



# ANNUAL REPORT 2011 12

Maxwell Industries Limited



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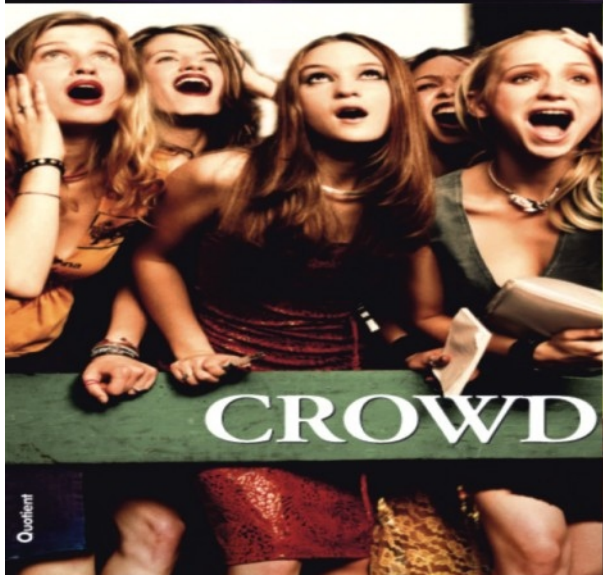
VIP innerwear, the undisputed leader in the male innerwear segment, has been awarded the 'Superbrand' status for its incredible performance over the years.

Since 1971, VIP has been consistently providing its customers with the best-in-class comfort aided by constant innovations, making it the most admired innerwear brand even today. And this accolade just proves that!



THE CROWDPULLER DOES IT **AGAIN!**

**Frenchie** <sup>vip</sup>  
bags the Power Brand status!



# CROWD **PULLER**

## Corporate Information

### Board of Directors

Jaykumar K. Pathare	Chairman
Sunil J. Pathare	Vice Chairman & Managing Director
Kapil J. Pathare	Whole Time Director
Dr. Arvind Kulkarni	Director
Gopal Sehjpal	Director
Chetan Sheth	Director
Robin Banerjee	Director
Manish Chhajed	Director (upto 17.03.2012)

### Registered Office

C-6, Road No.22, MIDC,  
Andheri (East),  
Mumbai 400 093.  
Phone : + 91 22 28257624/27/33,40209000  
Fax : + 91 22 28371023/24  
E-mail : investor.relations@viporg.com  
Website: http://www.maxwell.in

### President Finance & Company Secretary

R. Venkataraman

### Auditors

Attar & Company  
Chartered Accountants

### Internal Auditors

Sharp & Tannan Associates  
Chartered Accountants

### Bankers

State Bank of India  
IDBI Bank Limited  
HDFC Bank Limited  
Kotak Mahindra Bank Limited  
SIDBI

### Plant Location

Knitting Unit	: 360/13, Ganesh Industrial Estate, Village Kachigam, Nani Daman, Daman - 396210
Processing House	: 13-15, SIPCOT, Perundurai, Erode, Tamil Nadu - 638052 C 119, TTC Industrial Area, MIDC, Pawane Village, Navi Mumbai, Maharashtra - 400703
Stitching Units	: 92/94, New GIDC, Umbergaon, Gujarat - 396171 : SF-125/126/127, Appachimarmadam, Thingalur, Erode, Tamil Nadu - 638055
Socks Unit	: 360/7, Ganesh Industrial Estate, Village Kachigam, Nani Daman, Daman - 396210

### Registrar & Transfer Agents

Link Intime India Pvt. Ltd.,  
C-13, Pannalal Silk Mills Compound,  
L. B. S. Marg,  
Bhandup (West),  
Mumbai 400 078.  
Phone : + 91 22 25946970  
Fax : + 91 22 25946969  
Email : rnt.helpdesk@linkintime.co.in

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### 22<sup>nd</sup> ANNUAL GENERAL MEETING

Day	: Thursday
Date	: 23 <sup>rd</sup> August, 2012
Time	: 11.00 a.m
Venue	: <b>The All India Plastics Manufacturers' Association Auditorium</b> , Plot No. A-52, Road No.1, MIDC, Marol, Andheri (East), Mumbai - 400093

## NOTICE

NOTICE is hereby given that the 22<sup>nd</sup> Annual General Meeting of the Members of Maxwell Industries Limited will be held on Thursday, 23<sup>rd</sup> August, 2012 at 11.00 a.m at “**The All India Plastic Manufacturers' Association Auditorium**”, Plot No.A-52, Road No.1, MIDC, Marol, Andheri (East), Mumbai 400 093 to transact the following business;

### ORDINARY BUSINESS:

- 1 To consider and adopt the Balance Sheet as at 31<sup>st</sup> March 2012, the Profit & Loss Account for the year ended on that date, the reports of the Board of Directors and Auditors thereon.
- 2 To declare dividend on Preference Shares.
- 3 To declare dividend on Equity Shares.
- 4 To appoint a Director in place of Mr. Gopal Sehjpal, who retires by rotation and being eligible, offers himself for reappointment.
- 5 To appoint a Director in place of Dr. Arvind Kulkarni, who retires by rotation and being eligible, offers himself for reappointment.
- 6 To appoint a Director in place of Mr. Robin Banerjee, who retires by rotation and being eligible, offers himself for reappointment.
- 7 To re-appoint Messrs. Attar & Co., Chartered Accountants, as the Auditors of the Company and to authorize the Board of Directors to fix their remuneration.

Place: Mumbai  
Date: 14<sup>th</sup> May, 2012

By order of the Board of Directors  
**For Maxwell Industries Limited**

Registered Office  
C-6, Road No. 22, MIDC  
Andheri (East), Mumbai 400093.

**R. Venkataraman**  
President Finance &  
Company Secretary

### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. The Proxy form duly completed must reach the Registered Office of the Company not later than forty eight hours before the time appointed for holding the meeting.
3. The Register of members and the share transfer books of the Company will remain closed from 17<sup>th</sup> August, 2012 to 23<sup>rd</sup> August, 2012 (both days inclusive).
4. The Company will be transferring the unclaimed dividend for the financial year ended on 31<sup>st</sup> March, 2005 on or before 28<sup>th</sup> October, 2012. The Members can claim the said dividend on or before 27<sup>th</sup> September, 2012 being the last date for claiming the unpaid dividend for 31<sup>st</sup> March, 2005. The Company has transferred the unclaimed dividend upto the financial year ended 31<sup>st</sup> March, 2004 to the Investors Education and Protection Fund (IEPF) of the Central Government. The Members who have not claimed their dividend for the financial years 2004-05, 2005-06, Interim & Final dividend of 2006-07, 2007-08, 2008-09, 2009-10 and 2010-11 are requested to claim it from the Company immediately.
5. Members are requested to notify any change in their address to the Company at its Registered Office or to the Registrar and Share Transfer Agents, Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400078.
6. Members desirous of obtaining any information concerning accounts of the Company are requested to address their queries to the Company Secretary atleast Seven days before the date of the meeting, to enable the information required to be made available at the meeting, to the extent possible.
7. Members may be aware, that the Equity Shares of the Company have been subdivided from one equity shares of ₹ 10/- each to 5 equity shares of ₹ 2/- each, in terms of Resolution passed by the Shareholders of the Company at the Extra Ordinary General Meeting of the Company held on 1<sup>st</sup> February, 2006. The Members who are yet holding their share certificate of ₹ 10/- each of the Company need to exchange the same with new equity shares of ₹ 2/-each by sending the same to the Company's Registrar & Transfer Agent, M/s. Link Intime India Private Limited since the old share certificate of ₹10/- each are no longer tradable.
8. Members/proxies are requested to bring the attendance slip duly filled in for attending the Meeting and copy of the Annual Report 2011-12.

## Maxwell Industries Ltd.

9. Members are requested to note that in case of transfers, deletion of name of the deceased shareholder, transmission and transposition of names in respect of share held in physical form, the submission of photocopy of PAN Card of the transferee(s), surviving holder(s), legal heir(s) and joint holder(s) respectively, along with necessary documents at the time of lodgment of request for these transaction, is now mandatory.
10. Your Company is concerned about the environment and utilised the natural resources in a sustainable manner. Towards this end, the Company support in full measure, the 'Green Initiative' of the Ministry of Corporate affairs under which, service of notices/documents including Annual Report, can be effected by sending the same through electronic mode to the registered E-mail addresses of the shareholders. To support this green initiative of the Government, Members who would like to receive such notices/documents in electronic mode and who have not registered their E- Mail addresses so far, are requested to do so by sending a request to the Company's Share Transfer Agent, mentioning therein their folio number and E-Mail address to which such documents can be sent. For shareholders holding shares in electronic form, such request can also be sent electronically to investor.relations@viporg.com from the same E-mail address registered with the depository participants.
11. Members are requested to bring their valid photo ID proof at the time of the meeting.

### Details of Directors seeking appointment & reappointment at the forthcoming Annual General Meeting:- (in pursuance of Clause 49 of the Listing Agreement)

Name of the Director	<b>Mr. Gopal Sehjpal</b>	<b>Dr. Arvind Kulkarni</b>	<b>Mr. Robin Banerjee</b>
Date of Birth	19.05.1944	22.07.1932	20.08.1955
Date of appointment	23.09.2002	11.03.1996	25.09.2006
Qualification	B.A. (Eco.), M.A. (Philosophy), PGDPM, Certified Quality Engineer.	M.S	M.Com, FCA, ACS, ACWA
Shareholding in Maxwell Industries Limited	NIL	NIL	NIL
List of Directorship in other Companies	1. Oracle Management Pvt. Ltd. 2. Lovable Lingerie Limited	NIL	Bilcare Limited

## DIRECTORS' REPORT

To,  
**THE MEMBERS**  
**MAXWELL INDUSTRIES LTD.**

The Directors of your Company are pleased to present, the 22<sup>nd</sup> Annual Report, on the working and the progress of the Company, along with audited accounts, for the financial year ended on 31<sup>st</sup> March, 2012 and Report of the Auditors thereon.

