



20TH

ANNUAL REPORT

2009-2010

VIRAT INDUSTRIES LIMITED

VIRAT INDUSTRIES LIMITED

20th Annual Report 2009-2010

BOARD OF DIRECTORS

Mr. Naozer J. Aga Chairman
Mr. Adi F. Madan Managing Director
Mr. Arun S. Sanghi
Mr. Ajit P. Walwalkar
Mr. Armand N. Aga
(w.e.f. 28.05.2010)
(Alternate Director to
Mr. Kaizad R. DadyBurjor
upto 16.05.2010)
Mr. Harish H. Shah
(w.e.f. 25.03.2010)
Mr. Madhav G. Kulkarni
(Upto 03.11.2009)

PRESIDENT (WORKS)

Mr. Nirmal G. Awtaney

COMPANY SECRETARY

Mr. Asinkhan S. Baholu

AUDITORS

M/s. Deloitte Haskins & Sells
Chartered Accountants
Mumbai.

BANKERS

Bank of Baroda

REGISTERED OFFICE & FACTORY

A-1/2, GIDC Industrial Estate,
Kabilpore, Navsari - 396 424. Gujarat.

20TH ANNUAL GENERAL MEETING

on
Thursday the 9th September, 2010
at 11.30 a.m. at
A-1/2, GIDC Industrial Estate,
Kabilpore, Navsari - 396 424, Gujarat.

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REQUEST : Shareholders are requested to bring their copy of Annual Report to the Meeting.

NOTICE

NOTICE is hereby given that the Twentieth Annual General Meeting of the Members of Virat Industries Limited will be held at the Registered Office of the Company at A-1/2, GIDC Industrial Estate, Kabilpore, Navsari - 396 424 on Thursday, the 9th September, 2010 at 11.30 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended as on that date and the Reports of the Directors and the Auditors thereon.
2. To declare Dividend on the Equity Shares for the year ended 31st March, 2010.
3. To appoint a Director in place of Mr. Naozer J. Aga, who retires from office by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. Deloitte Haskins & Sells, Chartered Accountants, Baroda, Registration No. 117364W, as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company, and to fix their remuneration, in place of M/s. Deloitte Haskins and Sells, Chartered Accountants, Mumbai, Registration No. 117366W who are the retiring auditors and have expressed their inability to continue as auditors of the Company and for that purpose (refer Note H below) to consider and, if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:
"RESOLVED THAT subject to the provisions of Sections 224, 225 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Deloitte Haskins & Sells, Chartered Accountants, Baroda, Registration No. 117364W be and are hereby appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on such remuneration as may be fixed by the Board apart from reimbursement of out-of-pocket expenses and applicable taxes, in place of retiring auditors M/s. Deloitte Haskins & Sells, Chartered Accountants, Mumbai, Registration No. 117366W who retire at the conclusion of the 20th Annual General Meeting."

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modifications, the following Resolution as an **Ordinary Resolution**:
"RESOLVED THAT Mr. Armand N. Aga, who was appointed an Additional Director at the meeting of the Board of Directors of the Company held on 28th May, 2010 and whose term expires at the 20th Annual General Meeting of the Company scheduled to be held on 09th September, 2010 and for the appointment of whom the Company has received a notice under Section 257 of the Companies Act, 1956, from a member proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement by rotation."

By Order of the Board of Directors

ASINKHAN S. BAHOLU
Company Secretary

REGISTERED OFFICE:

A-1/2, GIDC Industrial Estate,
Kabilpore, Navsari - 396 424, Gujarat.

Place : Mumbai,
Date : 28th May, 2010.

NOTES :

- A. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE VALID MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- B. The Register of Members and the Share Transfer Books shall remain close from 02.09.10 to 09.09.2010 (including both dates) for the purpose of dividend entitlement and the 20th AGM.
- C. Members/Proxies are requested to fill the Attendance Slip for attending the meeting.
- D. Members are informed that the facility of dematerialization of shares of the Company is available and members are advised to go for that by approaching concerned DPs.
- E. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
- F. The Members holding shares in physical form are requested to notify any change in their address to the Company.
- G. Members desiring any information as regards the Accounts are requested to write to the Company at least 10 days before the date of the meeting to enable the management to keep the information ready.
- H. At present, the Company's accounts are being audited by M/s. Deloitte Haskins & Sells, Chartered Accountants, Mumbai, and Registration No. 117366W, who retire as Auditors at the conclusion of the 20th Annual General Meeting of the Company and have expressed their inability to offer themselves for re-appointment.

The Company has received a special notice from a Member of the Company, in terms of the provisions of the Companies Act, 1956, signifying his intention to propose the appointment of Deloitte Haskins & Sells, Chartered Accountants, Baroda,

Registration No. 117364W as the Auditors of the Company from the conclusion of the 20th Annual General Meeting till the conclusion of the next Annual General Meeting.

M/s. Deloitte Haskins & Sells, Chartered Accountants, Baroda, Registration No. 117364W have expressed their willingness to act as Auditors of the Company, if appointed, and have also confirmed that the said appointment would be in conformity with the provisions of Section 224 (1B) of the Companies Act, 1956.

In view of the above, and based on the recommendations of the Audit Committee, the Board of Directors, have, at their Meeting held on 28th May, 2010 proposed the appointment of M/s. Deloitte Haskins & Sells, Chartered Accountants, Baroda, Registration No. 117364W as the Statutory Auditors in place of M/s. Deloitte Haskins & Sells, Chartered Accountants, Mumbai, Registration No. 117386W to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company.

The Board recommends passing of the Resolution at Item No. 5 for approval by the Members.

None of the Directors of the Company is concerned or interested in the said Resolution.

ANNEXURE TO NOTICE

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

The following Explanatory Statement sets out all the material facts relating to the SPECIAL BUSINESS mentioned under Item No. 5 accompanying the Notice.

Item No. 5

Mr. Armand N. Aga (41 years) is the CEO of Armayesh Group of Companies engaged in Consultancy, Finance, Investment and Manufacturing and Exporting of high fashion embroidery to large and reputed Fashion Houses. He was appointed additional Director by the Board. As per the provisions of Section 280 of the Companies Act, 1956, Mr. Armand N. Aga holds office of Directorship up to the date of the ensuing 20th Annual General Meeting. The Company has received notice, in writing, from a member of the Company under Section 257 of the Companies Act, 1956 together with requisite deposit signifying his intention to propose the name of Mr. Armand N. Aga for appointment as Director, subject to retirement of rotation.

The Directors recommend that he be appointed as a Director of the Company.

Except Mr. Naozer J Aga and Mr. Armand N. Aga himself, no other Director is interested in the Resolution.

DETAILS OF DIRECTORS BEING APPOINTED / RE-APPOINTED AT THE ANNUAL GENERAL MEETING (IN PURSUANCE OF CLAUSE 49I) A OF THE LISTING AGREEMENTS):

Name of the Director	Mr. Naozer J. Aga	Mr. Armand N. Aga
Age	68 Years	41 Years
Qualification	B.Sc. (Hons)	B.Com.
Date of Appointment	17.06.2003	28.05.2010
Expertise	Rich experience in Management. Promoted the Armayesh Group of family owned Companies in 1972. Chairman Emeritus of the Group.	CEO of Armayesh Group of Companies engaged in Consultancy, Finance, Investment and manufacturing and exporting of high fashion embroidery to large and reputed Fashion Houses
Other Directorships	- Armayesh Imports & Exports Pvt. Ltd. - Armayesh Fashion Pvt. Ltd. - Janas Finance & Investment Pvt. Ltd.	- Armayesh Consultancy & Agencies Pvt. Ltd. - Armayesh Fashion Pvt. Ltd. - Armayesh Embroidery Pvt. Ltd. - Janas Finance & Investment Pvt. Ltd. - Shapoorjee Chandabhoy Finvest Pvt. Ltd.
Chairmanship/ Membership of the Committees	Chairman: - Shapoorjee Chandabhoy Finvest Pvt. Ltd. - Virat Industries Limited	None
Shareholding in the Company	424,958	7,849

DIRECTORS' REPORT

Your Directors take pleasure in submitting the 20th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS AND ACCOUNTS:

The Financial Results are as under:

	(Rs. in Lacs)	
	Year ended March 31, 2010	Year ended March 31, 2009
Gross Income (including other Income)	1,471.43	1,401.61
Gross Profit (Before Interest, Depreciation & Tax)	302.92	337.04
Less: Interest (Net)	15.74	26.03
Depreciation	70.97	67.57
Provision for Tax :		
Current Tax	62.50	27.50
Deferred Tax	14.87	75.11
Fringe Benefit Tax	-	1.75
MAT Credit Entitlement	-	(43.96)
Excess Provision of Tax (Net) of earlier years	(7.19)	-
Net Profit / (Loss) After Taxes	146.03	183.04
Balance [+/(-)] carried from previous year's Account	168.67	14.43
Profit/(Loss) available for Appropriations:	314.70	197.47
Proposed / Interim Dividend	39.39	24.62
Dividend Distribution Tax	6.69	4.18
Balance [+/(-)] carried to next year's Account	268.62	168.67

OPERATIONS:

During the year under review, your Company continued to receive export orders at an encouraging pace, with the result that the order book position remained comfortable throughout the year. This reflected the ever increasing affirmation by the customers, of your Company's products, good communication and timely deliveries. Due to this the knitting production in terms of pairs of socks was 11% higher compared to last year. However, the prices were under great pressure.

Your Company has well established itself as the manufacturer exporters of premium quality of dress, sport and football socks for men, ladies and children. During the year under review, 94% of total revenues were obtained from export sales.

During the year, your Company installed six new single cylinder machines capable of knitting dress socks with design (motifs). There is permanent demand for such socks in export market. These machines were commissioned in March, 2010, and their full benefit will accrue in the next year.

The profit before taxes lagged behind last year by Rs. 27.23 lacs, despite higher production. The reason for this drop in profits is the unprecedented rise in the prices of main cost inputs, like 25 to 30% increase in dyed cotton yarn prices, increase of 30.50% in minimum wages in Gujarat between February, 2009 and March, 2010 and increase of 6% in excise duty on nylon yarn, elastane yarn and indigenous store/spares.

Besides, due to rupee appreciation against both Great Britain Pounds (GBP) and U.S. Dollars (USD), particularly in the last quarter of the year, your Company lost Rs. 27.49 lacs both in turnover and profit due to reduced rupee realisation in this year compared to last year.

This impact of cost escalation in inputs and adverse exchange rates more than offset the benefit of economies of scale.

