium account</b>		
Balance as per the last financial statements	179,093,650	129,368,650
Add: Premium on issue of Equity Shares	-	49,725,000
<b>Closing Balance</b>	<b><u>179,093,650</u></b>	<b><u>179,093,650</u></b>
<b>3.2 General Reserve</b>		
Balance as per the last financial statements	50,000,000	35,000,000
Add: Amount transferred from surplus balance in the statement of profit and loss	10,000,000	15,000,000
<b>Closing Balance</b>	<b><u>60,000,000</u></b>	<b><u>50,000,000</u></b>
<b>3.3 Surplus / (Deficit) in the statement of profit and loss</b>		
Balance as per the last financial statements	142,956,360	91,423,788
Profit for the year:	59,357,407	82,049,409
Less: Appropriations		
Proposed final equity dividend (Amount per share Rs.1.60/-)	14,241,040	13,350,975
Tax on proposed equity dividend	2,310,609	2,165,862
Transfer to general reserve	10,000,000	15,000,000
Total appropriations	<u>26,551,649</u>	<u>30,516,837</u>
Net surplus in the statement of profit and loss	<u>175,762,118</u>	<u>142,956,360</u>
<b>Total Reserves and Surplus</b>	<b><u>414,855,768</u></b>	<b><u>372,050,010</u></b>

**4. Long Term Borrowings**

	Non-Current Portion		Current Maturities	
	31-03-2012	31-03-2011	31-03-2012	31-03-2011
<b>Secured</b>				
Term Loans- from banks	257,891,740	338,939,214	136,110,384	122,035,786
	257,891,740	338,939,214	136,110,384	122,035,786
<b>Unsecured</b>				
Unsecured Loans *	246,090,011	163,665,068	-	-
Fixed Deposits from public	19,471,625	12,647,590	4,221,720	3,964,201
	265,561,636	176,312,658	4,221,720	3,964,201
<b>Net Amount</b>	<b>523,453,376</b>	<b>515,251,872</b>	<b>140,332,104</b>	<b>125,999,987</b>

\* as stated by Directors taken on long term basis

- 4.1 The Term Loans of Rs. 3923.80 lacs are secured by first pari pasu charge on land and building situated at dadra and nani tambadi, all the tangible movable machinery and plant together with spares tools and accessories and other movables, both present and future at dadra and personal guantees of three Directors. Term loan of Rs. 16.22 lacs are secured by hypothecation of vehicles.
- 4.2 Current maturities on long term borrowings are included under note no 7 in Other Current Liabilities

	<u>31-03-2012</u>	<u>31-03-2011</u>
<b>5. Short Term Borrowings</b>		
<b>Secured</b>		
Working Capital Loans from banks	443,298,073	494,751,344
	<b><u>443,298,073</u></b>	<b><u>494,751,344</u></b>

**Notes to Financial Statements for the year ended 31 March, 2012**

5.1 Working capital loans are secured by hypothecation of present and future stock of raw materials ,stock in process, finished goods,stores and spares,packing materials,book debts & personal gurantees of three directors.

**6. Trade payables**

	<b>Current</b>	
	<b>31-03-2012</b>	<b>31-03-2011</b>
Trade Payables*	61,474,041	66,748,604
	<b>61,474,041</b>	<b>66,748,604</b>

\*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.

**7. Other Current Liabilities:**

Current maturities of long term borrowings (Note No.4)	140,332,104	125,999,987
Unpaid Dividend	981,323	902,936
Others payables *	3,771,080	2,314,458
	<b>145,084,507</b>	<b>129,217,381</b>

\*Includes statutory dues

**8. Short Term Provisions****Provisions for employee benefits:**

Salary , Provident fund and other benefits	3,884,408	3,044,125
Gratuity (Funded)	543,072	
Income tax payable	-	1,122,139
Proposed Dividend	14,241,040	13,350,975
Tax on dividend	2,310,609	2,165,862
	<b>20,979,129</b>	<b>19,683,101</b>