### FINANCIAL RESULTS

(₹ in Lakhs)

	Current Year Ended 31/03/2012	Previous Year Ended 31/03/2011
Profit before Interest, Depreciation & Income Tax	1,913.75	2,041.76
Less Interest	1,493.09	1,369.72
Less : Depreciation	391.66	431.84
Profit before tax on ordinary activities	29.00	240.20
Profit on exceptional items	587.21	-
Profit before tax	616.21	240.20
(Less) : Provision for income tax - Current & FBT	123.74	-
(Less) : Provision for income tax - Deferred	20.60	37.17
Profit after tax	471.87	203.03
Add/(Less) : Tax adjustment for previous year	(7.81)	(39.71)
Profits for the year	464.06	163.32

### DIVIDEND

(₹ in Lakhs)

	Current Year Ended 31/03/2012	Previous Year Ended 31/03/2011
On buy back of 5% Redeemable Preference Shares	21.35	14.11
5% redeemable Preference Shares	59.25	90.72
Equity Dividend	189.23	63.08

The Directors have recommended a dividend of 15 % on Equity Shares (Thirty paise per Equity Share of ₹ 2/- each) and 5% on Redeemable Preference Shares (₹ 5/- per share of ₹ 100/- each) for the financial year ended on 31<sup>st</sup> March, 2012. This Dividend of ₹ 248.48 lakhs along with dividend distribution tax of ₹ 30.70 Lakhs will absorb ₹ 279.18 Lakhs. The Company has paid the Dividend ₹ 21.35 Lakhs and Dividend Distribution Tax of ₹ 9.61 Lakhs on Buy back of Preference Shares.

### OPERATIONS

During the year under review, the Company recorded a Hosiery turnover of ₹ 21,990 Lakhs as against ₹ 22,372 Lakhs in the previous year.

The operation of the Company was seriously affected in the area of processing of greige fabric. The High Court of Tamil Nadu had passed strictures shutting down all the processing units in and around Tirupur, including the Company's unit located at Perundurai in Tamil Nadu.

Due to this, the Company faced serious problem in the production of finished fabric which impacted the Company's production of finished products. The Company had to source production facilities from places like Kolkata, Mumbai etc to meet the requirement of its Tamil Nadu stitching unit, which resulted in high cost and operational time. The Company's 60% production originates from Tamil Nadu. The closure of Perundurai processing unit, resulted in serious drop in production and hence sales. After implementing CAPEX at Perundurai processing unit as suggested by the Monitoring Committee, now we are happy to inform that we are one of the few companies which has been permitted to restart.

### COMPLETION OF SALE/DISPOSAL OF SPINNING BUSINESS AT GOBICHETTIPALAYAM

The Members had approved by way of Special Resolution, the Sale of Spinning Business of the Company on Slum Sale basis situated at Gobichettipalayam for a consideration of ₹ 3900 Lakhs to M/s. M C Spinners Private Limited.

The Company has completed the sale transaction in the month of December, 2011 by receiving total consideration of ₹ 3,900 Lakhs for transfer of fixed assets and net current assets and made a capital profit of ₹ 587 Lakhs.

The Company's Gobi unit was supplying about 50% of its yarn requirement; now after sale of Gobi unit the entire quantity is being outsourced either as yarn or as finished fabric directly from the market.

## Maxwell Industries Ltd.

### FIRE BROKE OUT IN STITCHING UNIT AT THINGALLUR

During the current financial year, a fire broke out at the center building of the Thingalur stitching unit in Tamil Nadu. This resulted in loss to the plant & machinery and building and raw material, work in progress and finished goods stock on the floor. There was no loss of life or injury in this accident. It took almost ten hours to put out the blaze. The Company's property/stocks have all been adequately insured. The Company production facility has been reoriented so that the loss of production due to fire could be minimized.

### FIXED DEPOSIT

Your Company did not accept any fixed deposits from public during the year.

### SUBSIDIARY

Your Company does not have any subsidiary Company.

### DIRECTORS

Mr. Gopal Sehjpal, Director of the Company, retire by rotation and being eligible, offer himself for re-appointment.

Dr. Arvind Kulkarni, Director of the Company, retire by rotation and being eligible, offer himself for re-appointment.

Mr. Robin Banerjee, Director of the Company, retire by rotation and being eligible, offer himself for re-appointment.

### AUDITORS

M/s Attar & Company, Chartered Accountants, holds office as auditors of the Company until the conclusion of the forthcoming Annual General Meeting and is eligible for re-appointment.

### COST AUDITORS

The Central Government vide its notification dated 3<sup>rd</sup> June, 2011 under the Companies (Cost Accounting Record) Rules, 2011 directed the Company to maintain the Cost accounting record for the financial year 2011-12 and obtain the Compliance Report from the practising cost auditor and also vide notification dated 3<sup>rd</sup> June, 2011 under the Companies (Cost Audit Report) Rules, 2011 directed the Company to get the cost accounting record been audited by Practising Cost Auditor for the financial year 2012-13 and submit the cost audit report with Ministry of Corporate affairs.

The Company has appointed Mr. Sushil Kumar Agarwal of M/s. S.K. Agarwal & Associates, Practising Cost Accountants as a Cost auditor, for issue of Compliance Report for the financial year 2011-12 and Cost audit report for the financial year 2012-2013.

The Compliance Report for the financial year ended 31<sup>st</sup> March, 2012 will be filed within the prescribed period.

### PERSONNEL

The Industrial relations with employees continued to be cordial through out the year. Various initiatives in training program which included in house, on the job as well as external training were carried out to enhance managerial and technical skills. Employees have taken initiatives in developing inhouse Quality assurance system and 5-S implementation programme on shop floor. Job enlargement / enrichment among the existing employees have given positive impact on payroll. Your Directors placed on record the appreciation, efforts and dedication of the employees in supporting the various initiatives of the Company.

### Information Pursuant to Section 217 of the Companies Act, 1956.

#### Energy conservation, technology absorption & Foreign Exchange earning & Outgo.

The information required to be disclosed under Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, with respect to conservation of energy, technology absorption, foreign exchange earnings / outgo, are set out in the Annexure to this report.

#### Particulars of Employees:

Pursuant to the amendment in Companies (particulars of employees) Rules, 2011 vide notification No. GSR 289(E) dated 31.03.2011 issued by Ministry of Corporate Affairs, none of the employee of the Company were in receipt of Rs. Sixty Lacs per annum or ₹ Five Lacs per Month during the year under review. Accordingly, no particulars of Employees are given pursuant to the provisions of Section 217(2A) of Companies Act, 1956.

### DIRECTORS' RESPONSIBILITY

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2002 the Directors confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed.
- Appropriate accounting principles have been selected and applied consistently, and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2012 and of the profits of the Company for the period ended on 31<sup>st</sup> March, 2012.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe-guarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The annual accounts have been prepared on going concern basis.

## Maxwell Industries Ltd.

### CORPORATE GOVERNANCE

The Company is committed to maintain highest standards of Corporate Governance. The Securities and Exchange Board of India (SEBI) has introduced a code of Corporate Governance for listed companies which are implemented through the Listing Agreement with the Stock Exchanges, in which the Company's shares are listed. A separate report on Corporate Governance form a part of the Annual Report.

### BUY BACK OF 5% REDEEMABLE PREFERENCE SHARES

The Buyback of 6,29,450 - 5% Redeemable Preference Shares were kept on hold in the last financial year due to price of basic raw material was increased substantially in that financial year.

During the financial year under review, the Board of Directors of the Company after reviewing the financial position of the Company within its power, approved the Buyback of 6,29,450 - 5% Redeemable Preference Shares of ₹ 100/- each at par, as per the provision of Section 77A and rules made there under Companies Act, 1956.

### ACKNOWLEDGEMENT

The Directors of your Company acknowledge with deep sense of appreciation the encouragement, support and co-operation received by the Company from its Bankers viz. State Bank of India, IDBI Bank Limited, HDFC Bank Limited, Kotak Mahindra Bank Limited and SIDBI, Bombay Stock Exchange Limited, National Stock Exchange of India Limited, shareholders, suppliers and esteemed customers of the Company.

### CAUTIONARY STATEMENT

Statement made in the Annual Report including those stated under the caption "Management Discussion and Analysis" describing the Company's plan, projections and expectations may constitute "forward looking statement" within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied.

Mumbai  
Date: 14<sup>th</sup> May, 2012

For and on behalf of the Board

**Registered Office**  
Plot No.C-6, Road No.22,  
MIDC, Andheri (East)  
Mumbai 400 093

**J.K. Pathare**  
(Chairman)

## Annexure to Directors Report

### INFORMATION PURSUANT TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES 1988.

#### A) CONSERVATION OF ENERGY

- The products manufactured and sold by the Company, other than yarn are not power intensive, hence the impact on overall cost is marginal. However, steps have been taken to ensure energy conservation in the processing unit where an energy efficient boiler is installed and the condensate is being re-utilised.
- Additional investments and proposals for reduction of energy consumption: NIL
- Total energy consumption and energy consumption per unit of production as per FORM A of the Annexure in respect of Industries specified in scheme thereto:

Year	Units Consumed		Units Consumed per kg. of Production	
	Spinning	Hosiery	Spinning	Hosiery
Current year	47.17 lakhs*	33.70 lakhs	4.89	0.75
Previous year	92.24 lakhs	28.09 lakhs	4.62	0.13

\* part of the year

#### B) TECHNOLOGY ABSORPTION

Efforts are made in technology absorption as per Form B: Not applicable.

