

# **BINAYAK TEX PROCESSORS LIMITED**

**384-M, 5<sup>th</sup> Floor, Dhabolkar Wadi, Kalbadevi Road, Mumbai – 400 002**

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## **BOARD OF DIRECTORS:**

**Pradip Kumar Pacheriwala**  
Chairman / Director  
**Heeradevi Pacheriwala**  
Director  
**Ashok Kumar Agarwal**  
Director

## **STATUTORY AUDITOR:**

**Sunderlal Desai & Kanodia**  
Chartered Accountants  
903, Arcadia, 195, NCPA Road,  
Nariman Point, Mumbai – 400 021.

## **BANKERS:**

**Union Bank of India**

## **CORPORATE OFFICE:**

384-M, Dhabolkarwadi, 5<sup>th</sup> Floor.,  
Kalbadevi Road, Mumbai – 400 002.  
Tel.: 91 (022) 4054 2222.  
Fax : 91 (022) 2206 8385

## **REGISTRAR & TRANSFER AGENTS:**

**Bigshare Services Pvt. Ltd.**  
E-2/3, Ansa Industrial Estate, Sakivihar Road,  
Saki Naka, Andheri (East), Mumbai – 400 072.  
Tel : 91 (022) 4043 0200 / 2847 0652.

## **WORKS & REGISTERED OFFICE:**

Plot No. B-35, M.I.D.C., Dombivali,  
Pin – 421 203. (Maharashtra)  
Tel : (95-251) 2470291 / 2472605

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# BINAYAK TEX PROCESSORS LIMITED

384-M, 5<sup>th</sup> Floor, Dhabolkar Wadi, Kalbadevi Road, Mumbai – 400 002

## DIRECTOR'S REPORT

To,  
The Members of  
BINAYAK TEX PROCESSORS LIMITED,

Your Directors have pleasure in presenting the 27<sup>th</sup> Annual Report together with the Audited statement of Accounts for the financial year ended March 31, 2010.

### FINANCIAL RESULTS

(Rs. in lacs)

Particulars	Financial Year 2009-2010	Financial Year 2008-2009
Total Income	13438.63	11955.86
Profit Before Interest, Depreciation & Taxation.	944.59	1134.12
Profit / (Loss) Before Taxation	659.12	831.56
Less: Provision for Taxation (including deferred tax)	222.85	304.94
Less: Provision for wealth/fringe benefit tax	0.30	4.40
Profit / (Loss) after Taxation	435.97	522.22
Add: Earlier year Adjustment	1.81	25.23
Add: Balance brought forward from previous year	2449.96	2019.14
<b>Profit Available for Appropriation</b>	<b>2887.74</b>	<b>2566.60</b>
Less: Transfer to General Reserve	100.00	100.00
Less: Proposed Dividend	14.23	14.23
Less: Provision for Tax on Dividend	2.36	2.42
<b>BALANCE CARRIED TO BALANCE SHEET</b>	<b>2771.15</b>	<b>2449.96</b>

### DIVIDEND

Considering the company's profit for the year, the Directors recommend for your approval, dividend @ 20% i.e. Rs. 2.00 per equity share of Rs. 10.00 each. The dividend will absorb a total of Rs. 16.59 lacs including Dividend Distribution Tax.

### OPERATIONS

Your Company is growing at an impressive rate. During the year under review, the company showed a healthy performance by recording a growth of 12.40% in the top-line over the previous year despite global recession. The company earned a total income of Rs. 13438.63 lacs. The Profit before Interest, Depreciation, Tax and Adjustments (PBIDTA) stood at Rs. 944.59 lacs as compared to the last year's Rs. 1134.12 lacs. The company's Profit after Tax stood at Rs. 435.97 lacs as compared to previous year's Rs. 522.22 lacs. Profit has been decreased due to increase in Raw material & other overhead Cost.

## **FUTURE OUTLOOK**

Your Company is enjoying a good reputation as a quality processor and exporter. With the anticipation of a boom in the retail sector, we are planning to consolidate our position. Your company further plans to expand its foothold in all the major parts of Country.

Besides, your company is planning a further value addition by foraying into garmenting. We are entering into the domestic Bed Sheet market. Inorganic growth through acquiring companies that have right strategic fit with us is the corner stone of the future growth plan of your company.

## **DIRECTORS**

Pursuant to the provisions of the Companies Act, 1956 and in accordance with the Articles of Association of the Company, Mr. Ashok Kumar Agarwal retires by rotation as the Director at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

Your Directors recommend him re-appointment for your approval.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the directors hereby confirm:

- That in preparation of accounts for the period ended March 31, 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the year end of the financial year under review and of the profit for the year under review;
- That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- That the Directors have prepared the accounts for the financial year ended March 31, 2010 on a going concern basis.

## **SECRETARIAL COMPLIANCE REPORT**

The Secretarial Compliance Report pursuant to the provisions to sub-section (1) of section 383A of the Companies Act, 1956 is enclosed and forms part of this Annual Report.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO:**

Pursuant to the provisions of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, read with section 217(1)(e) of the Companies Act, 1956, the necessary details are given hereunder:

**c) Conservation of Energy**

The company has taken various in-house measures to conserve the electricity and energy.

b) Technology absorption and innovation is a continuous process in the company.

**c) Foreign Exchange Earnings**

During the year, the company has incurred foreign currency expenditure on traveling stood at Rs. 11.61 Lacs. The total foreign exchange earnings for the year stood at Rs. 6667.78 lacs.

**EMPLOYEES**

None of the employees of the company is covered by the provisions of section 217 (2A) of the Companies Act, 1956 read with the Companies (Particular of Employees) Rules, 1975.

**HUMAN RESOURCES**

The relationship of your Company with its employees at all levels remained cordial throughout the year. Your directors wish to place on record their appreciation for the dedicated services of its employees.

**FIXED DEPOSITS**

During the year under review, the Company has not accepted any deposits falling within the purview of Section 58A of the Companies Act, 1956 and as such, no principal or interest amount was outstanding on the date of the Balance sheet.

**CAPEX**

During the year the company has incurred CAPEX of Rs. 157.07 Lakh due to this Gross block of Fixed Asset has been increased from Rs.1208.03 Lakh to Rs.1340.10 Lakh. Company will get full benefit in the coming year.

**CORPORATE GOVERNANCE**

Our Company has complied all the provisions as required by the listing agreement with the stock exchange corporate governance is not applicable to the company however management discussion of directors is annexed herewith.

**AUDITORS**

M/s. Sunderlal, Desai & Kanodia, Chartered Accountants, Mumbai, the Statutory Auditors of the company hold office until the conclusion of the forthcoming Annual General Meeting and are eligible for reappointment. M/s. Sunderlal, Desai & Kanodia retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. The Board recommends re-appointment of M/s.

Sunderlal, Desai & Kanodia as Statutory Auditors to hold office till conclusion of next Annual General Meeting and to fix their remuneration. The Company has received letter from M/s. Sunderlal, Desai & Kanodia to the effect that their appointment/re-appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such appointment/ re-appointment within the meaning of Section 226 of the said Act.

### **AUDITOR'S NOTES TO THE ACCOUNTS**

The observations made in the Auditor's report are self explanatory and therefore does not call for any further comment u/s 217 of the Companies Act, 1956.

### **ACKNOWLEDGEMENTS**

Your Directors wish to express their appreciation for the co-operation and assistance received from the bankers, concerned regulatory authorities including Reserve Bank Of India, The Securities and exchange Board of India, The Stock exchanges and/or other regulatory authorities and other Business constituents during the year under review. Your Director For and on behalf of the Board of Directors look forward to their continued in the future.