**9. FIXED ASSETS**

Description	GROSS BLOCK			DEPRECIATION / AMORTIZATION				NET BLOCK		
	As at 01.04.2011	Additions	Disposals	As at 31.03.2012	As at 01.04.2011	For the year	Adjustment on Disposales	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
<b>TANGIBLE ASSETS- OWN ASSETS</b>										
Freehold Land	15,618,849			15,618,849	-	-	-	-	15,618,849	15,618,849
Residential Flats	213,555			213,555	38,290	3,481	-	41,771	171,784	175,265
Buildings	284,177,020			284,177,020	26,936,808	9,491,512	-	36,428,320	247,748,700	257,240,212
Plant and Machinery	713,739,311	17,389,005	15,648,318	715,479,998	242,653,204	73,121,033	15,648,318	300,125,919	415,354,079	471,086,107
Electrical Inst.	78,615,823	909,916		79,525,739	13,735,496	3,748,398	-	17,483,894	62,041,845	64,880,327
Furniture and Fixtures	4,677,103	1,562,108		6,239,211	1,013,292	322,826	-	1,336,118	4,903,093	3,663,811
Vehicles	7,993,935	1,999,916	493,000	9,500,851	3,586,632	771,200	192,557	4,165,275	5,335,576	4,407,303
Air Conditioners	1,701,282	332,409		2,033,691	399,992	87,535	-	487,527	1,546,164	1,301,290
Generators	1,669,695			1,669,695	900,106	79,311	-	979,417	690,278	769,589
Weighing Scale	564,353	57,304		621,657	110,330	27,926	-	138,256	483,401	454,023
Other Equipments	15,554,894	2,248,400		17,803,294	3,378,337	764,015	-	4,142,352	13,660,942	12,176,557
Computers	4,192,612	421,859		4,614,471	2,276,984	725,820	-	3,002,804	1,611,667	1,915,628
<b>TOTAL (A)</b>	<b>1,128,718,432</b>	<b>24,920,917</b>	<b>16,141,318</b>	<b>1,137,498,031</b>	<b>295,029,471</b>	<b>89,143,057</b>	<b>15,840,875</b>	<b>368,331,653</b>	<b>769,166,378</b>	<b>833,688,961</b>
<b>INTANGIBLE ASSETS</b>										
Computer Software	1,398,961	441,441		1,840,402	1,062,918	260,072	-	1,322,990	517,412	336,043
<b>TOTAL (B)</b>	<b>1,398,961</b>	<b>441,441</b>		<b>1,840,402</b>	<b>1,062,918</b>	<b>260,072</b>	<b>-</b>	<b>1,322,990</b>	<b>517,412</b>	<b>336,043</b>
<b>TOTAL (A+B)</b>	<b>1,130,117,393</b>	<b>25,362,358</b>	<b>16,141,318</b>	<b>1,139,338,433</b>	<b>296,092,389</b>	<b>89,403,129</b>	<b>15,840,875</b>	<b>369,654,643</b>	<b>769,683,790</b>	<b>834,025,004</b>
Previous Year `	1,077,668,650	53,363,251	914,508	1,130,117,393	210,084,738	86,122,137	114,846	296,092,389	<b>834,025,004</b>	
Capital Work-in-progress (plant and machinery under installation)									2,548,556	-