#### C) FOREIGN EXCHANGE EARNING AND OUTGOING

The Company has earned ₹ 1422.05 lakhs (Previous year ₹ 1319.19 lakhs) from exports during the year. The total amount of outgo on account of foreign exchange utilised by the Company amounted to ₹ 942.34 lakhs (Previous year ₹ 24.38 lakhs).



## CORPORATE GOVERNANCE

Maxwell Industries Ltd is committed to corporate transparency and lays emphasis on business ethics in all its dealings. The Company believes in meeting its obligations to all its stakeholders, including amongst others, customers, employees and the community in which the Company operates.

Corporate Governance is a process that aims to meet stakeholder's aspirations and social expectations. It's not a discipline imposed by a regulator, rather a culture that guides the Board, Management and Employees to function towards best interest of stakeholders.

The Board of Directors has been constituted, in compliance with the Companies Act, 1956 and the Listing agreement with the stock exchanges. The Board functions either as a full Board or through its committees. The Company's executive provides the Board with reports on the performance.

Your Directors are happy to inform you, that your Company's existing practises and policies are in conformity with the requirements stipulated by Stock Exchanges and SEBI and has gone well beyond simple statutory compliance, by instituting such systems and procedures, as are required to make the management completely transparent and institutionally sound.

### Board of Directors

The Board of Directors along with its committee provides direction and vision on the functioning of the Company.

- A) Constitution of Board: The Board of Directors comprises of 8 members out of them three are Executive Directors and four Non-executive Independent Directors. The Managing Director & Whole time Directors are being paid remuneration while the other Directors are paid sitting fees for attending a Board Meeting as fixed by the Board.
- B) Composition of Board and number of meetings attended: The gap between 2 Board Meeting does not exceed more than 4 months. Leave of absence is granted as and when requested. All Directors have made necessary Disclosures regarding committee positions. The Board met Six times during the last financial year on 30.05.2011, 03.06.2011, 08.08.2011, 28.09.2011, 10.11.2011 and 14.02.2012. The last AGM was held on 11<sup>th</sup> August, 2011.

### COMPOSITION OF BOARD AND ATTENDANCE RECORD:

Name of Director	Category	No. of other directorships/ Board Committees	No. of Board Meetings attended	Attendance at the last AGM held on August 11, 2011
Shri. Jaykumar K Pathare	Chairman, Whole time Director, Promoter	4	6	Yes
Shri. Sunil J Pathare	Vice Chairman & Managing Director, Promoter	5	5	Yes
Shri . Kapil J Pathare	Whole time Director, Promoter	5	4	Yes
Dr. Arvind Kulkarni	Independent Director	-	6	Yes
Shri Gopal Sehjpal	Independent Director	2	5	Yes
Shri Chetan Sheth	Independent Director	2	5	Yes
Shri Robin Banerjee	Independent Director	1	4	No
Shri Manish Chhajed +	Independent Director	7	5	Yes

+ Shri. Manish Chhajed representative of M/s. Reliance Capital Partners resigned from the Board w.e.f 17.03.2012.

### Remuneration of Directors:

(₹ in Lakhs)

Director	Relationship with other Director/s	Business Relationship with the Company	Sitting Fees	Salary/ Perquisites	Commission	Total
Shri. Jaykumar K Pathare Chairman	Father of Shri Sunil J. Pathare & Shri Kapil J. Pathare	Promoter	N.A.	37.00*	1.72*	38.72*
Shri. Sunil J Pathare Vice Chairman & Managing Director	Son of Shri J. K. Pathare	Promoter	N.A.	37.00*	1.72*	38.72*

Director	Relationship with other Director/s	Business Relationship with the company	Sitting Fees	Salary/ Perquisites	Commission	Total
Shri. Kapil J Pathare Whole time Director	Son of Shri J. K. Pathare	Promoter	N.A.	23.23*	N.A.	23.23*
Dr. Arvind Kulkarni Director	None	None	0.10	N.A.	N.A.	0.10
Shri. Gopal Sehjpal Director	None	None	0.08	N.A.	N.A.	0.08
Shri. Chetan Sheth Director	None	None	0.025	N.A.	N.A.	0.025
Shri. Robin Banerjee Director	None	None	0.025	N.A.	N.A.	0.025
Shri. Manish Chhajed #	None	None	0.075	N.A.	N.A.	0.075

# sitting fees paid to Reliance Capital Partners (resigned w.e.f. 17.03.2012), \* Refer Note No. 32

#### Audit Committee

- A) Constitution of Audit Committee: The Audit Committee comprises of five members out of them four are non-executive Independent Directors and one Executive Director.
- B) Composition of Audit Committee and number of meetings attended: During the financial year Audit Committee met four times on 30.05.2011, 08.08.2011, 10.11.2011 and 14.02.2012. The composition of Audit Committee and the number of meetings attended were as under:

Name	Designation	Status	No. of Committee Meetings attended
Shri. Gopal Sehjpal	Chairman	Independent Director	3
Dr. Arvind Kulkarni	Member	Independent Director	4
Shri Sunil J. Pathare	Member	Promoter Director	4
Shri. Chetan Sheth	Member	Independent Director	3
Shri Manish Chhajed*	Member	Independent Director	3

\* resigned w.e.f. 17.03.2012

The terms of reference of the Committee are as per the guidelines set out in Clause 49 of the listing agreement with the Stock Exchanges and Section 292A of the Companies Act 1956 and inter alia it briefly includes the following:

- To review compliance with internal control systems;
- To hold periodic discussions with the Statutory Auditors of the Company concerning the accounts of the Company, internal control systems, scope of audit and observation of the auditors if any;
- To review the quarterly, half-yearly and annual financial results of the Company before submission to the Board;
- To make recommendations to the Board on any matter relating to the financial management of the Company;
- Recommending to the Board, the appointment, re-appointment and if required the replacement and removal of Statutory Auditors and fixation of Audit fees.

#### Investors Grievance Committee

- A) Constitution of Investors Grievance Committee: The Investors Grievance Committee comprises of Five members out of them Four are non-executive Independent Directors and one Executive Director.
- B) Composition of Investors Grievance Committee and number of meetings attended: The Investor Grievance committee met Four times during the last financial year on 30.05.2011, 08.08.2011, 10.11.2011 and 14.02.2012. The composition of Investors Grievance Committee and the number of meetings attended were as under:

Name	Designation	Status	No. of Committee Meetings attended
Dr. Arvind Kulkarni	Chairman	Independent Director	4
Shri. Gopal Sehjpal	Member	Independent Director	3
Shri. Chetan Sheth	Member	Independent Director	3
Shri Manish Chhajed*	Member	Independent Director	3
Shri Sunil J. Pathare	Member	Promoter Director	4

\* resigned w.e.f. 17.03.2012

## Maxwell Industries Ltd.

The Company has appointed an agency viz. M/s. Link Intime India Pvt Ltd. to attend the investors' grievances. The Company Secretary is the compliance officer for the purpose, who interacts with the agency on the said matter and acts as Secretary of the committee. The shares of the Company are listed on the Bombay Stock Exchange Limited and National Stock Exchange Limited and all the complaints received from the share holders were resolved within the reasonable time.

### Remuneration Committee

A) Constitution of Remuneration Committee: The Remuneration Committee comprises of three Non Executive Independent Directors as a members of the Committee, Committee formed on 14<sup>th</sup> May, 2012 .

B) Composition of Remuneration Committee and number of meetings attended

The terms of Reference of Remuneration Committee are as follows;

- To review and make recommendations on annual salaries, performance linked incentives, stock options, perquisites and other employment conditions for Executive Directors.
- To recommend induction of Directors/ Executive Directors on the Board.
- To take into consideration remuneration practices followed by leading companies while determining the overall remuneration package. Non-executive Directors are paid remuneration by way of Sitting Fees. The payment of Commission is decided broadly on the basis of their respective contribution to the Company and the overall performance of the Company.

The first meeting of the Remuneration Committee held on 14<sup>th</sup> May, 2012, were all the members of the Remuneration Committee attended the meeting.

The members of the Committee are:

Name	Designation	Status	No. of Committee Meetings attended
Shri. Chetan Sheth	Chairman	Independent Director	1
Dr. Arvind Kulkarni	Member	Independent Director	1
Shri. Gopal Sehjpal	Member	Independent Director	1

### General Body Meeting

The last three General Body Meetings of the Company (all held at The All India Plastic Manufacturers Association, MIDC, Andheri East, Mumbai) details of which are as under:-

Financial Year	Date	Time	Special Resolution if passed
2010-2011	11 <sup>th</sup> August, 2011	11.00 a.m	No
2009-2010	12 <sup>th</sup> August, 2010	11.00 a.m	No
2008-2009	20 <sup>th</sup> August, 2009	11.00 a.m	No

### Postal Ballot

Special Resolution was passed through postal ballot during the financial year 2011-12 and result declared on 13<sup>th</sup> July, 2011, for Sale of undertaking under section 293(1)(a) of the Companies Act , 1956

At Present, the following Special Resolution was proposed to pass through Special Resolution and result proposed to be declared on 24<sup>th</sup> July, 2012.

- To approve the Minimum remuneration to Shri. Sunil J. Pathare, Vice Chairman & Managing Director of the Company for the period from 1<sup>st</sup> April, 2010 to 31<sup>st</sup> March, 2013.
- To approve the Minimum remuneration to Shri. Kapil J. Pathare, Whole Time Director of the Company for the period from 1<sup>st</sup> April, 2010 to 31<sup>st</sup> March, 2013.
- To approve the re-appointment of Shri. Jaykumar K. Pathare, as a Whole Time Director of the Company w.e.f. 1<sup>st</sup> October, 2011 to 30<sup>th</sup> September, 2014.
- To approve the payment of Minimum remuneration to Shri. Jaykumar K. Pathare, Whole Time Director of the Company w.e.f. 1<sup>st</sup> April, 2010 to 31<sup>st</sup> March, 2012.
- To approve, ratify and confirm the payment of excess remuneration made to Shri. Sunil J. Pathare, Vice Chairman & Managing Director of the Company & for waiver of recovery of excess remuneration paid to him for the financial year 2010-11 and 2011-12, subject to approval of Central Government.
- To approve, ratify and confirm the payment of excess remuneration made to Shri. Kapil J. Pathare, Whole Time Director of the Company and for waiver of recovery of excess remuneration paid to him for the financial year 2010-11 and 2011-12, subject to approval of Central Government.