The performance highlights for the year 2009 - 10 compared to 2008 - 09 are as under:

	Units	2009-10	2008-09	% Change
Total Income	Rs.in lac	1,471.43	1,401.61	5
Export Sale	Rs.in lac	1,178.53	1,274.19	(7)
Net Profit	Rs.in lac	146.03	183.04	(20)
Cash Profit	Rs.in lac	217.00	250.61	(13)
Knitting Production	Pairs in lac	42.35	38.08	11
Pairs Despatched	Pairs in lac	37.77	39.07	(3)
Earning Per Share	Rs.	2.97	3.72	(20)

The encouraging trend of export order inflow continues during the current year also. Your Company continues to maintain its reputation of being one of the leading suppliers of premium quality dress and sports socks to many reputed retail chains in

Europe and the Gulf Countries. As most of the customers are high end reputed retailers who need excellent quality socks, the Company is in a position to get better prices due to quality products and timely deliveries. However, the increase in prices of cost inputs and rupee appreciation are likely to have adverse impact on the profitability of your Company in the current year, as well.

DIVIDEND:

The Board of Directors of the Company have recommended a dividend of Rs. 0.80 per share of Rs. 10/- (8%). The total dividend will absorb Rs. 3,938,672/-, excluding Rs. 669,377/- as tax on dividend.

FINANCE:

The Company has been regular in payment of interest as well as instalments as per schedule to Banks and on inter corporate deposits, from its internal accruals.

WORKING CAPITAL LOAN

The Company is enjoying export packing credit and foreign bill purchase facilities.

INSURANCE

All the assets of the Company have been adequately insured.

SUBSIDIARIES

As the Company has no subsidiaries, Section 212 of the Companies Act, 1956, does not apply.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the company, Mr. Naozer J. Aga, retires by rotation and being eligible, offers himself for re-appointment.

Mr. Madhav G. Kulkarni resigned from the Directorship of the Board of Directors of the Company w.e.f. 03.11.2009. The Board places on record their appreciation of the contribution made by Mr. Madhav G. Kulkarni during his tenure of Directorship of the Company.

Mr. Harish H. Shah was appointed as Director of the Company in the casual vacancy caused by the resignation of Mr. Madhav G. Kulkarni pursuant to Section 262 of the Companies Act, 1956 and Mr. Harish Shah is to hold the office till the date Mr. Madhav G. Kulkarni would have held it.

Mr. Armand N. Aga ceases to be alternate Director on the return of Mr. Kaizad R. DadyBurjor.

Mr. Kaizad R. DadyBurjor resigned from the Directorship of the Board of Directors of the Company. The Board places on record their appreciation of the contribution made by Mr. Kaizad R. DadyBurjor.

Mr. Armand N. Aga was appointed as additional Director of the Company. His candidature is being put before the ensuing AGM for appointment as a rotational Director.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217 (2AA) of the Companies Act, 1956 regarding inclusion of Directors' Responsibility Statement, it is stated:

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

AUDITORS

The term of office of M/s. Deloitte Haskins and Sells, Chartered Accountants, Mumbai as Auditors expires at the conclusion of the ensuing Annual General Meeting. M/s. Deloitte Haskins and Sells, Chartered Accountants, Mumbai, informed that they are not seeking reappointment at the ensuing Annual General Meeting. The Board of Directors wishes to appoint M/s. Deloitte Haskins and Sells, Chartered Accountants, Baroda as Auditors of the Company in place of previous Auditors and has received a Certificate from them that their appointment, if made, would be within the prescribed limits, under Section 224 (1B) of the Companies Act, 1956. You are requested to appoint them as Auditors from the conclusion of ensuing Annual General Meeting to the subsequent Annual General Meeting.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGOING

Additional information on conservation of energy, technology absorption, foreign exchange earnings and outgo as required to be disclosed in terms of Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed and forms part of this Report.

PARTICULARS OF EMPLOYEES

As per provision of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, particulars of the employees are required to be annexed in respect of the employees of the Company who were in

receipt of total remuneration of Rs.24.00 Lac per annum or Rs.2.00 Lac per month during the financial year, under review. There is no employee drawing remuneration as above.

CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS

Detailed notes on the Corporate Governance and the Management Discussion and Analysis report and other such disclosures as are required to be made under the Listing Agreement with the Stock Exchanges, are separately annexed and form part of this report.

COMPLIANCE CERTIFICATE

The Certificate from the Auditors of the Company regarding compliance of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this report.

CERTIFICATE OF RECOGNITION

The Office of the Zonal Joint Director General of Foreign Trade accorded your Company status of "Export House" for a period of five years with effect from 01.04.2009. Status holders are entitled to incentive scrip @ 1% of FOB value of exports made during the year 2009 - 10 and 2010 - 11.

ACKNOWLEDGMENT

Your Directors wish to place on record their sincere appreciation for the co-operation and support extended to the Company by the Government of India, Gujarat State Government and by the other concerned Government Authorities, Central, State and Local, Company's Bankers and Business Associates. Your Directors also thank all the employees at every level, who, through their dedication, co-operation and support, have enabled the Company to achieve a sustained growth.

For and on behalf of the Board of Directors

Place : Mumbai,
Date : 28th May, 2010.

Naozer J. Aga
Chairman

ANNEXURE TO THE DIRECTORS' REPORT

Disclosure of particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgoings as required under the Companies (Disclosure of Particulars in the Board of Directors' Report) Rules, 1988.

(A) CONSERVATION OF ENERGY:

a. Energy Conservation Measures Taken:

1. *Reduced the consumption of Electricity by*
 - i) Maintaining the power factor in the range of 0.996 to 0.997, throughout the year and got rebate of Rs. 129,488/- on this account in electricity bills.
 - ii) Enhanced the CFM capacity of two Compressors by 18% by changing gears and thereby stopped the working of the third uneconomic compressor. Also we could work newly installed six knitting machines from the same two compressors.
 - iii) Maintenance of motors and fans of Humidification Plant to reduce energy cost.
2. *Reduced the consumption of Light Diesel Oil/H.S. Diesel Oil by*
Reducing steam leakages and installing traps.

b. Additional Investments and Proposals being implemented for reduction of Consumption of Energy:

The individual suctions of 36 knitting machines were converted to "Centralised suction" and cost of Rs. 7.31 lacs was incurred on the said conversion.

c. Impact of Measures at (a) and (b) above for Reduction of Energy Consumption and on the Cost of Production of Goods:

The measures taken above have helped reduce the energy cost.

d. Total Energy Consumption and Energy Consumption per Unit of Production:

The above information is furnished in the prescribed Form A annexed.

(B) TECHNOLOGY ABSORPTION:

Efforts made in Technology Absorption are as per Form B.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

Activities relating to Exports, Initiatives to Increase Exports, Development of New Export Markets for Products and Services and Export Plan:

Ours is an export unit operating under Export Promotion Capital Goods (EPCG) Scheme. The Company has been exporting goods to the European and Gulf Markets. All efforts are directed towards increasing exports. In the year under review 94% of total revenues were derived from export.

	(Rs. in Lacs)
Total Foreign Exchange Used and Earned:	1,178.53
I. Total Foreign Exchange earned	1,178.53
II Total Foreign Exchange used	29.20
i. For import of Plant and Machinery	38.32
ii. For Spares, etc.	21.27
iii. Others	88.79
SUB -TOTAL	88.79
% of Import to Export	7.53%

FORM A

PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY:

A. Power and Fuel Consumption

1. Electricity	Current Year	Previous Year
a. Purchased		
Unit (Lac)	13.79	13.10
Total Amount (Rs. in Lacs)	75.31	70.49
Rate/Unit (Rs.)	5.46	5.38
b. Own Generation		
(i) Through Diesel Generator Unit		
Unit per ltr. of Diesel	-	-
Cost/Unit	-	-
(ii) Through Steam Turbine/generator Units		
Units per ltr. of Fuel Oil/Gas	-	-
Cost/Unit	-	-
2. Coal (specify quality and where used)		
Quantity (Tonnes)	-	-
Total Cost	-	-
Average Rate	-	-
3. Furnace Oil		
Quantity (K.Ltrs.)	-	-
Total Cost	-	-
Average Cost	-	-
4. Others - Light Diesel Oil / H. S. Diesel Oil		
Quantity (K. Ltrs.)	62.60	64.10
Total Cost (Rs. in Lacs)	24.42	24.00
Rate/Unit (Rs.)	39.00	39.28

B. Consumption per Unit of Production

	Standards (if any)	Current Year	Previous Year
		No. of Pairs	
Product: Socks	Knitted Boarded	2,819,228 3,426,521	2,725,525 3,205,000
Electricity (KWH/pair of Socks)	-	0.485	0.481
Furnace Oil	-	-	-
Coal (specify quality)	-	-	-
Others-LDO (ltrs/per pair of Socks)	-	0.018	0.020

FORM B

PARTICULARS WITH RESPECT TO ABSORPTION

Research and Development (R&D)

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

- The technicians at our factory have developed the technique to repair motor drives (IRT) and other electronic parts of the knitting machines.
- We have also developed an indigenous source to repair the broken cylinders of our knitting machines.
- As a result of the above we have significantly reduced importing motor drives (IRT) and cylinders as the same are being repaired indigenously.

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

3. Future plan of action:

To be planned

4. Expenditure on R & D:

Not ascertainable

- Capital
- Recurring
- Total
- Total R & D Expenditure as a percentage of total turnover.

Technology absorption, adaptation and innovation :

1. Efforts in brief, made towards technology absorption, adaptation and innovation:
The Company has not imported any technology. It has imported major plant and machinery.
2. Benefits, derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.:
Not Applicable
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:

(a) Technology imported	-
(b) Year of Import	-
(c) Has technology been fully absorbed	-

Information as per Section 217(2A) read with Companies, (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the Year ended 31st March, 2010.

- A. Names of Employees employed throughout the Financial Year and were in receipt of remuneration of not less than Rs. 24,00,000/- in terms of Section 217 (2A) (a) (i):

Sr. No.	Name	Age (yrs.)	Designation/ Nature of Duties	Remuneration Gross Rupees	Qualification and Experience	Date of Commencement of Employment	Last employment/ Name of Employer/ Designation held and period
----- NONE -----							

- B. Names of Employees employed for a part of the Year and were in receipt of remuneration of not less than Rs. 2,00,000/- per month in terms of Section 217 (2A) (a) (ii):

Sr. No.	Name	Age (yrs.)	Designation/ Nature of Duties	Remuneration Gross Rupees	Qualification and Experience	Date of Commencement of Employment	Last employment/ Name of Employer/ Designation held and period
----- NONE -----							

Note: Gross Remuneration includes Salary, Company's Contribution to Provident Fund, House Rent Allowance, Medical Allowance and Leave Travel Allowance and Leave Encashment.