**Notes to Financial Statements for the year ended 31 March, 2012**

	<b>31-03-2012</b>	<b>31-03-2011</b>
<b>10. Non Current Investments</b>		
<b>10.1 Non-trade Investments</b> (valued at cost unless stated otherwise)		
Investment in Equity Instruments (Quoted)		
40 Equity shares of 10/- each fully paid up in Penta Media Graphics Ltd.	8,299	8,299
Investment in Equity Instruments (Unquoted)		
10 Equity shares of 10/- each fully paid up in Mogaveera Co-op. Bank Ltd.	1,000	1,000
	9,299	9,299
Aggregate market Value of Quoted Investments(in Rs.)	<b>44.00</b>	<b>56.00</b>
<b>10.2</b> 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.8,255/-(Previous Year - 8,243/-) has been made in the accounts.		
<b>11. Deferred Tax Liabilities (Net)</b>	<b>31-03-2012</b>	<b>31-03-2011</b>
Deferred Tax Liability		
Depreciation	69,219,012	71,615,962
Gross deferred tax liability	69,219,012	71,615,962
Deferred Tax Assets		
Provision for leave benefits	244,833	-
Gross deferred tax asset	244,833	-
<b>Net deferred tax liability</b>	<b>68,974,179</b>	<b>71,615,962</b>
<b>12. Loans and Advances</b>		
(Unsecured, considered good)		
	<b>Non-Current</b>	<b>Current</b>
	<b>31-03-2012</b>	<b>31-03-2011</b>
	<b>31-03-2012</b>	<b>31-03-2011</b>
Security Deposit	-	5,213,571
Advance Income Tax (Net of provision for taxation)	11,376,967	21,836,070
Prepaid Expenses		5,343,274
Loans to Employees	1,882,754	1,128,648
Balances with Statutory Government authorities		10,551,698
Advances to Suppliers		14,093,235
Others*		44,913,720
	<b>13,259,721</b>	<b>22,964,718</b>
	<b>31-03-2012</b>	<b>31-03-2011</b>
	<b>Non-Current</b>	<b>Current</b>
<b>13. Other Assets</b>		
<b>Unamortized Expenditure</b>	<b>31-03-2012</b>	<b>31-03-2011</b>
Expenditure on increase of share capital/right issue	-	-
	-	498,718
	-	970,377
	<b>498,718</b>	<b>970,377</b>

\* Includes incentive and duty refundable

**Notes to Financial Statements for the year ended 31 March, 2012**

	<b>As at 31-03-2012</b>	<b>As at 31-03-2011</b>
<b>14. Inventories</b> (valued at lower of cost and net realizablve value)		
Raw Materials	269,713,636	237,345,031
Work-in-progress	38,621,896	45,815,155
Finished Goods	178,812,090	122,383,616
Traded Goods	2,463,787	-
Stores and spares	5,160,076	2,147,688
Packing Material	2,448,960	840,160
	<b>497,220,445</b>	<b>408,531,650</b>
<b>15. Trade receivable</b> (Unsecured, Considered good unless stated otherwise)	<b>31-03-2012</b>	<b>31-03-2011</b>
Over Six Months	30,913,236	11,791,336
Others	348,847,208	357,029,069
Total	<b>379,760,444</b>	<b>368,820,405</b>
<b>16 Cash and Bank Balances</b>	<b>31-03-2012</b>	<b>31-03-2011</b>
<b>Cash and Cash equivalent</b> s		
Cash on hand	2,105,342	2,138,429
<b>Balance with banks:</b>		
On Current Accounts	1,731,104	34,546,520
On unpaid dividend account	981,323	902,936
Fixed deposits with banks*	18,845,358	16,415,416
Total	<b>23,663,127</b>	<b>54,003,301</b>

\* Fixed deposits with banks include deposits of Rs.14,762,759/- With maturity of more than 12 months as at 31.03.2012