Mumbai  
Date: 06.09.2010



A handwritten signature in black ink, appearing to read "Pradeep Kumar Pachariwala".

Pradeep Kumar Pachariwala

Chairman

**MANAGEMENT'S DISCUSSION & ANALYSIS**

**Financial Operations Overview**

The following descriptions set forth information with respect to key components of our statement of operations.

***Income***

*Sales:* Our sales includes sale of cotton cloth processed by us. Our company is engaged in Textile Processing at our facilities located at M. I. D. C., Dombivali, and Maharashtra, INDIA. Majority of such products are exported to African Countries. In addition, we also undertake processing job work for our clients. Exports constitute about 54%, of our total sales and the rest is accounted by domestic sales of the processed cloth and the income received from job work.

*Other income:* Other income primarily consists of export incentives and interest earned.

***Expenditure***

*Raw material Consumption:* The raw materials used for the processing includes the Grey cloth, Dyes & Chemicals consumed in the processing activities. The cost of packing material consumed and other stores and spares items we consume are also included under this head.

*Manufacturing expenses:* Our manufacturing expenses consist of expenditures on power, fuel & water charges, Labour charges, Property taxes and rent. We also incur additional expenses in respect of repairs and maintenance, processing costs and other miscellaneous costs.

*Personnel expenses (Staff Costs):* Personnel expenses consist of salary and wage expenses, Contributions to Provident Fund & Employees' State Insurance, bonus and gratuity. It also includes the Directors' Remuneration.

*Administrative, Selling & other expenses:* The administrative, selling and other expenses include establishment and general expenses and expenses incurred on advertisement.

*Financial expenses:* Our financial expenses consist of borrowing costs being interest payable on bank loans and other bank charges.

*Depreciation:* Depreciation expense relates principally to the machinery installed for manufacturing purposes and the other administrative assets.

*Taxation:* We are subject to income tax liability pursuant to the Income Tax Act, 1961. Also, pursuant to this act, corporations are in some circumstances subject to a

minimum tax liability based on book profits. We make provision for current tax as well as for deferred tax liability based on the effect of timing differences. The Government also has introduced a fringe benefit tax on various benefits and expenditures we are deemed to provide or incur towards our employees as part of our business, for which we have made provision with effect from the current fiscal.

#### **Relationship between Different Items of Financial Statements:**

In our financial statements, some of the items have either direct or inverse relationship with other items. The Cost of Raw Materials, Purchases and Other manufacturing Expenses, Stores and Spares and Personnel Expenses have direct relationship with Sales. However, the relationship varies in terms of proportion. The reason for the variance in the proportion is that the amount of sales includes not only the element of materials supplied, but also the service element which changes depending upon various factors such as the demand-supply dynamics at the time of supply, the competitive edge we enjoy in the quality of particular services provided, etc. There is a relationship between the financial expenses and the amounts borrowed by us. The amount of depreciation has a direct relation with the Fixed Assets and its composition. Taxation has a direct relationship with Profit before Tax, but the same may not be a proportionate relationship, as the incidence of taxation is subject to incentives, which may or may not have been charged to the Profit & Loss Account.

As a result of the various factors discussed above our results of operations may vary from period to period.

#### **Comparison of performance for year 2009-10 vis-à-vis 2008-09**

##### **Operating Income**

The total operating income of our company has increased by 10.71% from Rs. 11435.49 lacs in fiscal 2009 to Rs. 12660.30 lacs in fiscal 2010. The increase in the total revenues is attributable to the increase in the income received in the form of processing charges received by the company. The revenues from on-job processing activities have jumped from 3587.86 lacs to 3637.19 lacs, registering a growth of 1.37% despite slowdown in Textile market.

##### **Other Income**

The other income of our company has been increased by 49.57% from Rs. 520.37 lacs in fiscal 2009 to Rs. 778.33 lacs in fiscal 2010.

### *Finance Charges*

The finance charges of our company are Interest charges, commission charges paid by our company. Interest charges are related to the debts, packing credit and Export Bills discounting of our company and Commission charges for discounting the Export bills of our company. The finance charges have shown a decrease of 10.90% from Rs. 250.27 lacs to Rs 222.99 lacs in the current fiscal.

### *Depreciation*

The depreciation charge of our company has increased by 19.47% from Rs. 52.29 lacs fiscal 2009 to Rs. 62.47 lacs in fiscal 2010. This increase in the expense is due to the expansion in the facilities of the company.

### *Profits before Tax*

The total expenditures increased by 11.24% whereas the total income has shown a growth of 9.05% during fiscal 2010. The profit before Tax of the Company has decreased by 20.74% to 359.12 lacs as compared to Rs. 831.57 lacs in the previous year.

### *Provision for Tax*

During the current fiscal, due to increase in profit provision for current tax has increase by 19.23% from Rs.260.00 lacs in previous year to Rs.210.00 lacs in current year.

### *Profits after Tax*

The Profits after tax of our company has decreased by 16.52% from Rs. 522.22 lacs in fiscal 2009 to Rs 435.96 lacs in fiscal 2010.



## **Expenditure**

The total expenditure of our company has increased by 11.24% to Rs. 12593.19 lacs in the year 2010 as compared to Rs. 11321.20 lacs in the year 2009. Despite slowdown market we were able to limit the same.

The total expenditure includes the finished purchases by our company, Raw Material Consumption (Grey Fabric), Manufacturing Expenses, Employee's Remuneration, Administrative & Selling charges, Finance charges and Depreciation.

### *Finished Purchases and Raw Material Consumption*

The Finished purchases have increased by 44.20% from Rs. 787.66 lacs in fiscal 2009 to Rs. 1135.82 lacs in fiscal 2010 whereas the Raw Material Consumption has also increased by 13.48% to Rs. 8118.70 lacs in fiscal 2010 over Rs. 7154.55 lacs in fiscal 2009, our company is trying to utilize maximum in-house manufacturing and processing facilities there fore our company has recently expanded its facilities to support the sales of our company.

### *Manufacturing Expenses*

The manufacturing expenses have increased by 2.38% over the previous year. Only the increase in the manufacturing costs is very marginal as compared to the increase in the sales of our company. By utilizing the company's in-house processing facilities, which are highly cost-effective, the company has reduced its dependence on getting the process job done from outside agencies. The company has also started providing the processing services to outsiders.

### *Employees' remuneration & Benefits*

The remuneration & benefits to employees of our company has increased substantially by 7.37% to Rs. 222.53 lacs during the current fiscal as compared to Rs. 207.26 lacs in fiscal 2009. This substantial increase in the employees' expenses is attributable to the increase in the production facilities and thereby increases in the number of employees and their related expenses.

### *Administrative, Selling and Other expenses*

The Administrative, Selling and Other expenses of our company have decreased by 18.30% from Rs. 516.91 Lacs in fiscal 2009 to Rs. 422.32 lacs in fiscal 2010. This includes the expenses on Conveyance & Traveling, Freight & Forwarding, Insurance, Donations, Auditors remuneration, Brokerage & Commission, Advertisement & Publicity and Other Miscellaneous expenses of our company. The expenses are incurred for increasing the sales and other administrative purposes of the Company.

AUDITORS' REPORT

To,  
The Members of BINAYAK TEX PROCESSORS LIMITED.

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

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.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

- A. 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.
- B. In our opinion proper books of accounts as required by law have been kept by the company so far as appears from our examination or those books.
- C. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- D. In our opinion the Balance Sheet and the Profit and Loss Account and the 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 *subject to note no. 7 on schedule 21 regarding non provision of gratuity liability and leave salary as per AS 15.*
- E. On the basis of written representations received from the directors, as on 31<sup>st</sup> March 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.