REPORT ON CORPORATE GOVERNANCE**1. A brief statement on Company's philosophy on code of Corporate Governance**

The revised code of Corporate Governance introduced by the Securities and Exchange Board of India (SEBI) has been implemented in terms of the Listing Agreement with the Stock Exchanges by Virat Industries Limited (VIL). VIL is committed to good Corporate Governance and has taken initiatives to comply with the revised Code of Corporate Governance. Virat's philosophy on Corporate Governance envisages attainment of the highest levels of transparency, accountability and equity in all facets of its operations and in all its interactions with its stakeholders, including shareholders, employees, lenders and the Government. We believe that "learning is a continuous exercise" and will enshrine ideals and values, which have been the guiding force of the Company's philosophy on corporate governance in all activities of the Company.

2. Board of Directors**a) The composition of the Board of Directors is as follows:**

In line with the revised Clause 49 of the Listing Agreement on the Composition of the Board of Directors, the Board has an optimum mix of Executive, Non-Executive and Independent Directors. The Managing Director manages the day to day affairs of the Company.

The Board met 6 times during the year 2009-10 i.e. on 23rd April, 2009, 26th June, 2009, 30th July, 2009, 29th October, 2009, 28th January 2010 and 25th March, 2010.

Details of attendance of each Director at the Board Meetings held during the year are as follows:

Sr. No.	Designation	Name of Director	Position	No. of Board Meetings (Attendance)	Last AGM Attendance
1	Director/Chairman	Mr. Naozer J. Aga	Promoter Non-Executive	5	Present
2	Managing Director	Mr. Adi F. Madan	Executive	6	Present
3	Director	Mr. Arun S. Sanghi	Non-Executive Independent	6	Absent
4	Director	Mr. Armand N. Aga	Alternate Director to Mr Kaizad R. DadyBurjor	4	Absent
5	Director	Mr. Madhav G. Kulkarni (up to 03.11.09)	Non-Executive Independent	1	Absent
6	Director	Mr. Ajit P. Walwalkar	Non-Executive Independent	6	Present
7	Director	Mr. Kaizad R. DadyBurjor	Non-Independent Non-Executive	-	Absent
8	Director	Mr. Harish H. Shah (w.e.f. 25.03.10)	Non-Executive Independent	1	-

b) Details of Directorships/Board Committee Memberships held by the Directors of the Company in other Companies:

Sr. No.	Name of Director	Directorship held in Other Companies (including Private Companies)	Position held as Chairperson of Board/Committee	Position held as Board/Committee Member
1	Mr. Naozer J. Aga	3	1	-
2	Mr. Adi F. Madan	-	-	-
3	Mr. Arun S. Sanghi	9	-	-
4	Mr. Armand N. Aga	5	-	-
5	Mr. Madhav G. Kulkarni (up to 03.11.09)	-	-	-
6	Mr. Ajit P. Walwalkar	4	-	-
7	Mr. Kaizad R. DadyBurjor	-	-	-
8	Mr. Harish H. Shah (w.e.f. 25.03.10)	-	-	-

c) No. of Shares held by the Directors:

Sr. No.	Designation	Name of Director	Position	No. of Shares held	%
1	Director/Chairman	Mr. Naozer J. Aga	Promoter Non-Executive	424,958	8.63
2	Managing Director	Mr. Adi F Madan (Joint Holder)	Executive	104,952	2.13
3	Director	Mr. Arun S. Sanghi	Non-Executive Independent	NIL	-
4	Director	Mr. Armand N. Aga	Promoter Non-Executive	7,849	0.16
5	Director	Mr. Ajit P. Walwaikar	Non-Executive Independent	11,000	0.22
6	Director	Mr. Madhav G. Kulkarni (up to 03.11.09)	Non-Executive Independent	NIL	-
7	Director	Mr. Kaizad R. DadyBurjor	Non-Independent Non-Executive	NIL	-
8	Director	Mr. Harish H. Shah (w.e.f. 25.03.10)	Non-Executive Independent	NIL	-

d) Code of Conduct for Board Members and Senior Management :

A declaration regarding compliance by the Board, President-Works, Senior Officers and Company Secretary, of Code of Conduct is separately annexed to this report.

3. Audit Committee

a. Brief description of the terms of reference of the Audit Committee include

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of any related party transactions.
 - Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with the internal auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Discussion with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- To review the functioning of the Whistle Blower mechanism.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

b. Composition, name of Members and Chairperson.

The Committee consists of the following Non-Executive Independent Directors:

- i) Mr. Madhav G. Kulkarni - Chairman (Resigned on 03.11.2009)
- ii) Mr. Arun S. Sanghi - Chairman (Appointed on 25.03.2010)

iii) Mr. Ajit P. Walwalkar

iv) Mr. Harish H. Shah - (Appointed as a Director on 25.03.2010)

At the Annual General Meeting held on 4th September 09, the erstwhile Chairman of the Audit Committee, Mr. Madhav G. Kulkarni was absent.

c. Audit Committee Meetings were held on 23rd April, 2009, 26th June, 2009, 30th July 2009, 29th October 2009, 28th January, 2010 and 25th March, 2010. The attendances of the members are as follows :-

Sr. No.	Date of Audit Committee Meeting	Attendance of Directors			
		Mr. Madhav G. Kulkarni	Mr. Arun S. Sanghi	Mr. Ajit P. Walwalkar	Mr. Harish H. Shah
1	23.04.2009	Y	Y	Y	-
2	26.06.2009	N	Y	Y	-
3	30.07.2009	N	Y	Y	-
4	29.10.2009	N	Y	Y	-
5	28.01.2010	-	Y	Y	-
6	25.03.2010	-	Y	Y	Y

Y - Attended. N - Not Attended.

4. Remuneration Committee:

a) Brief description of terms of references of the Remuneration Committee includes:

To determine the remuneration package for its Executive Directors and part time Professional Directors, including pension right, any compensation payment, advisory fees, technical fees, sitting fees, extra work fees, etc.

b) Remuneration Policy :

The remuneration policy of the Company is directed towards rewarding performance based on review of achievements on a periodic basis and is in consonance with the existing industry practice.

c) The Committee consists of the following Directors:

i) Mr. Madhav G. Kulkarni - Chairman (Resigned on 03.11.2009)

ii) Mr. Arun S. Sanghi - Chairman (Appointed on 25.03.2010)

iii) Mr. Ajit P. Walwalkar

iv) Mr. Harish H. Shah (Appointed as a Director on 25.03.2010)

All of them are Non-Executive Independent Directors of the Company. During the year under review, one meeting of the Committee was held on 09th July, 2009. The attendances of the members are as under :

Sr. No.	Date of Meeting	Attendance of Directors		
		Mr. Madhav G. Kulkarni	Mr. Arun S. Sanghi	Mr. Ajit P. Walwalkar
1.	09.07.2009	Y	N	Y

Y - Attended. N - Not Attended.

d) Details of fixed remuneration paid to the Managing Director for the Financial Year 2009-2010:

Name of Director	Designation	Salary (Rs.)	Perks (Rs.)	Technical Fees (Rs.)	TOTAL Rs.
Mr. Adi F. Madan	Managing Director	1,199,000	896,669	-	2,095,669

The above excludes amounts pertaining to gratuity and leave encashment for the year as the same is provided on the basis of the actuarial valuation for the Company as a whole.

e) Details of sitting fees paid to Non-Executive Directors for the Financial Year 2009-2010:

Name of Director	Total Sitting Fees paid for attending Board Meetings (Rs.)	Total Sitting Fees paid for attending Committee Meetings (Rs.)
Mr. Naozer J. Aga	50,000	NIL
Mr. Arun S. Sanghi	60,000	35,000
Mr. Armand N. Aga	40,000	NIL
Mr. Madhav G. Kulkarni	10,000	10,000
Mr. Ajit P. Walwalkar	60,000	57,000
Mr. Kaizad R. DadyBurjor	NIL	NIL
Mr. Harish H. Shah	10,000	5,000

5. Shareholders / Investors Grievance Committee

The purpose of forming this Committee is to mainly focus on the basic rights of the shareholders including, Transfer of Shares, Transmission / Transposition of Shares, Issue of Duplicate / Split Certificates, Sub Division / Consolidation of Shares, Consolidation of Folios, De-materialization / Re-materialization of Shares and such other issues relating to shares. One meeting was held during 2009 - 10.

a. Name of Non Executive - Independent Director heading the committee:

Mr. Arun S. Sanghi - Chairman
Mr. Adil F. Madan - Managing Director
Mr. Ajit P. Walwalkar

b. Name and designation of Compliance Officer:

Mr. Asinkhan S. Baholu designated as a Compliance Officer as per Clause 47 of the Listing Agreement entered with The Bombay Stock Exchange Ltd., Mumbai.

c. Details of requests received and redressed during the year 2009-10:

Sr. No.	Particulars	Received	Redressed	Pending
1	Request for physical share transfer	0	0	0
2	Non receipt of share certificates	1	1	0
3	Non receipt of warrant Dividend / Interest	9	9	0
4	Non receipt of Demat Credit / Remat Certificate	1	1	0
5	Application for Transmission and Transposition / Deletion	0	0	0
6	Change of address request	5	5	0
7	Stop Transfer / Issue of Duplicate Share Certificate	3	3	0
8	Application for De-materialization of shares through NSDL/CDSL	0	0	0
9	Application for Re-materialization of shares	0	0	0
10	Non receipt of rejected DRF	0	0	0
11	Revalidation/Replacement of warrant	1	1	0
12	ESC Details	2	2	0
13	Issue of fresh demand draft	3	3	0
14	Indemnity with DRF	0	0	0
15	Others	0	0	0

6. General Body Meetings**a. Details of date, location and time of the last three Annual General Meetings and the Extra-Ordinary General Meetings in the last year:**

Date	Meeting	Location	Time	Details of any Special Resolution
05.09.2007	A. G. M.	Registered Office, Navsari	11.30 A.M	Nil
05.09.2008	A. G. M.	Registered Office, Navsari	11.30 A.M	Nil
04.09.2009	A. G. M.	Registered Office, Navsari	11.30 A.M	Appointment of & Approval to the Remuneration of the Managing Director

b. Postal Ballots:

There were no Special Resolutions passed in the last year through postal ballot.
There is no proposal for any Special Resolution to be passed through postal ballot.

7. Disclosures:

- There are no transactions with related parties i.e. with the Promoters, Directors, Management, Subsidiaries or Relatives etc. that may have potential conflict of interest of the Company at large. Transactions with related parties are disclosed in note no.13 of schedule 15 to the Accounts of the Company in the Annual Reports.
- Details of non-compliance by the Company, penalties, and strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during last three years:
The Company has complied with all prescribed requirement of Stock Exchange and SEBI on matters related to capital market, during last three years.
- Disclosure of accounting treatment, if different from that prescribed in accounting standards with explanation:
The Company has complied with the entire prescribed accounting standards.