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012**

	<b>31-03-2012</b>	<b>31-03-2011</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>17. Revenue from Operations</b>		
<b>17.1 Sale of products</b>		
Finished Goods	2,615,807,232	2,431,297,511
Traded Goods	1,308,196,223	1,416,124,500
<b>Revenue from Operations (Gross)</b>	<u>3,924,003,455</u>	<u>3,847,422,011</u>
<b>17.2 Particulars of Sale of Products</b>		
Yarn	3,862,985,267	3,847,422,011
Fabric	53,420,135	-
Others	7,598,053	-
<b>Total</b>	<u>3,924,003,455</u>	<u>3,847,422,011</u>
<b>18. Other Income</b>		1
18.1 Commission income	5,266,541	4,690,792
18.2 Profit on Sale of Fixed Assets	928,455	-
	<u>6,194,996</u>	<u>4,690,792</u>
<b>19. Cost of Raw Material and components consumed</b>	<b>31-03-2012</b>	<b>31-03-2011</b>
Inventory at the beginning of the year	237,345,031	197,979,847
Add: Purchases	2,025,611,418	1,829,125,772
	2,262,956,449	2,027,105,619
Less: Inventory at the end of the year	269,713,636	237,345,031
<b>Cost of raw material and components consumed</b>	<u><b>1,993,242,813</b></u>	<u><b>1,789,760,588</b></u>
<b>19.1 Particulars of Materials Consumed</b>		
Particulars		
Yarn and Fibre	1,164,045,304	1,064,482,032
Cotton	768,229,376	725,278,556
Grey Fabrics	60,968,133	-
	<u><b>1,993,242,813</b></u>	<u><b>1,789,760,588</b></u>
<b>19.2 Cost of Materials Consumed</b>	<b>% of</b>	<b>% of</b>
	<b>Consumption</b>	<b>Consumption</b>
	<b>2011-12</b>	<b>2010-10</b>
Imported	4.95	98,656,706
	4.16	74,473,071
Indigenous	95.05	1,894,586,107
	95.84	1,715,287,517
	<u>100.00</u>	<u>1,993,242,813</u>
	<u>100.00</u>	<u>1,789,760,588</u>
<b>20. Purchase of Traded Goods</b>		
Yarn	1,144,685,704	1,281,502,702
Others	9,029,062	-
	<u><b>1,153,714,766</b></u>	<u><b>1,281,502,702</b></u>

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012**

	<b>31-03-2012</b>	<b>31-03-2011</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>21. (Increase)/Decrease in Inventories</b>		
21.1 Details at the end of the year		
Traded Goods	2,463,787	-
Work-in-progress	38,621,896	45,815,155
Finished Goods	178,812,090	122,383,616
	<u>219,897,773</u>	<u>168,198,771</u>
21.2 <b>Details at the beginning of the year</b>		
Traded Goods	-	-
Work-in-progress	45,815,155	60,421,214
Finished Goods	122,383,616	113,429,058
	<u>168,198,771</u>	<u>173,850,272</u>
	<u>(51,699,002)</u>	<u>5,651,501</u>
	<b>31-03-2012</b>	<b>31-03-2011</b>
<b>22. Employee Benefit Expenses</b>		
Salaries, Wages and Bonus and other benefits	98,624,665	86,803,944
Contribution to Provident Fund	1,612,837	1,261,365
Gratuity Expenses	637,231	194,458
Staff Welfare Expenses	2,944,709	2,485,448
	<u>103,819,442</u>	<u>90,745,215</u>
<b>23. Finance Costs</b>		
Interest	154,286,280	129,834,960
Bank charges	10,619,838	15,786,187
Exchange difference to the extent considered as an adjustment to borrowing costs	11,274,188	-
	<u>176,180,306</u>	<u>145,621,147</u>
<b>24. Other Expenses</b>		
Consumption of Stores and spares	39,445,204	41,580,039
Consumption of Packing Material	29,949,370	28,998,908
Job Work Charges	21,164,136	6,190,311
Power and Fuel	122,367,075	100,738,036
Rent	14,026,492	7,687,100
Rates and Taxes	1,091,201	508,171
Insurance	5,032,708	4,470,558
Repairs and Maintenance		
Plant and Machinery	2,229,665	1,097,282
Buildings	2,413,705	1,474,573
Others	2,999,302	3,124,182
Legal and Professional fees	5,437,573	2,401,577
Directors' sitting fees	17,000	17,000