SUNDARLAL, DESAI & KANODIA  
CHARTERED ACCOUNTANTS  
903, Arcadia, 195, NCPA Road,  
Nariman Point, Mumbai 400 021.

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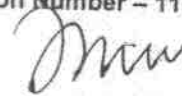
F. In our opinion and to the best of our information and according to the explanations given to us the said accounts read together with Significant Accounting Policies and **subject to note no. 7 on schedule 21 regarding non provision of gratuity liability and leave salary as per Accounting Standard 15 on "Employee Benefits"** and other notes thereon 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 ;

- i) In the case of Balance sheet of the state of affairs of the company as at 31st March, 2010 and
- ii) In the case of Profit and Loss account of the profit of the company for the year ended on that day.
- iii) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

FOR: SUNDARLAL, DESAI & KANODIA  
CHARTERED ACCOUNTANTS  
Registration Number – 110560W

PLACE : MUMBAI

DATE : - 6 SEP 2010



PARTNER

MUKUL B. DESAI  
B. Com. F.C.A.  
M. No. 33978



ANNEXURE TO AUDITORS'S REPORT

As required by the "Companies (Auditors - Report) order, 2003" issued by the Department of Company affairs in terms of section 227 (4A) of the Companies Act, 1956, we report as under:

1. a) The company has maintained proper records showing full particulars including quantitative details and situations of fixed assets. The fixed assets have been physically verified by the management during the year. We are informed that the management on such verification has noticed no material discrepancies.
- b) As explained to us, all the assets have been physically verified by the management during the year. Having regard to the size of the operations and on the basis of explanations received, in our opinion, no serious discrepancies have been noticed.
- c) The company has not disposed of any substantial part of its fixed assets so as to affect its going concern.
2. a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to size of the company and the nature of its business.
- c) The company is maintaining proper records of the inventory. As explained to us, there is no material discrepancies noticed on physical verification of inventory as compared to book records.
3. a) The company has granted unsecured loans to two parties including interest free loan to One party, entered in the register maintained u/s 301 of the companies Act, 1956. The amount involved in the transaction were Rs. 8,28,93,521/-.
- b) In our opinion and according to the information and explanation given to us, the rate of interest whenever charged and other terms and conditions of said loan and other loan are not stipulated hence we do not have any further comment for Para 4(iii)(b)(c)&(d) and said loan are not prima facie prejudicial to the interest of the company.
- c) In our opinion and according to the information and explanation given to us, the loan is free of interest and other terms and conditions of loans taken by the company, are not stipulated hence we do not have any further comment for Para 4(iii)(f)&(g) and said loan are not prima facie prejudicial to the interest of the company.
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 with regards to purchase of goods and fixed assets and with regards to sale of goods and services. During the course of our audit we have not observed any continuing failure to correct major weakness in internal controls.
5. a) According to the information and explanation given to us, we are in opinion that the transaction made in pursuance of contracts or arrangements, that needed to be entered in the register maintained U/s 301 of the companies Act, 1956 have been so entered.



- b) In our opinion and according to the information and explanation given to us, the transactions in pursuance of contracts or arrangements entered in the register maintained U/s 301 of the companies Act, 1956 and are exceeding the value of rupees Five Lakhs 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 not accepted any deposit from public.
7. According to information & explanation given to us the company is developing an internal audit system commensurate with its size and nature of the business.
8. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of any cost records u/s 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
9. a) According to the records of the company, undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, service tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it have generally been regularly deposited with the appropriate authorities.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, custom duty and excise duty were outstanding as at 31st March, 2010 for a period of more than six months from the date they became payable.
- c) According to the information and explanation given to us, there are no dues of income tax, wealth tax, sales tax, custom duty, excise duty and cess which have not been deposited on account of any dispute, except as referred below:-

Asst. Year	Act under which demand is pending	Nature of Dues	Demand Raised	Amount Paid	Forum where appeal is pending
2000-01	Income Tax act 1961	Penalty	2,64,600	-	Comm. of Income Tax (Appeals)
2001-02	Income Tax act 1961	Penalty	2,58,300	-	Comm. of Income Tax (Appeals)
2002-03	Income Tax act 1961	Income Tax	42,738	-	Comm. of Income Tax (Appeals)
2002-03	Income Tax act 1961	Penalty	2,77,200	-	Comm. of Income Tax (Appeals)
2003-04	Income Tax act 1961	Income Tax	1,26,30,657	-	Comm. of Income Tax (Appeals)
2003-04	Income Tax act 1961	Penalty	2,84,760	-	Comm. of Income Tax (Appeals)
2004-05	Income Tax act 1961	Income Tax	2,20,457	-	Comm. of Income Tax (Appeals)
2004-05	Income Tax act 1961	Penalty	2,57,040	-	Comm. of Income Tax (Appeals)
2005-06	Income Tax act 1961	Income Tax	15,94,056	-	Comm. of Income Tax (Appeals)
2006-07	Income Tax act 1961	Income Tax	51,988	-	Comm. of Income Tax (Appeals)
2007-08	Income Tax act 1961	Income Tax	1,47,109	-	Comm. of Income Tax (Appeals)

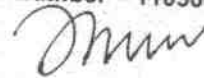


10. The company has no accumulated losses and the company has not incurred any cash losses during the financial year covered under audit or in the immediately preceding financial year.
11. Based on our audit procedure and according to the information and explanation given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions, banks and debenture holders.
12. The company has not granted loans and advances 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, the company is not dealing in or trading in shares, securities, debentures and other investments.
15. In our opinion, the company has not given guarantees for loans taken by others from banks or financial institutions.
16. In our opinion, the term loans have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the funds raised on short-term basis have not been used for long-term investment.
18. According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
19. According to the information and explanations given to us, during the year covered by our audit report of the company have not issued any debentures.
20. According to the information and explanations given to us the company have not raised any money by public issue during the period covered by our audit report.
21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

PLACE : MUMBAI

DATE : - 6 SEP 2010

FOR : SUNDARLAL, DESAI & KANODIA  
CHARTERED ACCOUNTANTS  
Registration Number - 110560W



PARTNER

MUKUL B. DESAI  
B. Com. F.C.A.  
M. No. 33978



**BINAYAK TEX PROCESSORS LIMITED**

**BALANCE SHEET AS ON 31ST MARCH 2010**

	SCHEDULE	CURRENT YEAR 31.03.2010	PREVIOUS YEAR 31.03.2009
<b><u>SOURCES OF FUNDS</u></b>			
<b>SHARE HOLDERS FUNDS :</b>			
Share Capital	1	7,113,000.00	7,113,000.00
Reserve & Surplus	2	386,999,102.02	344,880,915.82
<b>LOAN FUNDS:</b>			
Secured Loans	3	279,669,970.34	232,223,923.69
Deferred Tax Liability (Net)	4	12,025,980.78	10,740,930.15
		<u>685,808,053.14</u>	<u>594,958,769.67</u>
<b><u>APPLICATION OF FUNDS</u></b>			
<b><u>FIXED ASSETS</u></b>			
Gross Block	5	134,010,196.80	120,803,279.04
Less: Depreciation		20,784,792.32	14,718,042.80
Net Block		<u>113,225,404.48</u>	<u>106,085,236.24</u>
INVESTMENTS	6	73,710,000.00	73,710,000.00
		<u>73,710,000.00</u>	<u>73,710,000.00</u>
<b><u>CURRENT ASSETS, LOANS &amp; ADVANCES</u></b>			
Inventories	7	122,822,440.85	114,339,202.01
Sundry Debtors	8	354,583,313.37	269,201,126.28
Cash & Bank Balances	9	31,673,683.16	29,699,859.65
Loan & Advances	10	222,816,713.92	157,141,804.23
		<u>731,896,151.30</u>	<u>570,381,992.17</u>
<b><u>LESS : CURRENT LIABILITIES AND PROVISIONS</u></b>			
Current Liabilities	11	223,504,413.05	141,407,546.74
Provision	12	9,519,089.59	13,810,912.00
		<u>233,023,502.64</u>	<u>155,218,458.74</u>
NET CURRENT ASSETS		<u>498,872,648.66</u>	<u>415,163,533.43</u>
		<u>685,808,053.14</u>	<u>594,958,769.67</u>
Notes forming part of Accounts	21		

Schedules referred hereinabove forms integral part of the Balance Sheet.