## Maxwell Industries Ltd.

7. To approve, ratify and confirm the payment of excess remuneration made to Shri. Jaykumar K. Pathare, Whole Time Director of the Company and for waiver of recovery of excess remuneration paid to him for the financial year 2010-11 and 2011-12, subject to approval of Central Government.

### Disclosure

- 1) The Company's transaction with related parties, as per requirement of Accounting Standard 18, are disclosed elsewhere in this Annual Report.
- 2) The Company has not entered into any other transactions of material nature with its Promoters, Directors or the Management, their subsidiaries or relatives, etc., which may have potential conflict with the interests of the Company at large.
- 3) Secretarial Audit was carried out by a qualified Practising Company Secretary to reconcile the total admitted capital with National Securities Depositories Limited (NSDL) and Central Depositories Services Limited (CDSL) and the total issued and listed capital. The Secretarial Audit Report confirms that the total issued / paid up capital is an agreement with the total number of dematerialized shares held with NSDL and CDSL.
- 4) The Company has not implemented the Whistle Blower Policy which is a non-mandatory requirement under the code of the Corporate Governance.
- 5) None of the Directors of the Company is disqualified as per provision of Section 274(1) (g) of the Companies Act, 1956.
- 6) The Company has not accepted any public deposits and no amount on account of public deposit was outstanding as on 31<sup>st</sup> March 2012.

### Means of Communication

The Company communicates with the shareholders through its Annual Report, General Meetings and disclosure through web site. Information and latest updates and announcement about the Company can be accessed at Company's website [www.maxwell.in](http://www.maxwell.in).

The quarterly results are published in English, Hindi and Marathi Newspapers. These results are submitted to the stock exchanges within the stipulated time. The quarterly results for the quarters of the last financial year was published in the below mentioned news papers on the following dates:

Quarterly Results	Newspaper	
	Business Standard (English + Hindi Edition)	Sakal (Regional Language)
30 <sup>th</sup> June, 2011	08.08.2011	08.08.2011
30 <sup>th</sup> September, 2011	10.11.2011	10.11.2011
31 <sup>st</sup> December, 2011	14.02.2012	14.02.2012
31 <sup>st</sup> March, 2012	15.05.2012	15.05.2012

### General Shareholders information

- A) Annual General Meeting is proposed to be held on Thursday, the 23<sup>rd</sup> August, 2012 at 11.00 a.m. at **The All India Plastics Manufacturers Association, MIDC, Andheri (East), Mumbai-400093.**
- B) Financial Calendar : 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2013
  - Quarterly Results : Results for quarter ending 30<sup>th</sup> June, 2012- Second week of August, 2012  
Results for quarter ending 30<sup>th</sup> September, 2012- Second week of November, 2012  
Results for quarter ending 31<sup>st</sup> December, 2012- Second week of February, 2013  
Audited Results for year ended 31<sup>st</sup> March, 2013 - May, 2013
  - Annual Results : May, 2013
- C) Book Closure : 17/08/2012 to 23/08/2012  
(Both days inclusive)
- D) Dividend Payment : 28.08.2012
- E) Registered office of the Company : C-6, Road No. 22, MIDC, Andheri (E)  
Mumbai 400 093.
- F) Registrar & Transfer Agent : Link Intime India Pvt Ltd.  
C-13, Pannalal Silk Mills Compound  
LBS Marg, Bhandup (West)  
Mumbai - 400 078
- G) Listing of Equity Share : The Bombay Stock Exchange Limited (BSE)  
The National Stock Exchange of India Limited (NSE)

## Maxwell Industries Ltd.

H) Stock code	:	532613 (BSE) MAXWELL (NSE)
I) ISIN	:	INE450G01024
J) Stock Market Data	:	

Month	Bombay Stock Exchange			National Stock Exchange		
	High (in ₹)	Low (in ₹)	Volume (Nos.)	High (in ₹)	Low (in ₹)	Volume (Nos.)
April 2011	22.75	16.50	1859498	23.80	17.35	1697159
May 2011	20.50	16.85	809858	21.90	16.65	705262
June 2011	22.10	17.20	3436266	22.20	17.10	4930143
July 2011	24.25	18.70	2296601	24.35	18.65	2988708
August 2011	24.90	19.35	913230	25.40	19.30	1010950
September 2011	30.50	23.85	1872997	30.80	23.50	1864443
October 2011	29.75	24.35	738626	29.80	24.45	809153
November 2011	33.30	21.70	995720	33.00	21.75	1099972
December 2011	26.45	20.70	322877	26.00	20.65	196814
January 2012	23.85	21.10	250159	23.90	21.00	219301
February 2012	25.15	21.15	440591	25.60	21.25	586026
March 2012	24.90	18.50	343525	24.90	18.55	234807

Source: Website of Bombay Stock Exchange and National Stock Exchange of India Limited.

### Distribution of Shareholders as on 31<sup>st</sup> March, 2012.

Slab of No of Shareholding	Shareholders	% of Shareholders	Amount (₹)	% of Amount
1 - 1000	5687	65.6622	2364014	1.8739
1001 - 2000	1212	13.9938	2130300	1.6886
2001 - 4000	946	10.9225	3160342	2.5051
4001 - 6000	205	2.3669	1069118	0.8475
6001 - 8000	157	1.8127	1130328	0.8960
8001 - 10000	121	1.3971	1136372	0.9008
10001 - 20000	164	1.8935	2467846	1.9562
20001 - *****	169	1.9513	112696110	89.3319
<b>Total</b>	<b>8661</b>	<b>100.0000</b>	<b>126154430</b>	<b>100.0000</b>

### Share price performance in comparison to broad based indices BSE Sensex and NSE Nifty

#### Share price performance relative to BSE Sensex based on the share price on 31<sup>st</sup> March, 2012

Period	% Change in		
	Maxwell Share Price	BSE Sensex	Maxwell Relative to Sensex
Year on year	16.19	-10.50	26.69
2 Years	4.07	-0.70	4.78
3 Years	130.29	79.27	51.03
4 Years	26.23	11.25	14.99
5 Years	-40.90	33.14	-74.04

#### Share price performance relative to Nifty based on the share price on 31<sup>st</sup> March, 2012

Period	% Change in		
	Maxwell Share Price	NSE Nifty	Maxwell Relative to Nifty
Year on year	16.81	-9.20	26.03
2 Years	4.59	0.90	3.71
3 Years	130.34	75.30	55.04
4 Years	29.34	11.90	17.49

(Sources: compiled from data available on BSE & NSE website)

## Shareholding pattern as on 31<sup>st</sup> March, 2012

Category	No. of Shares held	% to total
1. Indian Promoters & Person Acting in Concert	4,00,97,868	63.5695
<b>Sub-total</b>	<b>4,00,97,868</b>	<b>63.5695</b>
2.1 Mutual Funds & UTI	875	0.0014
2.2 Banks, FIs, Insurance Companies	Nil	Nil
2.3 FIIs	2,12,973	0.3376
<b>Sub-total</b>	<b>2,13,848</b>	<b>0.3390</b>
3.1 Bodies Corporates	1,23,59,197	19.5938
3.2 Indian Public	99,61,707	15.7929
3.3 Trust	500	0.0008
3.4 NRIs. / NRNs.	3,54,352	0.5618
3.5 Clearing Members	89,743	0.1423
<b>Sub-total</b>	<b>2,27,65,499</b>	<b>36.0915</b>
<b>Grand Total</b>	<b>6,30,77,215</b>	<b>100.00</b>

## Dematerialization of Shares:

About 96.77% of the shares of the Company have been dematerialized as on March 31, 2012. The Company has entered into an agreement with National Securities Depository Limited (NSDL), Central Depository Services (India) Limited (CDSL) whereby shareholders can dematerialize their shares.

The equity shares of the Company are traded at Bombay Stock Exchange, National Stock Exchange.

Secretarial Audit Report for reconciliation of the share capital of the Company obtained from Practicing Company Secretary has been submitted to Stock Exchange within stipulated time.

No. of shares held in dematerialized and physical mode

	No. of Shares	% of total Shares issued
Holding in dematerialized form	6,10,42,744	96.77%
Holding in physical form	20,34,471	3.23%
Total	6,30,77,215	100.00%

The names and addresses of the Depositories are as under:

- |                                                                                                                                                                          |                                                                                                                                               |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| <p>1. National Securities Depository Ltd.<br/>Trade World, 4<sup>th</sup> Floor<br/>Kamala Mills Compound<br/>Senapathi Bapat Marg, Lower Parel,<br/>Mumbai - 400013</p> | <p>2. Central Depository Services (India) Limited<br/>Phiroze Jeejeebhoy Towers<br/>28<sup>th</sup> Floor, Dalal Street<br/>Mumbai 400023</p> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|

## Share Transfer System

Application for transfer of shares held in physical form is received at the office of the Registrar and Transfer Agents of the Company. Investors Grievance Committee approves valid transfers of shares and share certificates duly endorsed are dispatched within the prescribed time.

Shares held in dematerialized form are electronically traded in the Depository and the Registrars and Share Transfer Agents of the Company periodically receive from the depository the beneficiary holdings so as to enable them to update the records and to send all corporate communications, dividend warrants, etc.