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2012**

	<b>31-03-2012</b>	<b>31-03-2011</b>
	<b>Rs.</b>	<b>Rs.</b>
Payment to auditor (Refer details below)*	90,000	90,000
Directors Remuneration	9,000,000	8,100,000
Bad debts / advances written off	650,000	184,682
Vehicle Expenses	3,445,458	3,706,923
Freight and forwarding charges	70,104,162	89,837,667
Advertising and Sales promotion	2,419,164	1,333,657
Sales commission	37,044,011	51,820,213
Travelling and Conveyance	4,204,123	5,111,261
Communication costs	3,354,207	2,892,633
Printing and Stationery	1,444,859	797,315
Investments Written off	-	96,489
General Expenses	1,435,314	1,092,359
Loss on sale of fixed assets (net)	-	217,353
Director Medical allowance	13,000	19,000
	<b><u>379,377,729</u></b>	<b><u>363,587,289</u></b>
<b>*Payment to Auditor</b>		
<b>As Auditor</b>		
Audit Fees	75,000	75,000
Tax Audit Fees	15,000	15,000
<b>Reimbursement of Expenses</b>	<u>-</u>	<u>-</u>
	<b><u>90,000</u></b>	<b><u>90,000</u></b>
<b>25. Depreciation and Amortization Expenses</b>		
Depreciation of Tangible Assets	89,143,057	85,902,502
Depreciation on Intangible Assets	260,072	219,635
Share Issue Expenses W/off	471,659	611,659
	<b><u>89,874,788</u></b>	<b><u>86,733,796</u></b>
<b>26. Earnings per Share (EPS)</b>		
Net profit after tax as per Profit & Loss attributable to Equity Shareholders (in Rs.)	59,357,407	82,049,409
Number of Equity Shares	8,900,650	8,900,650
Basic and Diluted Earning per share (in Rs.)	6.67	9.22
Face Value per Equity share (in Rs.)	10.00	10.00

**27. Contingent Liabilities**

		<b>2011-12</b>	<b>2010-11</b>
Counter Gurantees given to Banks	Rs.	14,407,000	23,704,600
Letter of Credit/Bill Discounting with Banks	Rs.	298,311,229	368,033,038
DEPB Entitlement Refund Claim by DGFT	Rs.	8,118,321	8,118,321

**28. Stores and Spares, Packing Materials Consumed**

		%	<b>2011-12</b>	%	<b>2010-11</b>
Stores & Spares	Indigenous	96	38,021,860	96	39,830,473
	Imported	4	1,423,344	4	1,749,566
<b>Total</b>		100	39,445,204	100	41,580,039
Packing Materials	Indigenous		29,949,370		28,998,908

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

**30. Related Party Disclosures**

<b>Key Managerial Personnel :</b>					
	<b>Name</b>	<b>Designation</b>		<b>Name</b>	
a.	Shri Arun Kumar Biyani	Chairman & Director	k.	Mr. Akshay Biyani	- Relatives
b.	Shri Ajay D. Biyani	Managing Director	l.	Mrs. Manju Biyani	- Relatives
c.	Shri Anil D. Biyani	Whole - Time Director	m.	Mrs. Sanju Biyani	- Relatives
	Associates & Relatives :		n.	Risha Biyani	- Relatives
a.	M/s. CSS Mercantiles Pvt. Ltd.	- Associates	o.	Ms Anushree Biyani	- Relatives
b.	M/s. Panna Yarns Pvt. Ltd.	- Associates	p.	Mrs Payal Biyani	- Relatives
c.	M/s. Shri Damodar Yarn Manufacturing Pvt.Ltd.	- Associates	q.	Mrs Bhawna Biyani	- Relatives
			r.	Mrs Savitridevi D Biyani	- Relatives
d.	Ajay Biyani HUF	- Associates			
e.	Arun Kumar Biyani HUF	- Associates			
f.	M/s. Suam Overseas Pvt. Ltd.	- Associates			
g.	Mrs. Kanta Biyani	- Relatives			
h.	Mr. Aman Biyani	- Relatives			
i.	Mr. Aditya Biyani	- Relatives			
j.	Mr. Abhishek Biyani	- Relatives			



Disclosure of transactions between the Company and related parties and the status of outstanding balances as on 31st March, 2012.

	Associates & Relatives		Key Management Personnel		Total (Amt. In Rs.)	
	As of March 31		As of March 31		As of March 31	
	2012	2011	2012	2011	2012	2011
Unsecured Loans/Share Capital Fund	485,312	3,956,251	796,644	35,218,923	1,281,956	39,175,174
Sundry Debtors, Loans & Advances	-	2,612,867	-	-	-	2,612,867
Current Liabilities	-	-	-	-	-	-
Sundry Creditors	288,405	1,658,689	-	-	288,405	1,658,689
Income	-	-	-	-	-	-
Sales	116,071,811	136,187,505	-	-	116,071,811	136,187,505
Expenditure						
a) Purchase (including Job work)	381,692,889	276,890,994			381,692,889	276,890,994
b) Interest on Loan	581,294	491,487	816,779	2,158,399	1,398,073	2,649,886
c) Directors Remuneration	-	-	9,000,000	8,100,000	9,000,000	8,100,000
d) Directors Medical Allowance	-	-	13,000	19,000	13,000	19,000
e) Employees Remuneration	1,860,000	1,500,000	-	-	1,860,000	1,500,000
f) Rent {Net}	144,000	388,000	102,000	450,000	246,000	838,000