As per our report of Even Date.

For: SUNDARLAL, DESAI & KANODIA  
CHARTERED ACCOUNTANTS

*Mukul B. Desai*  
PARTNER

MUKUL B. DESAI  
B. Com. F.C.A.

M. No. 33978

FOR BINAYAK TEX PROCESSORS LIMITED

*M. M. H. H. H.*  
DIRECTOR

DIRECTOR

DIRECTOR

DATE:-  
PLACE:-

- 6 SEP 2010



**BINAYAK TEX PROCESSORS LIMITED**

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010**

	<u>SCHEDULE</u>	<u>CURRENT YEAR</u> <u>31.03.2010</u>	<u>PREVIOUS YEAR</u> <u>31.03.2009</u>
<b><u>INCOME</u></b>			
Sales / Receipts (Net)	13	1,266,030,205.29	1,143,549,247.01
Other Income	14	77,832,659.46	52,036,713.19
Increase/Decrease in Stock	15	(18,632,120.27)	19,691,429.76
		<u>1,325,230,744.48</u>	<u>1,215,277,389.96</u>
<b><u>EXPENDITURE</u></b>			
Purchased for Resale		113,581,656.00	78,765,711.00
Consumption of Raw Material	16	811,870,111.43	715,455,220.5
Manufacturing Expenses	17	240,835,089.49	235,226,359.96
Employees Remuneration & Benefits	18	22,253,192.00	20,726,724.00
Administrative, Selling & Other Expenses	19	42,231,959.70	51,691,346.16
Finance Charges	20	22,299,373.52	25,026,560.16
Depreciation		6,247,439.58	5,228,527.29
		<u>1,259,318,821.72</u>	<u>1,132,120,449.11</u>
<b><u>PROFIT</u></b>			
Profit before Taxation		65,911,922.76	83,156,940.85
Provision for Taxation:			
- Current Tax		21,000,000.00	26,000,000.00
- Deferred Tax Expenses		1,285,050.63	4,494,281.20
- Fringe Benefit Tax		-	425,000.00
- Wealth Tax		30,500.00	15,000.00
Profit after Taxation		<u>43,596,372.13</u>	<u>52,222,659.64</u>
Prior Year Adjustment		-	2,521,860.00
Prior Year Adjustment for Depreciation		180,690.07	1,875.00
Balance Brought Forward from Previous Year		244,996,267.82	201,914,244.18
		<u>288,773,330.02</u>	<u>256,660,638.82</u>
<b><u>APPROPRIATION:-</u></b>			
Transferred to General Reserve		10,000,000.00	10,000,000.00
Proposed Dividend		1,422,600.00	1,422,600.00
Tax on Dividend		236,276.00	241,771.00
Balance Carried forward to Balance Sheet		<u>277,114,454.02</u>	<u>244,996,267.82</u>
Earning per Share- Basic and Diluted		61.29	73.42

Notes forming part of Accounts 21

Schedules referred hereinabove forms integral part of the Profit & Loss Account.

As per our report of Even Date.

For: SUNDARLAL, DESAI & KANODIA  
CHARTERED ACCOUNTANTS

*[Signature]*  
PARTNER

FOR BINAYAK TEX PROCESSORS LIMITED

*[Signature]*      *[Signature]*  
DIRECTOR                      DIRECTOR

DATE:-  
PLACE:-

- 6 SEP 2010

SUNDARLAL B DESAI  
A. Com, F.C.A  
M. No. 33978





**BINAYAK TEX PROCESSORS LIMITED**  
**SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010**

	CURRENT YEAR 31.03.2010	PREVIOUS YEAR 31.03.2009
<b><u>SCHEDULE - 1</u></b>		
<b><u>SHARE CAPITAL</u></b>		
<b><u>Authorised:</u></b>		
7,50,000 Equity Shares of Rs. 10/- each.	7,500,000.00	7,500,000.00
<b><u>Issued, Subscribed and Paid Up:</u></b>		
7,11,300 Equity Shares of Rs. 10/- each.	7,113,000.00	7,113,000.00
	<u>7,113,000.00</u>	<u>7,113,000.00</u>
<b><u>SCHEDULE - 2</u></b>		
<b><u>RESERVE AND SURPLUS</u></b>		
(i) Investment Allowance Reserve - As per last balance Sheet	7,370.00	7,370.00
(ii) Share Premium - As per last balance Sheet	25,200,000.00	25,200,000.00
(iii) General Reserve		
- As per last balance sheet	74,677,278.00	
- Add:- Transferred from P & L	<u>10,000,000.00</u>	
(iv) Profit and Loss Account	277,114,454.02	244,996,267.82
	<u>386,999,102.02</u>	<u>344,880,915.82</u>
<b><u>SCHEDULE - 3</u></b>		
<b><u>SECURED LOAN ( REFER NOTE 4 OF SCHEDULE 21 )</u></b>		
(i) Export bills Discounting/ Purchases	212,081,348.84	167,865,400.96
(ii) Packing Credit	43,248,201.50	45,337,823.73
(iii) Term Loan	22,133,919.00	14,232,746.00
(iv) Vehical Loan	2,206,501.00	4,787,953.00
	<u>279,669,970.34</u>	<u>232,223,923.69</u>
<b><u>SCHEDULE - 4</u></b>		
<b><u>DEFFERD TAX LIABILITY</u></b>		
- On Account of Depreciation	12,025,980.78	10,740,930.15
	<u>12,025,980.78</u>	<u>10,740,930.15</u>