8. Secretarial Audit

A qualified practicing Company Secretary carried out quarterly secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audits confirm that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

9. Adoption of Non-Mandatory requirements of Clause 49**Whistle Blower Policy**

The Company has adopted a Whistle Blower Policy in accordance with the revised clause 49 of the listing agreement and it is notified to all the departments of the Company, acknowledgement receipt of all the departmental heads was placed before the Audit Committee and no employee has been denied access to the Audit Committee.

10. Means of Communication

The Board of Directors of the Company takes on record the Un-audited Financial Results in the prescribed form within one month of the close of the first three quarters and/or audited financial results within 3 months of the close of the last quarter. The results are promptly forwarded to the stock exchange where the Company's shares are listed. The same are also published within 48 hours in the newspapers namely Business Standard and Jai Hind (English & Gujarati).

SEBI EDIFAR:- Quarterly results and Shareholding pattern of the Company were also posted on the SEBI Edifar Website- www.sebledifar.nic.in. However, this has since been discontinued by the concerned authorities w.e.f. April, 2010. Now, the results are posted on the Company's website www.viratindustries.com

11. MANAGEMENT DISCUSSION AND ANALYSIS**Overview:**

The global economic recession which started in 2008 - 2009 continued to hit the international economy in 2009 - 2010 also. There was a substantial reduction in exports from India throughout the year. This was followed by an unprecedented increase in the prices of raw materials particularly cotton yarns, employees' remuneration and other inputs.

Besides, the appreciation of the rupee against the GBP and USD, particularly in the last quarter of the year under review, adversely impacted the profitability of the Company.

However, your Company utilised this year to widen its production base to meet the inspiring flow of orders.

Your Company's decision to switch over from 100% Export Oriented Unit to a DTA unit under EPCG scheme in August, 2008 proved financially beneficial due to entitlement to Duty Drawback on export despatches.

Your Company has established itself as a quality manufacturer and exporter of dress and sport socks. The products and services of the company have carved out a strong niche for itself as a quality supplier having a strong customer base.

Your Company is committed to enhancing scale, enriching product mix, improving quality and reducing cost of production. Your company is also committed to increase export sales by expanding business with existing customers and exploring new markets. To achieve this, your company is endeavoring to develop new and diverse styles of socks from time to time. As already mentioned, the inflow of export orders has been progressively increasing.

During the year, the Company carried out sales in the following geographical segments:

(In Rupees)

	United Kingdom	Switzerland	India	Rest of the World	Total
Revenues	35,822,388	65,554,038	6,961,851	16,476,201	124,814,478

Industry Structure and Development

Your Company enjoys the distinct position of being one of the suppliers of premium quality dress and sports socks to some reputed retail chains in the UK, Switzerland and Gulf countries. The socks produced by your Company are meeting the international quality norms in terms of stretch, sizing, foot comfort, skin care and other parameters, essential for inner wear apparel. They also meet the fashion demands in terms of designs, different knits and multiple shades. The socks produced by your Company are sold in upper end Retail stores.

All the yarns used for manufacture of socks are regularly tested for physical properties, fastness properties and colour continuity; to ensure that they conform to the norms required by quality conscious customers.

Some major customers of your Company have a practice to get tested the pre-shipment samples sent to them in internationally reputed laboratories in their country for Fastness Properties, Dimensional Stability and Abrasion Resistance, etc. After fulfillment of required parameters, the consignments are allowed to be despatched.

Opportunities

The flow of orders has been progressively increasing with every passing year. This offers opportunity to your Company to widen production base which besides increasing turnover will result in economies of scale.

Your Company is equipped with state of the art imported knitting machines, having distinct capabilities and special attachments to manufacture dress and sport socks from cotton, woolen and nylon yarn. Besides, your Company has suitable infrastructure required for the manufacturing of socks of international standards.

The Company has facilities to manufacture premium quality football and other specialized technical socks which provide a greater value addition to our product.

The export business demands high quality, timely delivery commitments and quick response. Your Company's track record to conform to these parameters has been good, resulting in increased volumes year by year.

Most of the customers of your Company have their own quality control systems. The feedback received from them regularly has helped tighten systems and procedures, and built strong quality control foundation in your Company.

During the year, your Company supplied socks in India to one internationally well-known brand. Repeat orders are being received from them. Your Company is trying to gradually exploit such avenues in India.

Threats and Risks:

The steep rise in the prices of cotton yarns, wages, utilities and other inputs continues in the year 2010-11. Due to recessionary trends, prices of socks in the international market are under pressure. This is likely to squeeze the profits in the current year.

Your Company derives over 94 to 95% of its revenue from the export market and is potentially exposed to any risk of significant impact due to change in exchange rates, tariff, quota system and Government policies of the countries which purchase our product.

In international markets, the other socks manufacturing countries like Turkey and China have developed an edge over the Indian manufacturers due to their lower cost of production mainly in case of China with massive production base, reduced freight cost and delivery time, pro management labour policies and low aspiration of profitability due to state owned export units. Turkey enjoys exemption of custom duty in relation with EU Countries. This has posed a threat to the Indian socks suppliers and may pressurize them to reduce prices, and thereby put pressure on the margin of profit. However, because of the better quality of our products, timely delivery and better communication, foreign buyers have been patronizing your Company regardless of benefits that accrue to them from other countries.

The risk of foreign exchange fluctuations exists as prices for repeat orders are to be maintained during the whole season e.g. Spring/Summer and Autumn/Winter seasons.

Internal Control System and their Adequacy

The Company has proper and adequate systems of internal controls to provide reasonable assurance that all assets are safeguarded, transactions are authorized, recorded and reported correctly and to ensure compliance with policies and statutes. The well documented policy guidelines, authorization and approval procedures are in the process of implementation stage.

The Company's Audit Committee comprising of Company's Directors is at the foundation of the system. The Audit Committee members meet regularly and review the quarterly report submitted by the Internal Auditors.

Human Resources and Industrial Relations

Industrial relations continue to remain cordial and peaceful at the manufacturing unit at Navsari. There are 124 employees working at the manufacturing unit for a common objective of Profit, Growth and Excellence.

12. General Shareholder Information

- | | |
|--|---|
| 1. Number of Annual General Meeting | : Twentieth |
| 2. Date | : 9th September, 2010 |
| 3. Day | : Thursday |
| 4. Time | : 11.30 a.m. |
| 5. Venue | : Registered Office: Virat Industries Ltd.,
A-1/2, GIDC Industrial Estate,
Kabilpore, Navsari - 396 424, Gujarat. |
| 6. Financial Calendar: | |
| i. Quarterly un-audited Results for June, 2010 | : On or before 14th August, 2010 |
| ii. Quarterly un-audited Results for Sept., 2010 | : On or before 14th November, 2010 |
| iii. Quarterly un-audited Results for Dec., 2010 | : On or before 14th February, 2011 |
| iv. Quarterly un-audited Results for March, 2011 | : On or before 15th May, 2011 |
| | OR |
| v. Financial Result for the year ending 31st March, 2011 | : On or before 30th May, 2011 |
| 7. Book Closure Date | : 02.09.2010 to 09.09.2010 (both dates included) |
| 8. Dividend Payment Date | : Not applicable |
| 9. Listing on Stock Exchanges | : The Bombay Stock Exchange Ltd., (BSE)
1st Floor, New Trading Ring, Rotunda Bldg.,
P. J. Towers, Dalal Street, Fort, Mumbai - 400 023.
Stock Code : 530521
ISIN No. for Dematerialized Shares : INE467D01017 |

Listing fees for the financial year 2010-2011 have been paid to the Bombay Stock Exchange Ltd. (BSE) where the Company's shares are listed.

Details of share price movements on the Bombay Stock Exchange Limited (in Rs.):

Sr. No.	Month	High Rs. P.	Low Rs. P.	BSE SENSEX Highest	BSE SENSEX Lowest
1	April 2009	10.79	9.00	11492.10	9546.29
2	May 2009	13.49	9.36	14930.54	11621.30
3	June 2009	15.01	12.00	15600.30	14016.95
4	July 2009	12.89	10.31	15732.81	13219.99
5	August 2009	12.24	10.60	16002.46	14684.45
6	September 2009	12.90	11.00	17142.52	15356.72
7	October 2009	13.88	11.40	17493.17	15805.20
8	November 2009	12.72	10.80	17290.48	15330.56
9	December 2009	14.50	11.36	17530.94	16577.78
10	January 2010	18.20	12.95	17780.33	15982.08
11	February 2010	15.70	13.62	16669.25	15651.99
12	March 2010	15.10	11.40	17793.01	16438.45

13. Registrar and Share Transfer Agents:

The share transfer work of the Company is being handled by Link Intime India Pvt. Ltd. C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai - 400 078.

14. Share Transfer System:

The entire share transfer system is handled by the Registrar and Transfer Agent (RTA) of the Company at the address given above. The RTA is equipped with all required infrastructure required for share transfer - physical and demat.

The transfer requests received are processed by the Registrar and Transfer Agents and subsequently approved by the Share Transfer Committee. The Committee meets twice a month and the transfer is normally effected and dispatched within the time limit prescribed under the Listing Agreement.

15. Shareholding Pattern as on 31.03.2010:

Particulars	Total Shares	Percentage (%)
Promoters and persons acting in concert	2,187,202	44.425
Mutual Fund(s)	3000	0.061
Financial Institution(s)	200	0.004
FII's	-	-
Insurance Companies	-	-
Unit Trust of India	-	-
Foreign Company	492,340	10.000
NRIs / NRN/ OCBs	25,900	0.528
Banks	-	-
Bodies Corporate	166,214	3.376
Indian Public	2,043,849	41.514
Clearing Members	4,635	0.094
Total	4,923,340	100.000

16. Distribution of Shareholding as of 31.03.2010:

Distribution of Shares	No. of Shareholders	Percentage to Total No. of Shareholders	No. of Shares held	Percentage to Total Share
1-500	1757	78.5780	432,747	8.7900
501-1000	216	9.6600	192,470	3.9090
1001-2000	113	5.0540	189,736	3.8540
2001-3000	41	1.8340	94,799	1.9260
3001-4000	25	1.1630	99,782	2.0270
4001-5000	16	0.7160	65,808	1.3330
5001-10000	29	1.2970	245,637	4.9890
10001 & Above	38	1.6990	3,602,561	73.1730
Total	2236	100.0000	4,923,340	100.0000

17. Dematerialization of Shares and Liquidity

4,455,800 equity shares of the Company have been dematerialized as on 31.03.2010.