## Plant Locations of Maxwell Industries Ltd:

Factory Location	Activity
(i) 360/13, Ganesh Industrial Estate, Kanchgam, Nani Daman, Daman, 396 210	Knitting Unit
(ii) Plot no. 13-15, SIPCOT Industrial Growth Centre, Perundurai- Erode, Tamilnadu - 638 052.	Process House
(iii) C 119, TTC Industrial Area, MIDC, Pawane Village, Navi Mumbai - 400 703.	Process House
(iv) Plot No. 92/94, New GIDC, Umbergaon, Valsad, Gujarat - 396 171.	Stitching Unit
(v) S. F. No. 125, 126 & 127, Appachimarmadam, Thingalur, Erode - 638 055.	Stitching Unit
(vi) 360/7, Ganesh Industrial Estate, Kanchgam, Nani Daman, Daman, 396 210	Socks Unit

## Maxwell Industries Ltd.

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### Investors Correspondence

Shareholders correspondence should be addressed to our Registrar & Transfer Agents at the following address:

M/s. Link Intime India Pvt Ltd. : C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W) Mumbai - 400 078.  
Tel No. - 022 25963838 Fax No. - 022 25946969  
Email: rnt.helpdesk@linkintime.co.in

In case of difficulty investors are advised to correspond with the Company Secretary at the Registered Office of the Company at the following address:

Maxwell Industries Ltd. : C 6, Road No. 22, MIDC, Andheri (E), Mumbai 400093  
Tel No. - 022 28257624 Fax No. - 022 28371023  
Email: investor.relations@viporg.com

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### ANNEXURE TO CORPORATE GOVERNANCE FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012

## DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT

I, Jaykumar Pathare, Chairman of Maxwell Industries Limited ("the Company") hereby declare that, to the best of my information, all the Board members and Senior Management personnel of the Company have affirmed their compliance and undertaken to continue to comply with the code of conduct laid down by the Board of Directors of the Company for the Board members and Senior Management.

For **Maxwell Industries Limited**

**J. K. Pathare**  
Chairman

Date: 14.05.2012  
Place : Mumbai

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## AUDITORS' CERTIFICATE

To The Members of  
Maxwell Industries Limited

We have examined the compliances of conditions of Corporate Governance by Maxwell Industries Limited for the year ended 31<sup>st</sup> March, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the certificate of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

**For Attar & Co.**  
Chartered Accountants  
Registration No 112600W

**M. F. Attar**  
Proprietor  
Membership No.: 34977  
Mumbai.  
Dated: 14<sup>th</sup> May, 2012

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## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry structure and developments

#### Market overview

The year 2011-12 had been a trying year for the Indian economy. Global uncertainties and domestic cyclical and structural factors lowered the growth of Indian economy to around 7% in 2011-12 as compared to the growth rate of 8.4 per cent for 2010-11. The constant fall in the value of the Indian Rupee also did not help the cause in boosting the exports. This coupled with a high level of inflation and high interest cost did not provide any solace to the industry in general. There has also been a drag in the demand front due reduction in disposable surplus. The fiscal year 2012-13 does not augur well with even IMF reducing its India growth story to around 7 %.

The Textile Industry in India ranks next to Agriculture. Textile is one of India's oldest industries and has a formidable presence in the national economy in as much as it contributes to about 14% of manufacturing value-addition and accounts for around one-third of our gross export earnings and provides gainful employment to millions of people. Despite favourable schemes like Technology Upgradation Fund Schemes (TUFS), initiative for setting up of textiles parks with world class infrastructure facilities and allowing 100% foreign direct investment (FDI) under the automatic route the industry has not registered major growth.

#### Financial Review

Please refer Board Report for financial performance review.

#### Outlook and Opportunity

The year witnessed a significant slowdown in textiles production due to a combination of factors such as slowdown in demand, piling up of stocks etc. Cotton yarn production also decreased by 13% during the period. The year saw the cotton and yarn price steady to reasonable levels. The yarn prices, which saw a fall from the all time high of ₹ 270 per kg stabilized around ₹ 220 per kg. The cotton prices however continue to hover around the ₹ 35,000 per bale. However the power situation in Tamil Nadu continue to disturb the production of yarn resulting in lower outputs and high cost of production. The governments' policy on export of yarn and cotton did not help the industry either.

The current year would be a threshold year, in the operation for the company. Consequent to its decision to operate from outsourced finished fabric, a better focus has now been built into the garmenting operation. With this, the Company will, concentrate more on marketing and brand building activities.

#### Outlook on threats, risks and concern

The impact of pollution and effluent issues which crippled facilities around Tirupur continue to be a cause on concern. The Company's own facility at Perundurai was revamped with additional CAPEX spent, in improving the effluent handling capacity the Company. The company has received approval for restart of its processing unit. The labour situation continued to be troublesome with availability concern that had generally plagued the regions. The company plans to counter this with the use of automation. The market scene is also experiencing higher levels of competition. Moreover many new entrants have made their entry in the market, leading to increase in competition.

#### Internal Control systems and adequacy

The Company's has an internal control systems, which has been constantly upgraded to meet the complexity of its operation. It is also commensurate with the size of the Company and nature of its business, with well documented policies and procedures ensuring that all assets are safeguarded. Constant appraisals are carried out, to ensure that they are protected against loss from unauthorized use or disposition, reducing wastages and maintenance of proper accounting records for ensuring accuracy and reliability of its financial information.

Apart from this, the Company has an internal audit which is carried out by a large external firm and reports to the Audit Committee. The internal auditor reviews the internal procedures and reports on the control adequacies to the Audit Committee which meets periodically to review the financial performance and the accuracy of financial records and also the internal audit.

#### Human Resource Development

In our industry which is highly dependent on manual labour Human Resource Development (HRD) plays a very important role both in honing the skills through training and development and in retention. This is a continuous process with training serving as an interface in the assimilation of knowledge and skills. The Human Resource of the Company is characterized by its loyalty and long-term association which has been nurtured over a long period. HRD strives to attract best talent in the industry and retain them by improving quality and competitiveness through performance management system, training and other motivational tools.

The Company recognizes man power as a vital tool in the Company's growth and hence lay emphasis in nurturing and strengthening the overall development of the Human Resources. As usual the Company had a very cordial year in industrial relations.



## AUDITORS' REPORT

To the Members,  
Maxwell Industries Limited,

We have audited the attached Balance Sheet of Maxwell Industries Limited as at 31<sup>st</sup> March, 2012 and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto.

These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 misstatement. An audit includes examining, on test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government in terms of Section 227 (4A) of the Companies Act 1956, and on the basis of such checks of the books and record of the Company and according to information and explanations received by us, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order,.
2. Further to our comments in the Annexure referred to in Paragraph (1) above,
  - a) We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of the 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account
  - d) In our opinion, the Balance Sheet, statement of Profit & Loss and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable;
  - e) According to information and explanation given to us and on the basis of written representation from the directors taken on record by the board of the directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2012 from being appointed as a director under section 274 (1) (g) of the Companies Act, 1956.
  - f) In our opinion and to the best of our information and according to explanations given to us, the accounts read with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view: -
    - i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2012
    - ii. In the case of Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
    - iii. In the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **Attar & Co.**  
Chartered Accountants  
**Registration No 112600W**

**M.F. Attar**  
Proprietor  
Membership No.: 34977  
Mumbai.  
Dated: 14<sup>th</sup> May 2012

## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in Paragraph 1 of our report of even date.)

- 1) In respect of it's fixed assets:
  - a) The Company is maintaining proper records showing full particulars including quantitative details and situation of the fixed assets.
  - b) Some of the Fixed Assets were physically verified by the Management during the year in accordance with program of verification, which in our opinion is reasonable. No material discrepancies were noticed on such physical verification.
  - c) During the year Company has disposed off Spinning Mill Division at Gobichettapalayam on a slum sale basis.
- 2) In respect of it's inventories:
  - a) As explained to us, inventory has been physically verified by the management at regular intervals during the year. In our opinion the frequency of verification is reasonable.
  - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of Company and nature of its business.
  - c) On the basis of our examination of records of inventories, in our opinion, the Company has maintained proper records of inventory and no material discrepancies were noticed on physical verification of inventory as compared to book records.
- 3) In respect of loan secured or unsecured, taken from / granted to any Company, firm or other parties covered in register maintained u/s. 301 of the Companies Act 1956  

According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies firms or others parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of the clause 4(iii)(d), iii(e), (iii)(f) and (iii)(g) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for sale of goods and services. During the course of our audit we have not observed any major weakness in internal control.
- 5) In respect of transactions covered u/s. 301 of the Companies Act 1956
  - a) In our opinion and according to the information and explanations given to us the transactions made in pursuance of contracts or arrangements that needed to be entered into the register maintained under Section 301 of Companies Act, 1956 have been so entered.
  - b) In our opinion and according to the information and explanations given to us, where such transactions are in excess of Rupees Five lacs in respect of any party during the year, the transactions have been made at prices which are prima facie reasonable having regard to prevailing market prices at the relevant time.
- 6) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provision of Section 58A and Section 58AA of the Companies Act, 1956 and the rules framed there under.
- 7) We are informed that the Company has the internal audit system in addition to the existing internal control procedure. However we are of the opinion that the same need to be further extended and strengthened to make the same commensurate with the size of the Company and nature of the business.
- 8) We have broadly reviewed the books of account maintained by the Company in respect of it's spinning mill, pursuant to the rules made by the Central Government, prescribing the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956. We are of the opinion that prima facie the prescribed accounts and records have been maintained and are being made up. We have not however, made a detailed examination of the same with a view to determining whether they are accurate or complete.
- 9) In respect of statutory dues
  - a) According to the information and explanation given to us and records as produced and examined by us, in our opinion the Company is generally regular in depositing the undisputed statutory dues including Provident Fund, Investor Education and Protection Funds, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other statutory dues which have not been deposited on account of any dispute excepting those mentioned hereunder :