31. During the year the Company has taken Mat Credit Entitlement of Rs. Nil (Previous year Rs. 213.58 Lacs) in relation to the prior years and the same is shown under the head 'Loans and Advances' in the balance sheet as there being a convincing evidence of realisation of such asset.

	(in Rs.) 2011-12	(in Rs.) 2010-11
<b>32. Remuneration to Directors</b>		
Salary	9,000,000	8,100,000
Medical Allowances	13,000	19,000
<b>33. FOB Value Of Exports</b>		
Yarn	1,761,390,574	2282226862
<b>34. CIF Value of Imports</b>		
Raw materials and Stock -in-Trade	93,234,208	66,631,417
Plant & Machinery	1,936,651	2,557,846
Stores & Spares	1,423,344	1,541,900
<b>35. Expenditure In Foreign Currency</b>		
Travelling	952,240	2,633,604
Commission	28,351,201	35,760,165
<b>36. Financial and Derivative Instruments</b>		
a. Forward Contracts in Foreign currency for export realisation outstanding as at 31st March,2012- Rs.1092.38 Lacs		
b. Foreign currency exposures that are not hedged by deivative instruments as at 31 st march 2012 amount to Rs 812.672 lacs		



37. Balance in respect of Unsecured loans. Sundry Creditors, Sundry Debtors and Loans & Advances are subject to confirmation by respective parties.
38. Comparative figures for previous year have been regrouped / rearranged wherever necessary.

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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: 30th MAY 2012

**For and On behalf of the Board of Directors**

**(Arunkumar Biyani)**  
Chairman

**(Ajay D. Biyani)**  
Managing Director

**(Pramod Kumar Jain)**  
Company Secretary



**DAMODAR THREADS LIMITED**

Registered Office: A1/202, Centre Point, 243- A, N.M. Joshi Marg, Lower Parel (East), Mumbai – 400013

Please complete the attendance slip and hand it over at the entrance of the Meeting hall.  
Please also bring your copy of the enclosed Annual Report.**ATTENDANCE SLIP**

I hereby record my presence at the 24th ANNUAL GENERAL MEETING of the Company to be held on Saturday, 25th August, 2012 at 11.30 A.M. at Maheshwari Bhawan, 603, Chira Bazar (J S Road), Mumbai – 400 002

**REGD. FOLIO NO./DPID NO.** \_\_\_\_\_ **NO. OF SHARES** \_\_\_\_\_

Name of the Shareholder (in block capitals) \_\_\_\_\_

Signature of the Shareholder or proxy \_\_\_\_\_

**DAMODAR THREADS LIMITED**

Registered Office: A1/202, Centre Point, 243- A, N.M. Joshi Marg, Lower Parel (East), Mumbai – 400013

**PROXY FORM****REGD. FOLIO NO./DPID NO.****NO. OF SHARES**

I/We ..... of ..... being a member / members

of the above Company, hereby appoint Mr./Mrs.....

of ..... or failing him / her Mr./Mrs..... as

my/our proxy to attend and vote for me/us and on my/our behalf at the 24th Annual General Meeting of the Company to be held on Saturday, 25th August, 2012 and any adjournment thereof.

AS WITNESS my/our hand at \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ 2012.

Signed by the said \_\_\_\_\_

Note: The proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.

Affix
Re. 1
Revenue
Stamp



**DAMODAR  
THREADS LIMITED**

If undelivered please return to,

**Damodar Threads Limited**

A1/202, Centre Point,  
243-A, N. M. Joshi Marg,  
Lower Parel (E),  
Mumbai - 400 013.