Outstanding GDRs/ADRs/Warrants or Convertible Instruments, conversion date and likely impact on Equity	The Company has not issued such instruments.
Address for Correspondence for Investor Redressal, Physical transfer and dematerialization:	Link Intime India Pvt. Ltd. C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai 400 078.
Person to be contacted for Shareholder queries	Mr. Asinkhan S. Baholu Compliance Officer, Virat Industries Ltd. A-1/2, GIDC Industrial Estate, Kabilpore 396 424, Navsari, GUJARAT STATE. Phone : (02637) 265 011/ 265 022 Telefax : (02637) 265 712 E-mail : factory@viratindustries.com Website : www.viratindustries.com
Plant Location	Virat Industries Ltd. A-1/2, GIDC Industrial Estate, Kabilpore 396 424, Navsari, GUJARAT STATE.
Corporate Head Office	605, Veena Killeder Industrial Estate, 10/14, Pais Street, Byculla (W), Mumbai - 400 011.

For and On Behalf of the Board of Directors

Naozer J. Aga
ChairmanPlace : Mumbai,
Dated : 28th May, 2010.**DECLARATION REGARDING COMPLIANCE BY BOARD, PRESIDENT AND SENIOR OFFICERS WITH THE COMPANY'S CODE OF CONDUCT**

This is to affirm that the Company has adopted a Code of Conduct for its Board of Directors, President, Senior Officers and Company Secretary.

I confirm that the Company has in respect of the financial year ended March 31, 2010 received from the Board of Directors, President, Senior Officers and Company Secretary a declaration of compliance with the Code of Conduct as applicable to them. The said Code is also placed on the website of the Company viz. www.viratindustries.com

For and On Behalf of the Board of Directors

Naozer J. Aga
ChairmanPlace : Mumbai,
Dated : 28th May, 2010.

**AUDITORS' CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE AS PER
CLAUSE 49 OF THE LISTING AGREEMENT**

To

The Members of
VIRAT INDUSTRIES LIMITED

We have examined the compliance of conditions of Corporate Governance by **Virat Industries Limited** for the year ended on 31st March 2010, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchange.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied in all material respect with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company, based on the records maintained by the Investor Services Department and as certified by the Compliance Officer of the Company.

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

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 117366W)

Place : Mumbai,
Dated : 28th May, 2010.

A. B. Jani
Partner
Membership No. 46488

AUDITORS' REPORT

To,
The Shareholders of
VIRAT INDUSTRIES LIMITED

1. We have audited the attached Balance sheet of Virat Industries Limited ("the Company") as at 31st March, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 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 purposes of our audit;
 - b) 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;
 - c) The Balance sheet, Profit and 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, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in section 211(3C) of the Companies Act, 1956;
 - e) 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:
 - i) in the case of the Balance sheet, of the state of affairs of the Company as at 31st March, 2010;
 - ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
5. On the basis of written representations received from the Directors as on 31st March, 2010 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of section 274(1)(g) of the Companies Act, 1956.

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No. 117366W)

Place : Mumbai,
Dated : 28th May, 2010.

A. B. Jani
Partner
Membership No. 46488

ANNEXURE TO THE AUDITORS' REPORT

Re: VIRAT INDUSTRIES LIMITED

(Referred to in paragraph 3 of our report of even date)

- i) The nature of the Company's activities are such that clauses (xiii) and (xiv) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company for the year.
- ii) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets;
 - (b) As per information and explanations given to us, physical verification of fixed assets was carried out by the management during the year and no material discrepancies were noticed by the management on such verification. In our opinion, the frequency of verification is reasonable.
 - (c) The Company has not disposed off any fixed assets during the year.
- iii) (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 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 is maintaining proper records of inventories. The discrepancies noticed on verification between the physical stocks and book records were not material.
- iv) (a) The Company has not granted any loans to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956 during the year under review. Accordingly sub clauses (b), (c) and (d) of clause (iii) of Paragraph - b of the Companies (Auditors Report) Order, 2003 are not applicable to the company.
 - (b) The Company has taken loans from one party covered in the Register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 12,466,652/- and the year-end balance outstanding with respect to that party was Rs. 2,350,001/-.
 - (c) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from the company listed in the register maintained under section 301 of the Companies Act, 1956 are not prima facie, prejudicial to the interest of the Company.
 - (d) The company is generally regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.
- v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal control system.
- vi) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to Section 301 that need to be entered in 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, the 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 Rs.5 lakhs in respect of any party during the year have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
- vii) The Company has not accepted any deposit from the public.
- viii) In our opinion, the internal audit functions carried out during the year by firm of Chartered Accountants appointed by the management have been commensurate with the size of the Company and the nature of its business.
- ix) According to the information and explanations given to us the Central Government has not prescribed maintenance of Cost Records under Section 209 (1) (d) of the Companies Act, 1956, in respect of products manufactured by the Company.

- x) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Income-tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2010 for a period of more than six months from the date they became payable.
 - (c) There are no dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2010 on account of any disputes.
- xi) The Company has no accumulated losses as at the end of the year and it has not incurred cash losses in the current year and in the immediately preceding financial year.
- xii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. There are no dues to financial institutions / debentureholders.
- xiii) According to the information and explanations given to us, the Company has not given any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xv) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- xvi) According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, funds raised on short term basis have, prima facie, not been used for long term investment.
- xvii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xviii) The Company has not issued any debentures during the year.
- xix) The Company has not raised any money by way of public issues during the year.
- xx) To the best of our knowledge 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 Deloitte Haskins & Sells
Chartered Accountants
(Registration No. 117366W)

Place : Mumbai.
Dated : 28th May, 2010.

A. B. Jani
Partner
Membership No. 46488

BALANCE SHEET AS AT MARCH 31, 2010

	SCHEDULE	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	49,233,400	49,233,400
Reserves & Surplus			
Profit and Loss Account		26,861,781	16,867,007
Loan Funds			
Secured Loans	2	9,925,640	5,515,214
Unsecured Loans	3	2,350,001	12,466,652
		12,275,641	17,981,866
Deferred Tax Liability		8,998,182	7,511,301
Total		97,369,004	91,593,574
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	119,865,895	108,588,050
Less: Depreciation		(58,451,940)	(51,354,973)
Net Block		61,413,955	57,233,077
Capital Work in progress		36,547	232,400
		61,450,502	57,465,477
Current Assets, Loans & Advances:			
Inventories	5	34,117,747	18,782,734
Sundry Debtors	6	8,902,633	9,647,835
Cash and Bank Balances	7	9,222,269	8,487,178
Loans and Advances	8	9,353,605	7,979,693
		61,596,254	44,897,440
(Less) : Current Liabilities & Provisions:			
Current Liabilities	9	(16,595,029)	(8,487,270)
Provisions	10	(9,082,723)	(2,282,073)
		(25,677,752)	(10,769,343)
Net Current Assets		35,918,502	34,128,097
Total		97,369,004	91,593,574
Significant Accounting Policies and Notes on Accounts	15		

As per our attached Report of even date

For Deloitte Haskins & Sells
Chartered AccountantsA. B. Jani
PartnerMumbai,
Dated: 28th May, 2010.

For Virat Industries Limited

Naozer J. Aga
Chairman
Adi F. Madan
Managing Director
Asinkhan S. Baholu
Company SecretaryArun S. Sanghi
Harish H. Shah
Armand N. Aga
Ajit P. Walwaikar

} Directors

Dated: 28th May, 2010.

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

	SCHEDULE	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
INCOME:			
Sales (Including Customs Duty)		124,814,478	129,454,564
Other Income	11	11,553,307	12,070,244
(Decrease)/Increase in stocks of finished goods and Work-in-progress	12	10,775,380	(1,364,226)
Total		147,143,165	140,160,582
EXPENDITURE:			
Manufacturing and Other Expenses	13	116,117,118	106,237,559
Purchase of Trading Goods		733,977	-
Customs Duty		-	219,263
Depreciation		7,096,967	6,756,570
Interest	14	1,574,128	2,602,773
Total		125,522,190	115,816,165
Profit Before Tax		21,620,975	24,344,417
Provision For Tax:			
Current Tax		6,250,000	2,750,000
Deferred Tax		1,486,881	7,511,301
Fringe Benefits Tax		-	175,000
MAT Credit Entitlement		-	(4,396,000)
Excess Provision of Tax (Net) of earlier years		(718,729)	-
Profit for the year		14,602,823	18,304,116
Balance brought forward from previous year		16,867,007	1,443,048
Balance available for appropriation		31,469,830	19,747,164
Proposed Dividend		(3,938,672)	-
Interim Dividend		-	(2,461,714)
Dividend Tax on Proposed Dividend		(669,377)	-
Dividend Tax on Interim Dividend		-	(418,443)
Balance Carried Forward to Balance Sheet		26,861,781	16,867,007
Earnings per Share (Refer Note 10 of Schedule 15) : - Basic and Diluted		2.97	3.72
Significant Accounting Policies and Notes on Accounts	15		

As per our attached Report of even date
For Deloitte Haskins & Sells
Chartered Accountants

A. B. Jani
Partner

Mumbai,
Dated: 28th May, 2010.

For Virat Industries Limited

Naozer J. Aga
Chairman
Adi F. Madan
Managing Director
Asinkhan S. Baholu
Company Secretary

Arun S. Sanghi
Harish H. Shah
Armand N. Aga
Ajit P. Walwaikar

Directors

Dated: 28th May, 2010.

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	Rupees	Current Year Rupees	Previous Year Rupees
A Cash Flow from Operating Activities:			
Net Profit before tax	21,620,975		24,344,417
Adjustments for:			
Depreciation	7,098,967		6,756,570
Loss on sale of fixed assets	-		10,313
Exchange Difference (Net)	111,324		17,992
Interest Expenses-Secured Loans	542,185		1,002,922
Interest Expenses-Unsecured Loans	1,031,628		1,599,111
Interest Expenses-Others	315		740
Interest Income-Fixed Deposits	(245,092)		(27,568)
Interest Income-Others	(212,186)		(45,574)
Operating Profit before Working Capital Changes	29,946,106		33,658,923
Decrease in Trade and other receivables	(2,810,512)		(2,760,470)
Decrease in Inventories	(15,335,013)		(2,311,054)
Increase in Trade and other payables	8,484,103		(3,661,360)
	(9,661,422)		(8,732,884)
Cash generated from operations	20,284,684		24,926,039
Direct Taxes (Net)	(1,445,300)		(2,921,007)
Net Cash from Operating Activities		18,839,384	22,005,032
B Cash Flow from Investing Activities:			
Additions to fixed assets (including capital advances)	(11,081,992)		(1,003,295)
Sale of fixed assets	-		6,180
Interest Income	351,385		73,142
Net Cash used in Investing Activities		(10,730,607)	(923,973)
C Cash Flow from Financing Activities:			
Repayment of long term and other borrowings	(10,116,651)		(7,866,852)
Proceeds from long term and other borrowings	4,410,426		(2,880,157)
Interim Dividend (Including dividend distribution tax)	-		(2,602,773)
Interest Payments	(1,574,128)		
Net cash used in Financing Activities		(7,280,353)	(13,349,782)
Net increase/(decrease) in cash and cash equivalents		828,423	7,731,277
Cash and cash equivalents at the beginning of the year		8,505,170	773,893
Cash and cash equivalents at the end of the year		9,333,593	8,505,170

Notes:

- Components of cash and cash equivalents includes cash, bank balances in current and deposit accounts as disclosed under schedule 7 of the Balance Sheet.
- Purchase of Fixed Assets is considered as part of the investing activities.
- Cash and Cash Equivalents includes margin deposits of Rs.108,489/- (previous year Rs. 81,547/-), which are under lien.