Forum where the dispute is pending	Name of the Statute	Rs In lakhs	FY to which the amounts relate to
High Court of Mumbai	Income Tax Act	1,157.49	1992-01
High Court of Chennai	Central Sales Tax	8.54	1999-00
High Court of Chennai	Central Sales Tax	195.46	2001-02
Deputy Commercial Tax Office – Tamil Nadu	Central Sales Tax	13.30	2001-02
Deputy Commercial Tax Office – Tamil Nadu	Tamilnadu General Sales Tax	5.43	2001-02
Deputy Commercial Tax Office – Tamil Nadu	Central Sales Tax	802.77	2002-03
Deputy Commercial Tax Office – Delhi	Central Sales Tax	7.33	2005-06
Deputy Commercial Tax Office – West Bengal	West Bengal Sales Tax	1.54	2005-06

- 10) The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
- 11) Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and banks. The Company has not issued debentures that were outstanding during the year.
- 12) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) The provisions of any special statute applicable to chit fund, nidhi, mutual benefit fund, societies are not applicable to the Company.
- 14) In our opinion the Company is not a dealer or trader in shares, securities, debentures and other investments.
- 15) In our opinion and 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 during the year.
- 16) To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the Company were prima facie applied by the Company during the year for the purpose for which the loan was obtained.
- 17) According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company we are of the opinion that funds raised on short term basis have prima facie not been used during the year for long term investment and vice versa. There are no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligations.
- 18) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained u/s. 301 of the Companies Act, 1956 during the year.
- 19) According to the information and explanations given to us, and the records examined by us the Company has not issued any debentures during the year.
- 20) The Company has not raised any money by way of public issue during the year.
- 21) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices, and according to the information and explanations given to us we have neither come across any instance of material fraud on or by the Company noticed or reported during the year nor have we been informed of such case by the management.

For **Attar & Co.**  
Chartered Accountants  
**Registration No 112600W**

**M.F. Attar**  
Proprietor  
Membership No.: 34977  
Mumbai.  
Dated: 14<sup>th</sup> May 2012

Balance Sheet as at 31<sup>st</sup> March, 2012

(₹ in Lakhs)

	Note No.	As at 31 March, 2012	As at 31 March, 2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	2,446.49	3,075.94
Reserves and surplus	4	7,482.10	7,328.19
		<b>9,928.59</b>	10,404.13
<b>Non-current liabilities</b>			
Long-term borrowings	5	-	127.45
Deferred tax liabilities (net)	6	1,157.83	1,137.23
Other long-term liabilities	7	399.28	470.00
		<b>1,557.11</b>	1,734.68
<b>Current liabilities</b>			
Short-term borrowings	8	8,252.77	8,587.90
Trade payables	9	1,818.92	3,004.16
Other current liabilities	10	249.08	1,217.40
Short-term provisions	11	313.00	206.84
		<b>10,633.77</b>	13,016.30
<b>TOTAL</b>		<b>22,119.47</b>	25,155.11
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	12	5,774.35	6,772.44
Intangible assets	12	1,258.21	1,258.21
		<b>7,032.56</b>	8,030.65
Non-current investments	13	1.15	1.15
Long-term loans and advances	14	947.08	697.08
		<b>948.23</b>	698.23
<b>Current assets</b>			
Inventories	15	9,176.79	10,941.21
Trade receivables	16	4,701.49	5,269.13
Cash and cash equivalents	17	242.36	137.38
Short-term loans and advances	18	18.04	78.51
		<b>14,138.68</b>	16,426.23
<b>TOTAL</b>		<b>22,119.47</b>	25,155.11
<b>Summary of Significant Accounting Policies</b>	2		
<b>See accompanying notes forming part of the financial statements</b>			

As per our report of even date

**For Attar & Co.**

Chartered Accountants

Registration No - 112600W

**For and on behalf of Board**

**J. K. Pathare**

**M.F.Attar**

Proprietor

M.No.034977

Mumbai

Dated : 14<sup>th</sup> May, 2012

**R. Venkataraman**

President-Finance &

Company Secretary

**S. J. Pathare**

Mumbai

Dated : 14<sup>th</sup> May, 2012

**K. J. Pathare**

Statement of Profit and Loss for the year ended on 31<sup>st</sup> March, 2012

(₹ in Lakhs)

	Note No.	Year ended 31 March, 2012	Year ended 31 March, 2011
<b>CONTINUING OPERATIONS</b>			
Revenue from operations (Gross)	19	23,802.28	22,389.73
Less: Excise duty		1,812.16	16.96
Revenue from operations (net)		21,990.12	22,372.77
Other income	20	66.14	73.69
<b>Total revenue</b>		<b>22,056.26</b>	<b>22,446.46</b>
<b>EXPENSES</b>			
Cost of materials consumed	21.A	13,735.41	13,287.71
Changes in inventories of finished goods and work-in-progress	21.B	(1,269.73)	(405.21)
Employee benefits expense	22	1,289.14	1,253.78
Advertisement & Publicity Expenses		377.28	984.99
Finance costs	23	1,491.33	1,357.59
Depreciation and amortization expense	12	352.17	339.57
Other expenses	24	5,792.41	5,913.01
<b>Total expenses</b>		<b>21,768.01</b>	<b>22,731.44</b>
<b>Profit / (Loss) before exceptional items and tax</b>		<b>288.25</b>	<b>(284.98)</b>
Exceptional items	28	587.21	-
<b>Profit / (Loss) before tax</b>		<b>875.46</b>	<b>(284.98)</b>
<b>Tax expense:</b>			
Current tax			
Provision for Tax - Net [includes prior period tax ₹ 7.81 Lakhs (previous year ₹ 39.71 Lakhs)]		(131.55)	(39.71)
Deferred tax	6	(20.60)	(37.17)
<b>Profit / (Loss) from continuing operations</b>		<b>723.31</b>	<b>(361.86)</b>
<b>DISCONTINUING OPERATIONS</b>			
Profit / (Loss) from discontinuing operations (before tax)	28	(259.25)	525.16
Add / (Less): Tax expense of discontinuing operations	28	-	-
<b>Profit / (Loss) from discontinuing operations (after tax)</b>	28	<b>(259.25)</b>	<b>525.16</b>
<b>TOTAL OPERATIONS</b>			
<b>Profit / (Loss) for the year</b>		<b>464.06</b>	<b>163.30</b>
<b>Earnings Per Share (Face Value of ₹ 2/- each):</b>			
Basic and Diluted	29	0.63	0.07
<b>Summary of Significant Accounting Policies</b>	2		

See accompanying notes forming part of the financial statements

As per our report of even date

For Attar &amp; Co.

Chartered Accountants

Registration No - 112600W

For and on behalf of Board

J. K. Pathare

M.F.Attar

Proprietor

M.No.034977

Mumbai

Dated : 14<sup>th</sup> May, 2012

R. Venkataraman

President-Finance &amp;

Company Secretary

S. J. Pathare

Mumbai

Dated : 14<sup>th</sup> May, 2012

K. J. Pathare

Cash Flow Statement for the year ended on 31<sup>st</sup> March, 2012

(₹ in Lakhs)

	Year ended 31 March, 2012	Year ended 31 March, 2011
<b>A Cash from Operating Activities</b>		
Net Profit before Tax and Extraordinary items	29.00	240.18
Adjustment for:		
Depreciation & Amortisation	391.66	431.84
Preliminary Expenses w/off	-	14.01
Investment w/off	-	0.04
Finance Cost	1,493.09	1,369.72
(Profit)/Loss on Sale of Assets (Net)	14.34	(14.42)
Insurance Claim	(1.64)	(2.73)
Other Income	(117.14)	(131.41)
Interest Received	(13.71)	(10.17)
Duty Drawback	(95.35)	(102.91)
Rent Received	(34.27)	(17.36)
	<b>1,636.98</b>	<b>1,536.61</b>
Operating Profit before Working Capital changes	<b>1,665.98</b>	<b>1,776.79</b>
Adjusted for :		
(Increase)/Decrease in Inventories	1,764.42	(2,083.93)
(Increase)/Decrease in Receivable	567.64	337.10
(Increase)/Decrease in Short - Term Loans & Advances	60.47	(47.29)
(Increase)/Decrease in Long - Term Loans & Advances	(134.38)	(4.62)
Increase/(Decrease) in Trade Payables	(1,185.24)	218.62
Increase/(Decrease) in Other Current Liabilities	(968.50)	(403.51)
Increase/(Decrease) in Short - Term Provisions	(3.88)	1.92
(Increase)/Decrease in Working Capital	<b>100.53</b>	<b>(1,981.71)</b>
Cash Generated from Operations	<b>1,766.51</b>	<b>(204.92)</b>
Less:		
Net Income Tax (Paid)/Refunds	(246.62)	(268.82)
Net Cash from/(used in) before Extraordinary items	<b>1,519.89</b>	<b>(473.74)</b>
Extraordinary Items		
Add:		
Insurance Claim	1.64	2.73
Duty Drawback	95.35	102.91
Profit on Slum Sale	587.21	-
<b>Net Cash from/(used in) Operating Activities</b>	<b>(A) 2,204.09</b>	<b>(368.10)</b>
<b>B Cash flow from Investing activities</b>		
Purchase of Fixed Assets	(190.48)	(262.15)
Sale of Fixed Assets	782.59	25.60
Interest Received	13.71	10.17
Other Income	117.14	131.41
Rent Received	34.27	17.36
<b>Net Cash from/(used in) Investing Activities</b>	<b>(B) 757.23</b>	<b>(77.61)</b>

Cash Flow Statement for the year ended on 31<sup>st</sup> March, 2012

(₹ in Lakhs)