**BINAYAK TEX PROCESSORS LIMITED**  
**SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010**

SCHEDULE - 5

PARTICULARS	GROSS BLOCK		DEPRECIATION		NET BLOCK					
	As On 01.04.2009	Addition	Deduction/ Adjustment	As On 31.03.2010	Total Upto 01.04.2009	For the Year	Deduction/ Adjustment	Total Upto 31.03.2010	As On 31.03.2010	As On 31.03.2009
Leasehold Land	128,823.75	-	-	128,823.75	24,176.00	1,511.00	-	25,687.00	103,136.75	104,647.75
Factory Building	4,642,144.02	-	-	4,642,144.02	1,630,060.00	155,047.61	-	1,785,107.61	2,857,036.41	3,012,084.02
Plant & Machinery	74,953,162.63	14,498,998.50	2,500,320.00	86,951,841.13	8,304,216.30	3,701,608.98	180,690.07	11,825,135.21	75,126,705.92	66,648,946.33
Electrical Installation	42,846.53	-	-	42,846.53	34,285.37	3,179.21	-	37,464.58	5,381.95	8,561.16
Furniture & Fixtures	237,668.37	-	-	237,668.37	97,483.16	15,044.41	-	112,507.57	125,160.80	140,205.21
Motor Car	11,602,200.21	-	-	11,602,200.21	2,763,145.93	1,102,209.02	-	3,865,354.95	7,736,845.26	8,839,054.28
Office Equipment	316,676.41	113,708.50	-	430,384.91	96,298.41	15,319.88	-	111,618.29	318,766.62	220,378.00
Computers	1,279,908.12	881,354.76	-	2,161,262.88	576,846.97	281,594.52	-	858,441.49	1,302,821.39	703,061.15
Xerox Machine	-	57,713.00	-	57,713.00	-	794.56	-	794.56	56,918.44	-
Water Pollution Plant	556,500.00	-	-	556,500.00	528,675.00	-	-	528,675.00	27,825.00	27,825.00
Mobile Phones	27,000.00	-	-	27,000.00	14,766.00	1,282.50	-	16,048.50	10,951.50	12,234.00
Air Conditioners	898,687.00	155,463.00	-	1,054,150.00	91,716.77	74,481.97	-	166,198.74	887,951.26	806,970.23
Flat at Tarapur	1,850,000.00	-	-	1,850,000.00	30,155.00	30,155.00	-	60,310.00	1,789,690.00	1,819,845.00
Office at Andheri	22,439,200.00	-	-	22,439,200.00	455,841.59	749,469.28	-	1,205,310.87	21,233,889.13	21,983,358.41
Office Furniture - Andheri	1,828,462.00	-	-	1,828,462.00	70,396.30	115,741.64	-	186,137.94	1,642,324.06	1,758,065.70
<b>Total</b>	<b>120,803,279.04</b>	<b>15,707,237.76</b>	<b>2,500,320.00</b>	<b>134,010,196.80</b>	<b>14,718,042.80</b>	<b>6,247,439.58</b>	<b>180,690.07</b>	<b>20,784,792.32</b>	<b>113,225,404.48</b>	<b>106,085,236.24</b>
Previous Year	80,562,782.86	41,826,186.34	-	120,803,279.04	9,699,498.67	5,228,527.29	207,371.67	14,718,042.80	106,085,236.24	70,863,284.19



**BINAYAK TEX PROCESSORS LIMITED**  
**SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010**

	CURRENT YEAR 31.03.2010	PREVIOUS YEAR 31.03.2009
<b><u>SCHEDULE - 6</u></b>		
<b><u>INVESTMENTS</u></b>		
<b>(Unquoted - Non-Trade)</b>		
1,000 Equity Shares of Saraswat Co-Op Bank Ltd. of Rs.10/- each fully paid in Cash	10,000.00	10,000.00
<b>(Unquoted - Trade)</b>		
3,16,800 Equity Shares of Valiant Glass Works Pvt Ltd of Rs.-100/- each fully paid in Cash	72,000,000.00	72,000,000.00
1,00,000 Equity Shares of Paramount Fine Tex & Industries (I) Pvt. Ltd. of Rs.10/- each fully paid in Cash	1,700,000.00	1,700,000.00
	<u>73,710,000.00</u>	<u>73,710,000.00</u>
<b><u>SCHEDULE - 7</u></b>		
<b><u>INVENTORIES</u></b>		
(As taken valued and certified by Management)		
Grey Cloth	34,021,098.80	8,951,817.69
Work in Progress	44,724,847.02	45,841,675.92
Dyes and Chemicals	14,424,078.00	12,073,936.00
Packing Material	957,432.00	1,298,880.00
Oil and Fuel	864,906.00	874,380.00
Stores and Spares	1,185,729.00	1,138,871.00
Finished Goods	26,644,350.03	44,159,641.40
	<u>122,822,440.85</u>	<u>114,339,202.01</u>
<b><u>SCHEDULE - 8</u></b>		
<b><u>SUNDRY DEBTORS</u></b>		
(Unsecured, Considered Good)		
Outstanding for a Period over Six Months	7,427,323.89	4,219,649.21
Others	347,155,989.48	264,981,477.07
	<u>354,583,313.37</u>	<u>269,201,126.28</u>
<b><u>SCHEDULE - 9</u></b>		
<b><u>CASH &amp; BANK BALANCE</u></b>		
Cash in Hand	231,823.00	666,390.00
<b><u>Balance with Scheduled Banks</u></b>		
- In Current Account	317,437.02	356,429.65
- In E E F C Account	115,152.14	114,688.00
- In Fixed Deposit (Pledged with Bank)	31,009,271.00	28,562,352.00
	<u>31,673,683.16</u>	<u>29,699,859.65</u>



**BINAYAK TEX PROCESSORS LIMITED**  
**SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010**

	CURRENT YEAR 31.03.2010	PREVIOUS YEAR 31.03.2009
<b><u>SCHEDULE - 10</u></b>		
<b><u>LOANS AND ADVANCES</u></b>		
(Unsecured Considered Good)		
Advance Recoverable in Cash or Kind for Value to be Received	19,548,857.77	18,223,554.75
Export Incentive Receivable	32,327,446.00	24,555,452.00
Unsecured Loan	62,893,521.00	77,787,388.55
Deposits	26,128,684.00	26,128,684.00
Prepaid Expenses	399,979.00	264,658.00
VAT Receivable	12,092,979.93	10,182,066.93
Insurance Claim Receivable	49,425,246.22	-
	<u>222,816,713.92</u>	<u>157,141,804.23</u>
<b><u>SCHEDULE - 11</u></b>		
<b><u>CURRENT LIABILITIES</u></b>		
<b>Sundry Creditors:</b>		
- Due to Micro Small and Medium Enterprises	-	-
- Due to Others	209,829,650.81	125,329,663.08
Advance from Customer	2,052,005.00	79,337.00
Other Liabilities	624,132.00	837,556.00
Unclaimed Dividend	45,117.50	-
Excess Cheques Drawn	923,507.74	5,130,990.66
Deposits Received	10,030,000.00	10,030,000.00
	<u>223,504,413.05</u>	<u>141,407,546.74</u>
<b><u>SCHEDULE - 12</u></b>		
<b><u>PROVISION</u></b>		
Provision for Income Tax (Net of Advance Tax & TDS)	7,860,213.59	12,146,541.00
Proposed Dividend	1,422,600.00	1,422,600.00
Provision for Tax on Dividend	236,276.00	241,771.00
	<u>9,519,089.59</u>	<u>13,810,912.00</u>
<b><u>SCHEDULE - 13</u></b>		
<b><u>SALES/RECEIPTS (NET)</u></b>		
Export Sales	684,473,786.45	558,443,263.88
Local Sales	217,837,812.60	226,319,582.09
Process Charges	363,718,606.24	358,786,401.04
	<u>1,266,030,205.29</u>	<u>1,143,549,247.01</u>
<b><u>SCHEDULE - 14</u></b>		
<b><u>OTHER INCOME</u></b>		
Interest Received	9,259,573.00	8,207,509.00
Dividend	2,000.00	2,000.00
Export Incentive (Net)	64,425,466.00	43,802,826.19
Scrap Sales	644,520.00	-
Exchange Rate Difference	980,015.46	24,378.00
Insurance Claim for Loss from Fire	2,521,085.00	-
	<u>77,832,659.46</u>	<u>52,036,713.19</u>