4. Cash and Cash equivalents:	March 31, 2010	March 31, 2009
Cash and Bank balances as per Schedule 7	9,222,269	8,487,178
Unrealised Loss on foreign currency cash and cash equivalents	111,324	17,992
Cash and cash equivalents at the end of the year	9,333,593	8,505,170

- The Cash Flow Statement has been prepared in accordance with the requirements of Accounting Standard 3 on "Cash Flow Statement" (AS 3).

As per our attached Report of even date
For Deloitte Haskins & Sells
Chartered Accountants.

A. B. Jani
Partner

Mumbai,
Dated: 28th May, 2010.

For Virat Industries Limited
Naozer J. Aga
Chairman
Adi F. Madan
Managing Director
Asinkhan S. Baholu
Company Secretary

Arun S. Sanghi
Harish H. Shah
Armand N. Aga
Ajit P. Walwalkar

Directors

Dated: 28th May, 2010.

SCHEDULES FORMING PART OF THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT

SCHEDULE 1 : SHARE CAPITAL		As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
Authorised: 5,000,000 Equity Shares of Rs. 10/- each		50,000,000	50,000,000
Issued, Subscribed and Paid up: 4,923,340 Equity Shares of Rs. 10/- each fully paid-up		49,233,400	49,233,400
Total		49,233,400	49,233,400
Note : Of the above shares, 140,560 shares were allotted as fully paid-up bonus shares, by capitalisation of reserve created on revaluation of assets.			
SCHEDULE 2 : SECURED LOANS		As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
	Notes		
Loans and Advances from Banks:			
Working Capital Loans	1	6,844,007	4,775,015
Vehicle Loan	2	3,081,633	740,189
Total		9,925,640	5,515,214
Note :			
1. Working Capital loans from a bank have been secured by deposit of title deeds of leasehold land and by a charge on buildings, structures, fixture and fittings, immovable plant and machinery thereon. Such loans are further secured by a charge on the Company's stocks, book debts, other receivables, moveable properties and assets etc. both present and future and also by the personal guarantee of a Director of the Company.			
2. Vehicle loan is secured by hypothecation of the concerned vehicle purchased.			
SCHEDULE 3 : UNSECURED LOANS		As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
Other Loans and Advances:			
- From Others (from a Company)		2,350,001	12,466,652
Total		2,350,001	12,466,652

SCHEDULES FORMING PART OF THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT

SCHEDULE 4 : FIXED ASSETS

(In Rupees)

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As at 01-04-2009	Additions	Deductions/ Adjustments	As at 31-03-2010	Upto 01-04-2009	For the year	Deductions/ Adjustments	Upto 31-03-2010	As at 31-03-2010	As at 31-03-2009
Leasehold Land	687,100	-	-	687,100	128,823	8,458	-	137,281	549,819	558,277
Buildings	28,569,810	1,532,600	-	30,102,410	12,551,236	964,858	-	13,536,094	16,566,316	16,018,574
Plant and Machinery	72,912,405	3,935,075	-	76,847,480	36,188,275	5,344,538	-	41,532,813	35,314,667	35,724,130
Furniture and Fixtures	1,091,041	182,743	-	1,273,784	736,328	51,495	-	787,823	485,961	354,713
Office Equipments	1,212,938	281,436	-	1,494,374	764,760	101,587	-	866,347	628,027	448,178
Vehicles	4,114,755	5,345,991	-	9,460,747	935,551	606,031	-	1,591,582	7,869,165	3,129,205
TOTAL	108,588,050	11,277,845	-	119,865,895	51,354,973	7,096,967	-	58,451,940	61,413,955	57,253,077
Previous year	107,885,453	770,895	68,298	108,588,050	44,650,206	6,755,570	51,805	51,354,973	36,547	232,400
Capital work in progress										
								TOTAL	61,460,502	57,485,477

Note :

- Vehicles include car amounting to Rs. 5,345,991/- (Previous year Rs. 3,325,450/-) purchased under vehicle loan cum hypothecation agreement over which the lender has a lien.

SCHEDULES FORMING PART OF THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SCHEDULE 5 : INVENTORIES		
Stores and Spares	3,671,239	2,578,650
Packing Materials (includes Goods in Transit Rs.18,582/-, previous year NIL)	1,298,562	629,441
Stock-in-trade		
Raw Materials (includes Goods in Transit Rs.783,375/-, previous year Rs.662,033/-)	11,464,105	8,666,182
Work-in-progress	2,280,931	1,264,153
Finished goods (includes Goods in Transit Rs.924,079/-, previous year NIL)	15,402,910	5,644,308
	29,147,945	15,574,643
Total	34,117,747	18,782,734
SCHEDULE 6 : SUNDRY DEBTORS (Unsecured)		
Outstanding for a period exceeding six months	900	-
Other debts	8,901,733	9,647,835
Total	8,902,633	9,647,835
SCHEDULE 7 : CASH AND BANK BALANCES		
Cash and Bank balances:		
Bank Balances		
In Current Accounts	3,575,473	8,355,602
In Deposit Accounts (including interest accrued Rs.79,920/-, previous year Rs.24,576/-)	5,646,796	131,578
Note :		
(i) Current Accounts include Rs. 428,419/- (Previous Year Rs. 1,717,098/-) in Exchange Earners' Foreign Currency Account.		
(ii) Deposit Accounts include Margin Money deposit of Rs. 108,489/- (Previous Year Rs. 81,547) which are under lien.		
Total	9,222,269	8,487,178
SCHEDULE 8 : LOANS AND ADVANCES (Unsecured, Considered Good)		
Advances recoverable in cash or in kind, or for value to be received (including Rs. 20,000/- (previous year Rs. 20,000/-) security deposit for premises)	7,098,787	3,543,073
MAT Credit Entitlement	2,254,818	4,396,000
Advance payment of taxes (Net of Provision)	-	26,544
Advance payment of Fringe Benefits Tax (Net of Provision)	-	14,076
Total	9,353,605	7,979,693

SCHEDULES FORMING PART OF THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SCHEDULE 9 : CURRENT LIABILITIES		
Sundry Creditors : (Refer Note 24 of Schedule 15)		
(i) Total outstanding dues of Micro Enterprises and Small Enterprises	-	-
(ii) Total outstanding dues of Creditors other than Micro Enterprise and Small Enterprise	16,195,757	8,414,533
(iii) Other Liabilities	399,272	72,737
Total	16,595,029	8,487,270
SCHEDULE 10 : PROVISIONS		
For Gratuity	2,026,728	1,614,292
For Leave Encashment	596,708	632,800
For Taxation [Net of Advance Tax and MAT credit set off of Rs.2,157,727/- (Previous year Rs. NIL)]	1,851,238	34,981
Proposed Dividend	3,938,672	-
Dividend Tax on Proposed Dividend	669,377	-
Total	9,082,723	2,282,073
SCHEDULE 11 : OTHER INCOME		
Interest (Gross)		
On Fixed Deposits	245,092	27,568
On Others (Tax deducted at source Rs.59,221/- Previous Year Rs.16,938/-)	212,196	45,574
Export Incentives (Duty Drawback)	10,507,014	8,536,741
Exchange difference (Net)	-	2,835,316
Provision for doubtful debts written back	-	7,877
Miscellaneous Income	589,005	617,168
Total	11,553,307	12,070,244
SCHEDULE 12 : (DECREASE)/INCREASE IN STOCKS OF FINISHED GOODS AND WORK-IN-PROGRESS		
Stocks as at March 31, 2010		
Finished goods	15,402,910	5,644,308
Work-in-progress	2,280,931	1,264,153
	17,683,841	6,908,461
Less: Stocks as at April 1, 2009		
Finished goods	(5,644,308)	(6,326,950)
Work-in-progress	(1,264,153)	(1,945,737)
	(6,908,461)	(8,272,687)
Increase / (Decrease)	10,775,380	(1,364,226)

SCHEDULES FORMING PART OF THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SCHEDULE 13 : MANUFACTURING AND OTHER EXPENSES		
Raw Material Consumed	49,426,036	48,384,715
Processing Charges	15,900,445	11,112,254
Payments to and provisions for employees		
Salaries and Wages	11,445,510	8,980,746
Contribution to Provident and other funds	1,254,519	948,991
Gratuity	460,938	365,807
Staff Welfare Expenses	926,006	801,331
	14,086,973	11,096,875
Stores and spares consumed	5,562,460	5,534,498
Packing Materials consumed	5,740,568	5,337,629
Utilities	10,029,436	9,608,804
Rates and Taxes	183,458	190,789
Lease Rent	205,219	219,000
Insurance	579,609	478,476
Repairs		
- To Buildings	42,667	68,894
- To Machinery	544,839	420,052
- To Others	92,414	181,495
Travelling and Conveyance Expenses	1,449,707	1,384,562
Communication Expenses	314,872	333,146
Sales Expenses	4,693,490	5,981,529
Bank charges	590,913	606,321
Legal and Professional Fees	1,238,957	744,515
Bad debts/Advances written off	-	22,819
Loss on sale/disposal of Fixed Assets (Net)	-	10,313
Exchange difference (Net)	1,463,845	-
Miscellaneous Expenses (Includes payment to auditors, advertisement expenses, office expenses, Directors' sitting fees etc.)	3,971,210	4,540,873
Total	116,117,118	106,237,559
SCHEDULE 14 : INTEREST		
On Secured Loans	542,185	1,002,922
On Unsecured Loans	1,031,628	1,599,111
On Others	315	740
Total	1,574,128	2,602,773

**SCHEDULE - 15
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:**

1. Significant Accounting Policies:

Basis for preparation of Accounts: The accounts have been prepared under the historical cost convention in accordance with the generally accepted accounting principles in India and the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006.