	Year ended 31 March, 2012	Year ended 31 March, 2011
<b>C Cash flow from Financing Activities</b>		
Buyback of 5% Redeemable Preference Shares	(629.45)	(620.60)
Security Deposit received	56.31	52.38
Repayment of Loan-Term Loans	(127.45)	(659.92)
Repayment of Long-Term Liabilities	(127.03)	(53.09)
Increase in utilisation of Cash Credit limits	(354.07)	1,820.28
Proceeds from Short - Term Borrowings	18.94	1,618.19
Finance Cost	(1,493.09)	(1,369.72)
Dividend paid	(174.96)	(385.57)
Dividend Tax paid	(25.54)	(64.48)
<b>Net Cash from/(used in) Financing Activities (C)</b>	<b>(2,856.34)</b>	337.47
<b>Net Cash Increase/(Decrease) in Cash &amp; Cash Equivalents (A)+(B)+(C)</b>	<b>104.98</b>	(108.24)
Cash & Cash Equivalents at the beginning of the year	137.38	245.62
Cash & Cash Equivalents at the end of the year	<b>242.36</b>	137.38
* Comprises:		
(a) Cash on hand	-	2.00
(b) Balances with Banks		
(i) In current accounts	77.66	7.11
(ii) In deposit accounts with original maturity of less than 3 months	145.03	108.78
(iii) In earmarked accounts:- Unpaid dividend account	19.67	19.49
	<b>242.36</b>	137.38

**Notes:**

- (i) The Cash Flow Statement reflects the combined cash flows pertaining to continuing and discounting operations.  
(ii) These earmarked account balances with banks can be utilized only for the specific identified purposes.

See accompanying notes forming part of the financial

As per our report of even date

**For Attar & Co.**

Chartered Accountants

Registration No - 112600W

**M.F.Attar**

Proprietor

M.No.034977

Mumbai

Dated :14<sup>th</sup> May, 2012

**R. Venkataraman**

President-Finance &

Company Secretary

**S. J. Pathare**

Mumbai

Dated :14<sup>th</sup> May, 2012

**For and on behalf of Board**

**J. K. Pathare**

**K. J. Pathare**

# Maxwell Industries Ltd.

## Notes forming part of the financial statements

### 1. Corporate Information:

Maxwell Industries Limited ('Company') was incorporated on 14<sup>th</sup> January, 1991. The Company's Identification No. is L18101MH1991PLC059804. The Company is a leading Manufacturer, Marketing and distribution of Men's, Women's inner wears and Socks under brand name VIP, Frenchie and feelings. The Company's Equity Shares are listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange Limited (NSE).

### 2. Significant Accounting Policies

#### a) Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year. All the amounts in financial are presented in Rupees in Lacs except per share data or as otherwise stated, figures for the previous year have been regrouped/rearranged wherever considered necessary to conform the figure presented in the current year.

#### b) Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize.

#### c) Inventories

- (i) Cost of Inventories has been computed to include all cost of Purchases. Cost of Conversion and other costs incurred in bringing the inventories to their present location.
- (ii) Raw materials and components, Stores and Spares are valued at cost. The cost are ascertained using the weighed average method, except incase of slow moving and obsolete material, at lower of cost or estimated realizable value.
- (iii) Work-in-progress and finished goods are valued at lower of cost or realizable value include appropriate proportion of overheads and where applicable excise duty.
- (iv) Scrap is valued at estimated realizable value
- (v) Goods in transit are stated at actual cost up to the Balance Sheet.

#### d) Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

#### e) Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

#### f) Fixed Assets, Depreciation and amortization

- (i) Fixed assets are valued at cost of acquisition /construction (including expenses /interest on borrowings, directly attributable to such asset, during construction period). Cost of acquisition is inclusive of freight, insurance, duties net of credits under CENVAT scheme, levies and all incidentals attributable to bringing the asset to its working condition.
- (ii) Buildings, Plant & Machinery(except assets subject matter of impairment ) and other assets, including intangible assets are depreciated over their estimated useful lives or lives derived from the rates specified in Schedule XIV to the Companies Act, 1956, whichever is lower, except for assets costing less than ₹ 5000/- which are fully depreciated in the year of acquisition.
- (iii) Assets subject to impairment, on the asset's revised carrying amount, over its remaining useful life.

#### g) Revenue recognition

Sales are recognized, net of returns and trade discounts/rebates, incentives on sales on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude sales tax and value added tax.

#### h) Other income

- (i) Income from Interest is recognized in the year in which it is accrued and stated at gross of tax deducted at source.
- (ii) Rental income from hiring of facilities is accounted in accordance with the terms and conditions agreed with the customer.
- (iii) Dividend is recognized when the right to receive the dividend is unconditionally established on the Balance Sheet date.



## Notes forming part of the financial statements

### i) Foreign currency transactions and translations

#### (i) Initial recognition

Transactions in foreign currencies are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

#### (ii) conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items are reported using the exchange rate at the date of transaction.

In respect of transactions covered by forward exchange contracts premium or discount being the difference between the forward rate and the exchange rate on the date of the transaction is recognized as income or expense over the life of the contract.

#### (iii) Exchange difference

Transactions not covered by forward contracts and outstanding at year end are translated at exchange rates prevailing at the year end and the profit / loss so determined is recognized in the Profit and Loss Account.

### j) Export incentives

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

### k) Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Long term investments are stated at cost less provision for diminution other than temporary, if any in the value of such investments. Current investments are valued at lower of cost or market value.

### l) Retirement and other Employee benefits

Retirement benefits to employees are provided for by payments to Gratuity, Superannuation and Provident Funds.

Retirement benefit in the form of provident fund / pension schemes are charged to Profit and Loss account of the year when the contributions to the respective funds are due.

#### (i) Gratuity Plan

The company has taken an insurance policy under the group gratuity scheme with Life Insurance Corporation of India to cover the gratuity liability of the employees of the company. The Liability for gratuity is provided for on the basis of actuarial valuation done at the end of the financial year.

#### (ii) Leave Encashment Liability for leave encashment is provided for on actuarial valuation done at the end of financial year.

### m) Borrowing costs

Borrowing costs that are attributable to the acquisition of qualifying assets are capitalized as part of the cost of such assets to the extent they relate to the period till such assets are ready to put to use. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to Profit and Loss account. Borrowing cost comprises of interest and other cost incurred in connection with borrowing of funds.

### n) Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

### o) Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognized on timing differences being the difference between taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent years. Deferred tax assets and liabilities are computed on the timing differences applying the tax rates enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against such deferred tax assets can be realized.

Current and deferred tax relating to items directly recognized in equity are recognized in equity and not in the Statement of Profit and Loss.

## Notes forming part of the financial statements

## p) Impairment of assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognized for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss, except in case of revalued assets.

## q) Provisions and contingencies

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

## r) Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilizing the credits.

	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares	Amount (₹ in Lakhs)	Number of shares	Amount (₹ in Lakhs)
<b>3. SHARE CAPITAL</b>				
<b>Authorized</b>				
Equity shares of ₹ 2/- each	15,00,00,000	3,000.00	15,00,00,000	3,000.00
Redeemable Preference Shares of ₹ 100/- each	45,00,000	4,500.00	45,00,000	4,500.00
<b>Issued , Subscribed and fully paid up shares</b>				
Equity shares of ₹ 2/- each (fully paid up)	6,30,77,215	1,261.54	6,30,77,215	1,261.54
Redeemable Preference Shares of ₹ 100/- each (fully paid up)	11,84,950	1,184.95	18,14,400	1,814.40
<b>Total</b>		<b>2,446.49</b>		<b>3,075.94</b>

Note:

- 3,57,50,000 Ordinary Shares of ₹ 2/- each allotted as fully paid up Bonus Shares by way of Capitalization of Share Premium.
- The Company has originally allotted the 5%, 24,35,000 Redeemable Preference Shares of ₹ 100/- each on 1st February, 2006, redeemable after 31.01.2016 with an option to the Company to redeem it at the end of the 8th, 9th and 10th Year, in three equal installment of ₹ 811.60 Lacs each i.e. redeemable on 31.01.2014, 31.01.2015 and 31.01.2016. After the buyback, installment will be reduced to ₹ 394.98 Lacs each i.e. redeemable on 31.01.2014, 31.01.2015 and 31.01.2016.
- out of 24,35,000 Redeemable Preference Shares, the bought back 6,20,600 Preference Share during the financial year 2010-11 and 6,29,450 Preference Shares during the financial year 2011-12.

## 3.1 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares	Amount (₹ in Lakhs)	Number of shares	Amount (₹ in Lakhs)
<b>Equity Shares of ₹ 2/- each</b>				
Opening	6,30,77,215	1,261.54	6,30,77,215	1,261.54
Add/(Less): Issued/(bought back) of shares	-	-	-	-
Closing	6,30,77,215	1,261.54	6,30,77,215	1,261.54
<b>Redeemable preference shares of ₹ 100/- each</b>				
Opening	18,14,400	1,814.40	24,35,000	2,435.00
(Less): Bought back during the year (Refer Note No. 3.3)	(6,29,450)	(629.45)	(6,20,600)	(620.60)
Closing	11,84,950	1,184.95	18,14,400	1,814.40

## Notes forming part of the financial statements

## 3.2 Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares	% Held	Number of shares	% Held
<b>Equity Shares</b>				
Reliance Capital Partners	91,77,215	14.55%	91,77,215	14.55%
Sunil J Pathare	1,61,07,425	25.54%	1,61,07,425	25.54%
Kapil J. Pathare	1,16,84,465	18.52%	1,16,84,465	18.52%
Jaykumar K Pathare	54,24,125	8.60%	54,24,125	8.60%
Lalita J. Pathare	50,02,812	7.93%	50,02,812	7.93%
<b>5% Redeemable Preference Shares</b>				
Jaykumar K. Pathare	67,600	5.70%	67,600	3.74%
Sunil J. Pathare	3,43,700	29.01%	3,43,700	19.04%
Kapil J. Pathare	3,39,800	28.68%	3,39,800	18.82%
Lalita J. Pathare	4,33,850	36.61%	4,33,850	24.03%
L. Vinay Reddy	-	-	3,10,300	17.19%
L. Prashant Reddy	-	-	3,10,300	17.19%

3.3 The Board of Director of the Company approved the Buyback of 6,29,450 fully paid up, 5% Redeemable Preference Shares of ₹100/- at par including dividend due up to the date of Buyback, During the year, the Company has bought back and extinguished 6,29,450 Preference Shares of ₹ 100/- each by utilising Securities Premium Account to the extent of ₹ 629.45 Lacs. Capital Redemption Reserve has been created out of Securities Premium Account being the nominal value of share bought back in terms of Section 77AA of the Companies Act, 1956.