**BINAYAK TEX PROCESSORS LIMITED**  
**SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010**

	CURRENT YEAR 31.03.2010	PREVIOUS YEAR 31.03.2009
<b><u>SCHEDULE - 15</u></b>		
<b><u>INCREASE/(DECREASE) IN STOCK</u></b>		
<b>Opening Stock:-</b>		
Finished Goods	44,159,641.40	21,967,584.56
Finished Goods Lying at Jaipur Branch	-	503,182.00
Work in Progress	45,841,675.92	47,839,121.00
	<u>90,001,317.32</u>	<u>70,309,887.56</u>
<b>Closing Stock:-</b>		
Finished Goods	26,644,350.03	44,159,641.40
Work in Progress	44,724,847.02	45,841,675.92
	<u>71,369,197.05</u>	<u>90,001,317.32</u>
<b>INCREASE / DECREASE IN STOCK</b>	<u>(18,632,120.27)</u>	<u>19,691,429.76</u>
<b><u>SCHEDULE - 16</u></b>		
<b><u>CONSUMPTION OF RAW MATERIAL</u></b>		
Grey Cloth	554,862,663.98	460,493,823.00
Dyes and Chemical	202,753,332.50	214,097,449.68
Packing Material	29,020,169.76	19,173,410.13
Stores and Spares	25,233,945.19	21,690,537.73
	<u>811,870,111.43</u>	<u>715,455,220.54</u>
<b><u>SCHEDULE - 17</u></b>		
<b><u>MANUFACTURING EXPENSES</u></b>		
Process Charges	12,071,601.00	5,427,615.00
Property Taxes and Rent	5,707,308.00	6,193,983.00
Power, Fuel & Water	158,379,354.45	157,546,168.16
Labour Charges	77,432,166.60	61,839,879.51
Repairs & Maintenance:-		
- Machinery	4,245,203.20	2,971,930.50
- Building	1,486,248.12	1,246,783.79
	<u>259,321,881.37</u>	<u>235,226,359.96</u>
Less: Insurance Claim for Process Charges	18,486,791.88	-
	<u>240,835,089.49</u>	<u>235,226,359.96</u>
<b><u>SCHEDULE - 18</u></b>		
<b><u>EMPLOYEES REMUNERATION &amp; BENEFITS</u></b>		
Salary, Wages Bonus, Etc.	17,039,698.00	15,894,431.00
Contribution to PF & ESIC	2,886,213.00	2,859,326.00
Welfare Expenses	1,127,281.00	772,967.00
Directors Remuneration	1,200,000.00	1,200,000.00
	<u>22,253,192.00</u>	<u>20,726,724.00</u>



**BINAYAK TEX PROCESSORS LIMITED**  
**SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010**

	CURRENT YEAR 31.03.2010	PREVIOUS YEAR 31.03.2009
<b><u>SCHEDULE - 19</u></b>		
<b><u>ADMINISTRATIVE, SELLING AND OTHER EXPENSES</u></b>		
Conveyance & Travelling	2,405,104.00	1,698,206.00
Freight and Forwarding	25,214,237.33	29,679,168.68
Insurance	687,367.00	871,603.00
Donation	-	223,301.00
Auditors Remuneration:-		
- Audit Fees	137,875.00	110,300.00
- Other Matters	-	-
Brokerage and Commission	288,955.00	133,623.80
Advertisement and Publicity	58,500.00	12,600.00
Postage, Telegram & Telephone Expenses	1,451,230.97	1,417,808.32
Printing & Stationery	2,018,920.61	1,677,615.11
Professional & Consultancy Charges	1,828,383.00	481,910.00
Repairs & Maintenance - Others	2,051,409.35	2,751,382.56
Rates & Taxes	2,108,225.68	2,701,638.18
Miscellaneous Expenses	3,931,251.76	3,354,216.12
Office Rent	48,000.00	48,000.00
Professional Tax	2,500.00	2,500.00
Exchange Rate Difference	-	6,516,558.39
Assets Discarded	-	10,915.00
	<b><u>42,23,959.70</u></b>	<b><u>51,691,346.16</u></b>

**SCHEDULE - 20**  
**FINANCE CHARGES**

Interest:-		
- On Term Loan	2,443,473.00	2,198,612.00
- For Others Facilities	18,181,246.49	21,819,032.03
Bank Commission	1,674,654.03	1,008,916.13
	<b><u>22,299,373.52</u></b>	<b><u>25,026,560.16</u></b>



BINAYAK TEX PROCESSORS LIMITED

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2010

SCHEDULE - 21

1. SIGNIFICANT ACCOUNTING POLICIES

a. BASIS OF ACCOUNTING

The financial statements are prepared under historical cost convention on an accrual basis and are in accordance with the requirement of the companies Act, 1956.

b. FIXED ASSETS AND DEPRECIATION

All fixed assets are valued at cost including cost of erection Depreciation for the year has been provided on the straight line method at the rates specified in the schedule XIV of Companies Act, 1956. Depreciation on addition / deduction to assets during the year is provided on pro-rata basis.

c. VALUATION OF INVENTORY

Grey cloth is valued at cost & finished cloth is net of excise and valued at cost or market price whichever is lower on FIFO basis, Scrap is valued at realizable market value. Due allowances is made for defective & obsoletes wherever necessary based on the past experience of the company. Cost of work in progress and manufactured goods include material, labour and other appropriate overhead wherever applicable.

d. EMPLOYEE BENEFIT

Gratuity liability is not determined and not provided at the end of the each financial year however same is accounted on cash basis.

e. REVENUE RECOGNITION

Process charges are recognized as income as and when the invoice has been made in the name of customer. Process charges receipt and payment are net of discount, claim and excludes excise duty as applicable.

Export sales are stated at C.I.F. value & Domestic sales are net of local taxes.

Export Incentives are accounted for on accrual basis.

f. IMPAIRMENT OF ASSETS

At balance sheet date, an assessment is done to determine whether there is any indication impairment in the carrying amount of the company's fixed assets. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount.

g. TAXES ON INCOME

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with income tax laws) and deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that the assets can be realised in future. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realized.



**BINAYAK TEX PROCESSORS LIMITED**

**NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2010**

**h. FOREIGN CURRENCY TRANSACTION**

Transactions of foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. The realized exchange gain/ losses are recognized in Profit & Loss Account. All monetary items of foreign currency assets/ liabilities are translated in rupees at rates prevailing on the date of balance sheet.

**i. USE OF ESTIMATES**

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that effect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known/materialized.

**j. PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS**

Provisions involving degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it probable that there will be an outflow of resources. Contingent Assets are neither recognized nor disclosed in the financial statements. Contingent liabilities are disclosed separately.

**k. INVESTMENTS**

Investments are classified into current and long-term investments. Current investments are stated at lower of cost or market value. Long-term investments are carried at cost less provisions, if any, for permanent diminution in the value of such Investment.

**2. Contingent Liability not Provided for in respect of:**

	Current Year	Previous Year
	31.03.2010 (Rs.)	31.03.2009 (Rs.)
Bills Discounted / Purchases	21,20,81,348	16,78,65,400
Income Tax Matters for A.Y. 2000-01 to A.Y. 2008-09.	1,60,28,905	Nil

3. Estimated amount of Contracts remaining to be executed on Capital Account and not Provided for Rs. 2,500,000 (P.Y. Rs. 4,050,000) against which advance of Rs. 1,308,000 (P.Y. Rs. 2,727,908) have been paid.

4. i) Loans from Union Bank of India on FDBP/PC/PCFC/ Cash Credit account are Secured by first hypothecation charge on entire current assets consisting of raw Material, semi finished goods and receivables. Extension of first charge on entire fixed assets of the Company consisting of land, building, plant and Machinery situated at Dombivali, Dist. Thane. The loans are also guaranteed by two of the directors.

ii) Term loan from Union Bank of India is secured by mortgage charges on land & building at Dombivali and hypothecation charge on plant & Machinery and extension of Kalbadevi property hypothecation charge on the entire current assets of the Company consisting of Raw Material, Stock in Process, Finished Goods, Stores & Spares, Other Consumables, Book debts, both present & future. The Term loan is also guaranteed by two of the directors. Repayment in next one year is Rs.55.56lacs (P.Y. Rs.- 41.26 lacs.)

iii) Loans from other banks are secured by hypothecation of the vehicles purchased from such loans. Repayment due in next one year is Rs.28.54 Lacs (P.Y. Rs.28.54 Lacs).