Use of Estimates: The preparation of financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reported period. Differences between the actual results and estimates are recognised in the period in which the results are known/materialized.

Fixed Assets: Fixed assets are recorded at cost of acquisition. They are stated at historical cost or other amounts substituted for historical cost.

Depreciation:

- a) Depreciation on fixed assets is provided on written down value/straight line basis. (Refer note 4)
- b) Leasehold land is amortised over the period of lease.

Assets taken on lease: Assets taken on lease under which all the risk and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognized as expenses on accrual basis in accordance with the respective lease agreements.

Impairment: At the end of each year, the Company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard (AS-28) "Impairment of Assets". Where the recoverable amount of any fixed assets is lower than its carrying amount in accordance with AS 28, a provision for impairment loss on fixed assets is made for the difference.

Inventories:

- a) **Stores and Spares including Packing Material:** At cost determined on weighted average basis, or net realisable value, whichever is lower. Cost includes incidental expenses like freight, transport expenses, etc.
- b) **Raw Materials:** At cost determined on weighted average basis, or net realizable value, whichever is lower. Cost includes incidental expenses like freight, transport expenses, etc.
- c) **Work-in-progress and Finished Goods:** Work-in-progress and finished goods are valued at cost determined on absorption costing method, or net realizable value, whichever is lower. The cost comprises of cost of purchase, cost of conversion and other costs incurred in bringing the inventory to its present location and condition.

Borrowing Costs: Borrowing costs, if any, that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

Foreign Currency Transactions: Transactions in foreign currency are recorded at the original rates of exchange in force at the time the transactions are affected. Monetary items denominated in foreign currency are restated using the exchange rates prevailing at the date of the Balance sheet. The exchange difference between the rates prevailing on the date of transaction on the date of settlement as also on translation of Monetary items at the end of the year, is recognized as income or expense, as the case may be.

Employee Benefits:

- (a) **Defined Contribution Plan:**
Contributions under Defined Contribution Plans in the form of Provident Fund are recognised in the Profit and Loss Account in the period in which the employee has rendered the service.
- (b) **Defined Benefit and Other Long term Benefit Plan:**
The Company's Liability towards Defined Benefit Plan in the form of Gratuity and provision for Leave Encashment is determined on the basis of actuarial valuation being carried out at each Balance Sheet date using the Projected Unit Credit Method. The retirement benefit obligation recognised in the Balance Sheet represents the total of present value of the defined benefit obligation as reduced by unrecognised past service cost.
Actuarial gains and losses are recognised immediately in the Profit and Loss Account in the period of occurrence of such gains and losses. Past service cost is recognized as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested immediately following the introduction of, or changes to, a defined benefit plan, past service cost is recognised immediately.

Revenue Recognition: Revenues from sale of goods are recognized when the title to the goods is transferred on delivery of goods. In appropriate circumstances, revenue (income) is recognised when no significant uncertainty as to determination or realization exists.

Income Taxes: Tax expense comprises of current tax, deferred tax and fringe benefit tax. Current tax is measured at the amount expected to be paid/recovered from the tax authorities, using the applicable tax rates.
Deferred income tax reflect the current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years/ period. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future income will be available except that deferred tax assets arising on account of unabsorbed depreciation and losses are recognised if there is virtual certainty that sufficient future taxable income will be available to realise the same.

Fringe benefits tax is recognized in accordance with the relevant provisions of the Income-tax Act, 1961 and the Guidance Note on Fringe Benefits Tax issued by the Institute of Chartered Accountants of India.

Tax on distributed profits payable in accordance with the provision of Income-tax Act, 1961 is disclosed in accordance with the Guidance Note on Accounting for Corporate Dividend Tax issued by the Institute of Chartered Accountants of India. Credit available in respect of Minimum Alternative Tax under the Income-tax Act, 1961 has been recognised in accordance with the Guidance Note on Accounting for Credit available in respect of Minimum Alternative Tax under the Income-tax Act, 1961.

Contingent Liabilities: These, if any, are disclosed in the notes on accounts. Provision is made in the accounts if it becomes probable that any outflow of resources embodying economic benefits will be required to settle the obligation.

2. Capital Commitments:

The estimated amounts of contracts remaining to be executed on capital account, and not provided for (net of advance) as at March 31, 2010 Rs. 206,919/- (Previous year: Rs. 348,660/-)

	Current Year Rupees	Previous Year Rupees
3. Contingent Liabilities		
Guarantees given by the Bank on behalf of the Company to Excise/Customs authorities	NIL	335,000

4. Depreciation

- Depreciation on fixed assets has been provided on Written Down Value basis in accordance with the provisions of section 205(2)(a) of the Companies Act, 1956, in respect of the assets acquired/purchased upto March 31, 1995.
- Depreciation on assets acquired/purchased since April 1, 1995, has been provided on Straight Line Basis in accordance with the provisions of section 205(2)(b) of the Companies Act, 1956.
- The depreciation under sections 205(2)(a) and 205(2)(b), as stated above, has been provided at the rates specified in Schedule XIV of the Companies Act, 1956, and has been provided on pro-rata basis according to the period each asset was put to use during the period.

5. Contributions are made to Provident Fund and Family Pension Fund which covers all regular employees. Amount recognized as expense in respect of these defined contribution plans, aggregate to Rs.952,016/- (previous year Rs. 718,917/-).

Provision is made for gratuity and leave encashment based upon actuarial valuation done at the end of every financial year using 'Projected Unit Credit' method and it covers all regular employees. Gains and losses on changes in actuarial assumptions are accounted for in the Profit and Loss account.

The disclosures as required under revised Accounting Standard AS 15 on "Employee Benefits" (AS 15 Revised) are as follows:

Particulars	Current Year Rs.	Previous Year Rs.
Change in Defined Benefit Obligation		
Opening Net Liability	1,614,292	1,324,837
Current Service Cost	220,755	165,969
Interest Cost	140,337	116,210
Benefit Paid	(48,502)	(76,352)
Actuarial Losses / (Gain)	99,846	83,628
Closing Defined Benefit Obligation	2,026,728	1,614,292
Employer's Contribution	-	-
Amount Recognized in the Balance Sheet	20,26,728	1,614,292

The Companies gratuity plan is not funded and liability is provided for in the account.

Particulars	Current Year Rs.	Previous Year Rs.
Current Service Cost	220,755	165,969
Interest Cost	140,337	116,210
Net Actuarial Losses / (Gains) Recognised in year	99,846	83,628
Expense Recognised in the Profit & Loss Account	460,938	365,807

Assumptions:

	Current Year	Previous Year
Discount Rate (p.a.)	8.00%	7.75%
Salary Escalation Rate (p.a.)	5.00%	5.00%
Attrition Rate (p.a.)	2.00%	2.00%

Experience Adjustment:

	Current Year	Previous Year
On Plan Liability (Gain)/Loss	152,285	(50,251)

6. The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

a. Amounts receivable in foreign currency on account of the following:

	Current Year		Previous Year	
	Foreign Currency	Rupees	Foreign Currency	Rupees
Export of goods	GBP 53,613	3,616,303	GBP 36,971	2,678,899
	USD 45,945	2,051,690	USD 133,814	6,781,704
Cash/Bank Balances	GBP 4,758	320,936	GBP 353	25,594
	USD 2,407	107,482	USD 33,376	1,691,505
Advance	EURO 1,780	106,671	-	-

b. Amounts payable in foreign currency on account of the following:

	Current Year		Previous Year	
	Foreign Currency	Rupees	Foreign Currency	Rupees
Import of Goods and Services	GBP 156	10,725	GBP 153	11,194
	-	-	-	-
Capital Imports	GBP 26,601	1,827,482	GBP 26,601	1,950,112
	USD 64,800	2,919,726	-	-

c. Exchange gain/(loss)(net) accounted during the year:

Particulars	Current Year	Previous Year
Exchange (Loss) / Gain	(1,453,845)	2,834,316

7. Managerial Remuneration: (Under section 198 of the Companies Act, 1956)
To the Managing Director

	Current Year Rupees	Previous Year Rupees
a) Salary	1,050,000	570,000
b) Contribution to Provident and Other Funds	149,000	68,400
c) Perquisites	896,669	388,500
Total	2,095,669	1,026,900

The above excludes amounts pertaining to gratuity and leave encashment for the year as the same is provided on the basis of the actuarial valuation for the Company as a whole.

Computation of Net Profit in accordance with the provisions of section 349 of the Companies Act, 1956, has not been given as commission by way of percentage of profits is not payable for the year to the Directors of the company.

8. Payments to Auditors:

	Current Year Rupees	Previous Year Rupees
a) As Auditors	500,000	400,000
b) For Tax Audit	60,000	30,000
c) As adviser, or in any other capacity, in respect of :- Taxation matters	300,000	150,000
d) In any other manner/certification work, etc.	40,000	20,000
e) Service Tax	92,937	74,160
f) As Expenses	2,297	1,003
Total	995,234	675,163

9. Provision for current income tax has been made in accordance with the provisions of the Income-tax Act, 1961.

The tax effect of significant timing differences during the year that have resulted in net deferred tax assets and liabilities are given below:

Particulars	Current Year Rupees	Previous Year Rupees
Deferred Tax Liabilities :		
Depreciation	10,045,641	10,872,533
Total deferred Tax Liabilities	10,045,641	10,872,533
Deferred Tax Assets:		
Other timing differences	1,047,459	885,599
Carry forward loss and unabsorbed depreciation as per tax laws	-	2,475,633
Total Deferred Tax Assets	1,047,459	3,361,232
Deferred tax (Liabilities) / Assets (Net)	(8,998,182)	(7,511,301)

10. Earnings per Share is calculated as follows:

	Current Year Rupees	Previous Year Rupees
a. Profit for the year (Rupees)	14,602,823	18,304,116
b. Weighted average number of Equity Shares Basic and Diluted	4,923,340	4,923,340
c. Basic and Diluted Earnings per share (Rs.) (Equity Share of face value of Rs. 10 each)	2.97	3.72

11. The principal business of the Company is of manufacturing socks. All other activities of the Company revolve around its main business. Hence, there is only one primary reportable business segment as defined by Accounting Standard 17 - "Segment Reporting" (AS 17).

The Secondary Segments are identified based on the geographical location of customers. The secondary geographical segments of the company consist of regions of United Kingdom, Switzerland, India and Rest of the World.

Secondary segments information is as follows -

(In Rupees)

	United Kingdom	Switzerland	India	Rest of the World	Total
Revenues	35,822,388 (35,724,131)	65,554,038 (74,919,660)	6,961,851 (2,035,197)	16,476,201 (16,775,576)	124,814,478 (129,454,564)
Segment Assets					
Sundry Debtors	3,595,904 (2,678,899)	287,762 (6,781,704)	3,234,639 (187,232)	1,784,328 (-)	8,902,633 (9,647,835)

Previous year figures are given in brackets.

Segregation of assets (except sundry debtors) into secondary segments has not been done as all the assets are located and used in India and the Company is of the view that it is not practical to reasonably allocate such assets and an ad-hoc allocation will not be meaningful.

12. As required under Accounting Standard 18 on "Related party disclosures" (AS 18), following are details of transactions during the period with the related parties of the Company:

(a) Names of related parties and description of relationship

Promoter Company - (which can exercise significant influence)	Shapoorjee Chandabhoy Finvest Pvt. Ltd.
Others Related Company - (Other entities which can exercise significant influence)	Armayesh Consultancy and Agencies Pvt. Ltd. Indijack Limited
Key Management Personnel	Mr. Adi F. Madan

(b) Transactions with Related Parties

Transactions with Related Parties	Promoter Company	Others	Key Management Personnel
(a) Loans:			
Shapoorjee Chandabhoy Finvest Pvt. Ltd.	12,466,652		
Opening Balance	(14,949,987)		
Add: Interest	1,031,628		
	(1,599,111)		
Less: Repaid	11,148,279		
	(4,082,446)		
Closing Balance	2,350,001		
	(12,466,652)		
(b) Payment of Interest on Unsecured Loan:			
Shapoorjee Chandabhoy Finvest Pvt. Ltd.	1,031,628		
	(1,599,111)		
(c) Purchases of Services and Reimbursement of Costs:			
Shapoorjee Chandabhoy Finvest Pvt. Ltd.	9,640	-	-
	(99,600)	-	-
Armayesh Consultancy and Agencies Pvt. Ltd.	-	195,579	-
	-	(142,716)	-
Mr. Adi F. Madan - Managing Director (Remuneration)	-	-	2,095,669
	-	-	(1,026,900)

(d) Deposits:			
Armayesh Consultancy and Agencies Pvt. Ltd. (for premises)			
Opening Balance		20,000	
Closing Balance		20,000	
(e) Purchase of Fixed Assets			
Sharpoojee Chandabhoj Finvest Private Ltd.			
Flat Value	1,412,000		
Less: Paid	1,412,000		
Closing Balance			
(f) Repayment on account of Import of Machinery:			
Indijack Limited - Opening Balance			
Less : Payment		(1,009,527)	
Closing Balance		(1,009,527)	
		(-)	

Previous year figures are given in brackets.

13. Capacity and Production:

Product	Licensed Capacity*	Installed Capacity*	Actual Production**
	No. of Pairs	No. of Pairs	No. of Pairs
Socks - Knitted	3,524,000 (3,524,000)	4,699,000 (4,699,000)	2,819,228 (2,722,525)

*As certified by management and relied upon by the auditors.

**Actual production excludes 1,461,400 pairs (previous year 1,085,535 pairs) manufactured by the job workers.

14. Purchase of Trading Goods:

Product	Current Year		Previous Year	
	No. of Pairs*	Rupees	No. of Pairs*	Rupees
Socks - Knitted	25,958	733,977	-	-

15. Turnover:

Product	Current Year		Previous Year	
	No. of Pairs*	Rupees	No. of Pairs*	Rupees
Manufacturing Socks - Knitted	3,757,939	123,614,173	3,906,567	129,454,564
Traded Socks - Knitted	19,197	1,200,305	-	-

* inclusive of samples.

16. Raw Materials Consumed:

	Current Year		Previous Year	
	Kgs.	Rupees	Kgs.	Rupees
Yarn	172,945	49,426,036	164,808	48,384,715

17. Opening and Closing Stocks of Goods Produced and Traded:

	Current Year		Previous Year	
	No. of Pairs	Rupees	No. of Pairs	Rupees
Produced				
Opening Stock				
Socks - Knitted	274,107	6,908,461	372,614	8,272,687
Closing Stock				
Socks - Knitted	796,796	#17,526,230	274,107	6,908,461
Traded				
Opening Stock	-	-	-	-
Closing Stock	6,761	157,611	-	-

Includes Goods-in-Transit Rs. 924,079 (Previous Year Rs. Nil)

18. Value of Imports on CIF basis, in respect of:

	Current Year Rupees	Previous Year Rupees
Raw Materials	-	417,388
Stores and Spares	3,824,621	3,130,717
Total	3,824,621	3,548,105

19. Earnings in Foreign Exchange:

	Current Year Rupees	Previous Year Rupees
Export of Goods on FOB basis	117,504,065	125,520,213
Samples Development Charges	376,962	436,802

20. Expenditure in Foreign Currency (on Accrual basis) on account of:

	Current Year Rupees	Previous Year Rupees
Other Matters (Foreign Traveling, Bank Charges, etc.)	2,126,715	772,115

21. Value of Raw Materials, Stores and Spares including Packing Material Consumed:

	Current Year		Previous Year	
	Rupees	% to Total Consumption	Rupees	% to Total Consumption
Raw Materials:				
Imported	42,476	0.09	468,487	0.98
Indigenous	49,383,560	99.91	47,916,228	99.02
Total	49,426,036	100.00	48,384,715	100.00
Stores and Spares:				
Imported	3,482,422	62.61	3,545,400	64.06
Indigenous	2,080,038	37.39	1,989,098	35.94
Total	55,62,460	100.00	5,534,498	100.00
Packing Materials:				
Imported	-	-	-	-
Indigenous	5,740,568	100.00	5,337,629	100.00
Total	5,740,568	100.00	5,337,629	100.00

22. Assets acquired on Lease

The Company has acquired premises on lease, which are in the nature of Operating lease as defined in Accounting Standard 19 "Leases". The future lease obligations payable within one year aggregate to Rs. 288,000/- (Previous Year Rs. 127,700/-). The above lease agreement was extended during the year for a period of one year.

The lease rent paid and accounted during the year was Rs. 205,219/- (Previous Year Rs. 219,000/-) as per the terms and conditions of the lease agreement and is charged to the profit and loss account.

23. The Company has not granted any loans / advances in the nature of loans as stipulated in the Clause 32 of the Listing Agreement with the Stock Exchanges. For this purpose, the loans to employees as per the Company's policy and security deposits paid towards premises taken on leave and license basis have not been considered.

24. The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, as required under the said Act have been given accordingly.

25. Figures of the previous year have been regrouped wherever necessary to correspond with those of the current year.

Signatures to Schedules 1 to 15

As per our attached Report of even date
For Deloitte Haskins & Sells
Chartered Accountants

A. B. Jani
Partner

Mumbai,
Dated: 28th May, 2010.

For Virat Industries Limited

Naozer J. Aga
Chairman
Adi F. Madan
Managing Director
Asinkhan S. Baholu
Company Secretary

Arun S. Sanghi
Harish H. Shah
Armand N. Aga
Ajit P. Walwalkar

} Directors

Dated: 28th May, 2010.

SCHEDULES FORMING PART OF THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNT
Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No. **L29199GJ1990PLC014514** State Code **04**
 Balance Sheet Date **31032010**
 Date Month Year

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

Public Issue **NIL** Rights Issue **NIL**
 Bonus Issue **NIL** Private Placement **4923**

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

Total Liabilities	97369	Total Assets	97369
Sources of Funds		Reserves & Surplus	26862
Paid-up Capital	49233	Unsecured Loans	2350
Secured Loans	9926	Investments	NIL
Deferred Tax Liability	8998	Misc. Expenditure	NIL
Application of Funds			
Net Fixed Assets	61450		
Net Current Assets	35919		
Accumulated Loss	NIL		

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

Turnover	124814	Total Expenditure	125522
Profit before Tax	21621	Profit after Tax	14603
Earning per Share in Rs. (Refer Note No. 10 above)	2.97	Dividend Rate (%)	NIL

V. Generic Names of Three Principal Products / Services of the Company (As per Monetary Terms)

Item Code No. (ITC Code) **61159990**
 Product Description **SOCKS**

As per our attached Report of even date

For Deloitte Haskins & Sells
Chartered AccountantsA. B. Jani
PartnerMumbai,
Dated: 28th May, 2010.

For Virat Industries Limited

Naozer J. Aga
Chairman
Adi F. Madan
Managing Director
Asinkhan S. Baholu
Company SecretaryArun S. Sanghi
Harish H. Shah
Armand N. Aga
Ajit P. Walwaikar
} Directors

Dated: 28th May, 2010.

ATTENDANCE SLIP**VIRAT INDUSTRIES LIMITED**

Regd. Office :
 A-1/2, GIDC Industrial Estate,
 Kabilpore,
 Navsari - 396 424.
 Gujarat.

Please fill Attendance Slip and hand it over at the entrance of the Meeting Hall.
 Joint Shareholders may obtain Additional Slip at the Venue of the Meeting.

DP Id* _____ Master Folio No. _____

Client Id* _____ No. of Shares _____

Name and Address of the Shareholder _____

I hereby record my presence at the 20th Annual General Meeting of the Company held at the Registered Office situated at A-1/2, GIDC Industrial Estate, Kabilpore, Navsari 396 424 on Thursday, the 9th September, 2010 at 11.30 a.m.

Signature of the Shareholder/s or Proxy _____

* Applicable for investors holding shares in dematerialized form.

-----><------(Please cut here)-----><-----

FORM OF PROXY**VIRAT INDUSTRIES LIMITED**

DP Id* _____ Master Folio No. _____

Client Id* _____ No. of Shares _____

I/We _____

of _____

being a Member / Members of **VIRAT INDUSTRIES LIMITED** hereby appoint _____

_____ of _____

_____ (or failing him/her _____

_____ of _____ or failing him/her

_____ of _____) as

my / our Proxy to attend and vote for me / us and on my / our behalf at the 20th Annual General Meeting of the Company to be held on 9th September, 2010 and at any adjournment thereof.

Signed this _____ day of _____ 2010.

Re. 0.15
 Revenue
 Stamp

NOTE: The Proxy must be deposited at the Registered Office of the Company at A-1/2, GIDC Industrial Estate, Kabilpore, Navsari 396 424, Gujarat, not less than 48 hours before the time for holding the aforesaid meeting.

* Applicable for investors holding shares in dematerialized form.

BOOK - POST

To,

If undelivered, please return to :

VIRAT INDUSTRIES LIMITED

A-1/2, GIDC Industrial Estate,

Kabilpore, Navsari - 396 424.

Gujarat.

SDP E-mail: sdpprinters@yahoo.co.in