**BINAYAK TEX PROCESSORS LIMITED**

**NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2010**

**5. DETAILS OF LICENCED CAPACITY**

Installed capacity and actual production. (As certified by management)

a)	Licensed Capacity	N.A.	N.A.
b)	Installed Capacity	75,000 meters per day on single shift basis	75,000 meters per day on single shift basis
	and		
	Hired Capacity	100,000 meters per day on single shift basis	100,000 meters per day on single shift basis
c)	<u>Actual production</u>	<u>Current year</u>	<u>Previous year</u>
	i. Self Account	24,753,020.28	23,051,360.48
	ii. Parties Account	67,899,190.53	54,823,334.06
	iii. Through Job work	1,425,779.12	317,272.00

d)	Class of Goods	<b>Textiles Madeups</b>	<b>Textiles Madeups</b>
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e) Quantity and value in regard to finished goods.

i) Class of goods manufactured / Trading Cotton Cloth

		<u>31.03.2010</u>	<u>31.03.2009</u>
<u>Opening Stock (in fabrics)</u>	Qty. Mtrs	1,228,690.85	652,521.09
	Value	38,812,031.40	17,255,484.56
In Made ups	Qty. in Sets	44,720.00	32,058.00
	Value	5,347,610.00	5,215,282.00
<u>Closing Stock</u>			
In Fabrics	Qty. Mtrs	776,010.54	1,228,690.85
	Value	22,618,426.18	38,812,031.40
In Sets	Qty. in Sets	30,263.00	44,720.00
	Value	4,025,923.85	5,347,610.00
<u>Sales (Net)</u>			
In Fabrics	Qty. Mtrs	30,328,039.14	25,516,641.02
	Value	809,591,002.45	735,575,838.88
In Sets	Qty. in Sets	308,681.00	381,456
	Value	92,720,596.6	49,187,007.09

(ii) Purchase of Cloth for Resale:

In Fabrics	Qty. Mtrs	5,072,456.77	4,122,678.70
	Value	112,462,975.00	78,370,651.00
In Sets	Sets	33,317.00	5,126
	Value	1,118,681.00	395,060.00



**BINAYAK TEX PROCESSORS LIMITED**

**NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2010**

f) Quantity in respect of Raw –Material Consumed during the year

<u>Class of Goods.</u>		<u>Grey Cotton Cloth</u>	<u>Grey Cotton Cloth</u>
Grey Cloth	Mtrs	26,536,076.43	23,433,535.54
	Value	554,862,663.98	460,493,823.00
Color & Chemicals Imported	Value	202,753,332.50	214,097,449.68
	Value	NIL	NIL

g) Value of stores and Spares parts consumed

Imported	Value	NIL	NIL
Indigenous	Value	25,233,945.19	21,690,537.73

6. Expenditure in Foreign Currency.

- Foreign Traveling Expenses Rs.- 1,161,251.00 (Previous Year Rs. 453,130.00)
- C.I.F. Value of Import Rs.- 2,035,341.00 (Previous Year Rs.- NIL)

7. Earning in foreign Currency (Export/F.O.B.) Rs. 666,777,407.45. (P. Y. Rs. 535,276,892.64.)

8. Depreciation on fixed assets has been provided on straight line method basis in conformity with the provis on of Section 205(2) (b) of the Companies Act 1956, at the rates prescribed in schedule XIV of the said act.

9. The Company has not provided for gratuity liabilities and leave salaries as same has not been ascertained, however it will be recognized on cash basis. The method adopted by company & disclosures made hereinabove are not in accordance with AS-15 (Revised) issued by The Institute of Chartered Accountants of India.

10. Consequent to issue of Accounting standard 22 "Accounting for Taxes on Income" by "The Institute of Chartered Accountant of India", the Company recorded the deferred Tax Liabilities on account of timing difference & deferred tax charge for the year is Rs 1,285,050.63 (P.Y. Rs. 4,494,281.20) which has been debited to Profit & Loss Account.

11. Earning Per Share:

	<u>2009-2010</u>	<u>2008-2009</u>
a) Weighted average number of equity shares of Rs-10/ each.		
i) Number of shares at the beginning of the year	711,300	711,300
ii) Number of shares at the end of the year	711,300	711,300
weighted average number of equity shares outstanding during the year	711,300	711,300
b) Net profit after tax available for equity –holder (Rs. in lacs)	435.96	522.23
c) Basic and diluted earning for equity share ( in Rupees)	61.29	73.42

12. Related parties Disclosures:-

- i) (a) **Key Management Personnel**  
 Shree Pradip kumar Pacheriwala  
 Shree Ashok kumar Agarwal  
 Smt. Heera Devi Pacheriwala



**BINAYAK TEX PROCESSORS LIMITED**

**NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2010**

**(b) Associates:-**

Jimtex Pvt Ltd  
S.V. Business Pvt Ltd  
Hanuman Das Madanlal  
Valiant Glass Works Pvt Ltd  
Benkatesh Synth Processors Pvt Ltd  
Paramount Finetex & Industries (1) Pvt. Ltd  
Balaji Tex Knitting Mfg. Co. Pvt Ltd.  
Wintry Engineering & Chemicals Pvt Ltd

**(c) Relatives of key management personnel and their enterprises:**

Mr Binodilal Pachariwala, Mr Dilipkumar Pachariwala, Smt. Bhagirathi Devi Pachariwala and Smt. Beladevi Pachariwal.

ii) Transaction carried out with related parties referred in (i) above, in ordinary course of business:

Nature of Transactions	<i>Rs. In Lacs</i>		
	Referred in 1 (a) above	Referred in 1 (b) above	Referred in 1 (c) above
<b>Purchases</b>			
Goods & Materials	-	1093.83	-
	(-)	(815.62)	(-)
<b>Sales</b>			
Goods & Materials	-	875.80	-
	(-)		(-)
Job Works charges	-	720.84	-
	(-)		(-)
<b>Expenses</b>			
Rent & other service charges	-	2.52 (5.40)	-
	(-)		(-)
Conductor Charges	-	49.64 (50.56)	-
	(-)		(-)
Job Works charges	-	118.24 (53.55)	-
	(-)		(-)
Remuneration	12.00	-	-
	(12.00)	(-)	(-)
Salary	-	-	3.00
	(-)	(-)	(3.00)
<b>Income</b>			
Interest Received	-	67.22	-
	(-)	(65.28)	(-)
<b>Finance</b>			
Investments	-	737.00	-
	(-)	(737.00)	(-)
<b>Outstanding</b>			
Payable	-	116.72	-
	(-)	(100.30)	(-)
Receivable	-	323.20	-
	(-)	(304.39)	(-)
Loan given	-	828.94	-
	(-)	(777.87)	(-)
Security Deposit paid		250.00	
		(250.00)	

**Note:-** Related party relationship is as identified by the company and relied upon by the Auditors. Figures in brackets indicate previous year's figures.



**BINAYAK TEX PROCESSORS LIMITED**

**NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2010**

**13. Segment Reporting**

**A: Primary Segment (By business Segment):-**

As The Company is mainly engaged in the business of Manufacturing/ Processing of textile fabrics considering the nature of business and financial reporting of the company. The Company has only one segment viz. "Textiles Products" as reportable segment.

**B: Secondary Segment ( By Geographical demarcation):-**

The Company operates in Local/ Export segment geographically of which the export sales have amounted to Rs. 6,844.74 lacs (P.Y. Rs - 5,584.43 Lacs) but due to the nature of business, the assets/ liabilities and expenses for these activities has not been bifurcated separately.

14. During the year assessment of AY 2001-02 to AY 2008-09 was completed u/s 153A of Income Tax Act, 1961 which, resulted in certain demand which were amended vide order of rectification/ order giving effect to ITAT order & determined demand of Rs. 1.46 crores. The company has disputed said demand before appellate authorities hence related accounting entries will be made in the year when finality is reached.

15. Company has advanced unsecured loan of Rs. 82,893,521 including interest free loan of Rs. 3,000,000 to certain parties / companies in which directors are interested. The maximum balance outstanding at any time during the year to such parties / companies is Rs. 82,893,521.

16. Sundry debtors closing balance includes Rs. 32,169,801.81 receivable from one party in which directors are interested.

**17. Derivative Instruments:**

The Company uses forward contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes.

Sr. No.	Currency Exchange	USD/INR
A	Number of 'Sell Contracts'	5
B	Aggregate Currency Amount (USD)	1,500,000

18. Company does not have complete information to determine Micro, Small and Medium Enterprises as specified in Micro, Small and Medium Enterprises development Act, 2006 hence it is not possible for us to verify the amount due to such enterprises.

19. Other information required to be given under paragraph 3, 4 ( C ) and 4 ( D ) of the part II of Schedule VI of Companies Act.1956 are not applicable.

20. There was major fire on 12<sup>th</sup> May 2009 at Packing Department of the company located at plot no. A 55, MIDC Phase-1, Dombivali (East), which is taken on lease. The fire extensively damaged finished stock of the company, goods received from third parties for job work, Plant & Machinery installed, Stores & Spares and Packing Materials. The total loss evaluated by the company is Rs. 7,00,86,245.95 insurance claim is lodged with IFFCO Tokio General Insurance Company Limited and the claim is under process. The Company has received on account payment of Rs. 20,000,000 on 11<sup>th</sup> November 2009 from the insurance company against the claim. The details of loss due to fire is as under:

Sr. No.	Description	Amount
1	Loss of own fabric	16,535,621
2	Loss of fabric received from third parties	34,417,815
3	Loss of process charge on third party fabric	12,768,150
4	Loss on account of stores & spares	2,521,085
5	Loss on account of plant & machinery	2,500,320
6	Loss on account of packing materials	1,165,962
7	Other expenses incurred at the time of fire	177,294
	<b>Total Loss due to fire</b>	<b>70,086,247</b>



BINAYAK TEX PROCESSORS LIMITED

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2010

Necessary accounting entries have been passed as per the details on record and final treatment will be given after finalization of assessment of the loss by the insurance company.

21. Additional Information regarding Balance Sheet abstract and general Business Profile as required under part IV of schedule VI to Company Act. 1956 is annexed herewith.
22. Previous Year's Figures have been regrouped / rearranged wherever found necessary.

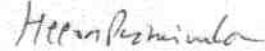
AS PER OUR REPORT OF EVEN DATE ATTACHED.

FOR: SUNDARLAL, DESAI & KANODIA  
CHARTERED ACCOUNTANTS



PARTNER

FOR: BINAYAK TEX PROCESSORS LTD.



DIRECTOR

DIRECTOR

PLACE: MUMBAI.

DATE:- - 6 SEP 2010

MUKUL B. DESAI  
B. Com. F.C.A.  
M. No. 33978



**BINAYAK TEX PROCESSORS LIMITED**

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

PARTICULARS	Rs. In Lacs 2009-10	Rs. In Lacs 2008-09
<b>Cash flows from Operating Activities</b>		
Net profit before taxation, and extraordinary item	659.12	831.57
Adjustments for :-		
Depreciation	62.47	52.29
Interest Income	(92.60)	(82.08)
Dividend Income	(0.02)	(0.02)
Rent Received	-	-
Interest Expenses	222.99	250.27
	192.85	220.46
Operating profit before working capital changes	851.97	1,052.03
Adjustments for :-		
(Increase)/Decrease in sundry debtors	(853.82)	702.66
(Increase)/Decrease in inventories	(84.83)	(110.61)
(Increase)/Decrease in Loans & Advances	(656.75)	309.51
Increase/(Decrease) in Current Liabilities	820.97	(615.31)
	(774.43)	286.25
Cash generated from operations	77.54	1,338.28
Income taxes (paid) / refund received	(253.16)	(326.55)
<b>Net Cash from Operating Activities</b>	<b>(175.62)</b>	<b>1,008.73</b>
<b>Cash Flow from Investing Activities</b>		
Purchase of Assets	(132.07)	(388.18)
Interest Received	92.60	82.08
Dividend Received	0.02	0.02
Prior Period Adjustment	-	25.22
<b>Net Cash from / used in Investing activities</b>	<b>(39.45)</b>	<b>(280.86)</b>
<b>Cash flow from Financing Activities</b>		
Proceeds from Long-Term Borrowings (Secured)	474.46	(367.42)
Interest paid	(222.99)	(250.27)
Dividends Paid	(14.23)	(14.23)
Dividend Tax Paid	(2.42)	(2.42)
<b>Net Cash from / (used) in financing Activities</b>	<b>234.82</b>	<b>(634.34)</b>
<b>Net increase in Cash and Cash Equivalents</b>	19.74	93.53
Cash and cash equivalents at the beginning of period	297.00	203.47
Cash and cash equivalents at the end of period	<b>316.74</b>	<b>297.00</b>

**Notes:-**

1. Previous Year's figures are regrouped / reconsidered wherever necessary
2. Cash & Cash Equivalents represents cash and bank balances only.

FOR: SUNDARLAL DESAI & KANODIA  
CHARTERED ACCOUNTANTS

*Mukul B. Desai*

PARTNER

MUKUL B. DESAI  
B. Com. F.C.A.  
M. No. 33978

Place: Mumbai  
Date :

- 6 SEP 2010

FOR BINAYAK TEX PROCESSORS LIMITED

*M. M. M.*

DIRECTOR

*Hemant Desai*

DIRECTOR



**BINAYAK TEX PROCESSORS LIMITED**

Annexure referred to in Note 6 of the Notes annexed to and forming part of the Balance Sheet as at 31<sup>st</sup> March 2010  
**Balance Sheet abstract and company's general business profile:**

Registration details:

Registration No. : 11-30245 State Code: 11  
Balance Sheet date. : 31.03.2010

Capital raised during the year:  
(Amount in Rs. Thousand)

Public Issue : NIL Right issue : NIL  
Bonus issue : NIL Private Placement : NIL

Position of mobilization and deployment of funds:  
(Amount in Rs. Thousand)

Total Liabilities : 918831.56 Total Assets : 918831.56

Sources of funds:

Paid up capital : 7113.00 Reserve & Surplus : 386999.10

Secured loans.: 279669.97 Unsecured Loans : NIL

Deferred tax liabilities : 12025.98 Share Application : NIL

Application of funds:

Net Fixed Assets : 113225.40 Investment. : 73710.00

Net Current Assets. : 498872.65 Misc. Expenditure NIL

Accumulated Loss: NIL

Performance of Company:  
(Amount in Rs. Thousand)

Total Income : 1325230.74 Total Expenditure 1259318.82

Profit/Loss before tax 65911.92 Profit/Loss after tax : 43596.37

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(Please mark appropriate box "+" for profit "-" for loss)

Earning per share : RS. 61.29 Dividend rate % 20%

(Annualized) (Annualized)

Generic names of three principal products/services of Company  
(as per monetary terms).

Item Code No. : ---  
Product description. : Processing of Cloth

For : SUNDARLAL, DESAI & KANODIA  
CHARTERED ACCOUNTANTS

*Mukul B. Desai*

PARTNER

MUKUL B. DESAI

For and on behalf of the Board of Directors.  
BINAYAK TEX PROCESSORS LIMITED

*M. M. Hagan*

DIRECTOR

DIRECTOR