## 3.4 Rights, Preference and Restriction attached to Shares

The Company has two class of shares, one is Equity shares having face value of ₹ 2/- each per share and another is 5% Redeemable Preference shares of ₹ 100/- each. Each holder of equity share is entitled to one vote per share. The Preference shares does not carry voting rights but entitled to get the dividend. The dividend, if any, proposed by the Board of Directors is subject to the approval of the equity shareholder in their ensuing general meeting. In the event of liquidation of the Company, the holder of equity shareholders will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts (including redeemable Preference Shares). The distribution will be in proportion to the number of equity shares held by the shareholders.

3.5 The Company does not have any holding company or subsidiary company. Hence disclosure of shares held by holding Company and subsidiary company does not arise.

## 4. RESERVE AND SURPLUS

(₹ in Lakhs)

	As at 31 March, 2012	As at 31 March, 2011
<b>(a) Capital Redemption Reserve</b>		
Opening balance	2,220.60	1,600.00
Add: Transferred from Securities Premium (Refer Note No. 3.3)		
Security Premium account	629.45	620.60
Closing balance	2,850.05	2,220.60
<b>(b) Securities Premium</b>		
Opening balance	3,238.94	3,859.54
Less : Utilized for buy back of Redeemable Preference Shares (Refer Note No. 3.3)	629.45	620.60
Closing balance	2,609.49	3,238.94
<b>(c) General Reserve</b>		
Opening balance	1,320.00	1,300.00
Add: Transferred from surplus in Statement of Profit and Loss	30.00	20.00
Closing balance	1,350.00	1,320.00
<b>(d) Surplus / (Deficit) in Statement of Profit and Loss</b>		
Opening balance	548.65	600.55
Add: Profit / (Loss) for the year	464.06	163.30
	1,012.71	763.85
Less: Dividend paid on Buyback of Shares	21.35	14.11
Proposed Dividend on Equity Share 30 paise per share (previous year 10 paise per share)	189.23	63.08
Proposed Dividend on Preference Share, ₹ 5/- per share (previous year ₹ 5/- per share)	59.25	90.72
Dividend Distribution Tax	40.31	27.29
Transferred to General reserve	30.00	20.00
Closing balance	672.56	548.65
<b>Total</b>	<b>7,482.10</b>	<b>7,328.19</b>

## Notes forming part of the financial statements

	As at 31 March, 2012 (₹ in Lakhs)	As at 31 March, 2011 (₹ in Lakhs)
<b>5. LONG TERM BORROWINGS</b>		
Secured		
Term loans		
From banks	-	127.45
<b>Total</b>	<b>-</b>	<b>127.45</b>

Note :

There were 2 Term Loans outstanding from Barclays Bank PLC in the previous year (current year Nil).

One Term loan from Barclay Bank PLC is secured by way of first charge on Land and Building, Plant & Machinery, Furniture & Fixtures and Electrical Equipments of Company's unit situated at Thingalur (Tamil Nadu) and re-payable in 16 equal quarterly instalments.

Second Term loan from Barclays Bank PLC is secured by way of first charge on Land & Building, Plant & Machinery, Furniture & Fixtures and Electrical Equipments of Company's unit situated at Daman and repayable in 12 equal quarterly installment.

<b>6. Deferred tax liabilities (Net)</b>		
<b>Opening balance</b>	<b>1,137.23</b>	1,100.07
Tax effect of items constituting deferred tax liability		
On difference between book balance and tax balance of fixed assets	<b>(20.60)</b>	(86.21)
Tax effect of items constituting deferred tax liability	<b>(20.60)</b>	(86.21)
Tax effect of items constituting deferred tax assets		
MAT Tax Credit	-	47.84
Others	-	1.20
Tax effect of items constituting deferred tax assets	-	49.04
<b>Net deferred tax liability</b>	<b>(20.60)</b>	<b>(37.17)</b>
<b>Closing balance</b>	<b>1,157.83</b>	1,137.23

The Company has recognized deferred tax asset on unabsorbed depreciation to the extent of the corresponding deferred tax liability on the difference between the book balance and the written down value of fixed assets under Income Tax (or) The Company has recognized deferred tax asset on unabsorbed depreciation and brought forward business losses based on the Management's estimates of future profits considering the non-cancellable customer orders received by the Company.

<b>7. OTHER LONG-TERM LIABILITIES</b>		
Others:		
Trade / security deposits received	<b>378.53</b>	322.22
Deferred Sales tax loan	-	116.75
Vehicle loans #	<b>20.75</b>	31.03
<b>Total</b>	<b>399.28</b>	470.00

# The vehicle loan re-payable in 36 instalments.

## Notes forming part of the financial statements

	As at 31 March, 2012 (₹ in Lakhs)	As at 31 March, 2011 (₹ in Lakhs)
<b>8. SHORT TERM BORROWINGS</b>		
Secured		
From Banks		
Cash credit	6,498.96	6,853.03
Purchase Bill Discounting	1,253.81	1,734.87
Unsecured		
From Bank		
Short Term Loan	500.00	-
<b>Total</b>	<b>8,252.77</b>	<b>8,587.90</b>
<b>Notes:</b>		
(i) Working Capital Loan secured by way of Hypothecation of Inventories & Book Debts of the Company and further secured by way of Equitable Mortgage of Property situated at TTC- Turbhe (Navi Mumbai), GIDC- Umergaon (Gujarat), Kachigam (Daman), SIPCOT- Perundurai (Tamil Nadu), Edayaarpalayam (Tamil Nadu) and Thingalur (Tamil Nadu).		
(ii) Purchase Bill Discounting is secured by way of second charge on the Inventories and Book debts and further secured by way of Personal Guarantee of Promotor - Directors.		
(iii) Unsecured Short Term Loan is guaranteed by Promotor - Directors.		
<b>9. TRADE PAYABLES</b>		
Trade payables:		
Acceptances	1,113.85	629.22
Other than Acceptances *	705.07	2,374.94
<b>Total</b>	<b>1,818.92</b>	<b>3,004.16</b>
* Payment against supplies from small scale and ancillary undertakings are generally made in accordance with agreed credit terms.		
<b>10. OTHER CURRENT LIABILITIES</b>		
Current maturities of long-term debt (Refer Note No. 7)	22.86	675.72
Sales Tax deferred loan	-	84.12
Unpaid dividends #	19.67	19.49
Scheme Discount	2.91	175.29
Salary Payable	3.38	16.60
Electricity payable	3.00	34.84
Provision for outstandings	130.51	142.99
Other payables *	66.75	68.35
<b>Total</b>	<b>249.08</b>	<b>1,217.40</b>
# The figures reflect the position as at year end. The actual amount to be transferred to the Investor Education and Protection Fund in this respect shall be determined on the due date.		
* Including Statutory dues, Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc		
<b>11. SHORT TERM PROVISIONS</b>		
For Employee Benefits (Refer Note No. 25)	24.21	28.09
For Equity Dividend	189.23	63.08
For Preference Dividend	59.25	90.72
For Tax on Dividends	40.31	24.95
<b>Total</b>	<b>313.00</b>	<b>206.84</b>

## Maxwell Industries Ltd.

## Notes forming part of the financial statements

## 12. FIXED ASSETS

(₹ in Lakhs)

Description	Gross block				Depreciation / Amortization				Net block	
	As at 1 April, 2011	Additions	Disposal And Deduction #	As at 31 March, 2012	As at 1 April, 2011	For the Year	Disposal and Deduction #	As at 31 March, 2012	As at 31 March, 2012	As at 31 March, 2011
<b>TANGIBLE ASSETS:</b>										
(a) Land										
Freehold	151.93	-	75.13	<b>76.80</b>	-	-	-	-	<b>76.80</b>	151.93
Leasehold	158.20	-	-	<b>158.20</b>	-	-	-	-	<b>158.20</b>	158.20
(b) Buildings	3,451.78	3.12	927.45	<b>2,527.46</b>	690.38	75.16	368.77	<b>396.77</b>	<b>2,130.69</b>	2,761.40
(c) Plant and Equipment	7,884.63	132.22	3,541.87	<b>4,474.99</b>	4,660.34	250.10	3,416.00	<b>1,494.44</b>	<b>2,980.55</b>	3,224.29
(d) Furniture and Fixtures	261.63	8.57	24.21	<b>245.99</b>	130.35	14.25	20.25	<b>124.35</b>	<b>121.64</b>	131.28
(e) Vehicles	266.86	25.15	84.45	<b>207.56</b>	106.88	20.96	55.19	<b>72.65</b>	<b>134.91</b>	159.98
(f) Office equipment	88.79	1.37	11.43	<b>78.73</b>	55.90	4.62	9.17	<b>51.35</b>	<b>27.38</b>	32.89
(g) Electrical Installations	532.04	13.03	341.10	<b>203.97</b>	411.84	10.92	339.73	<b>83.03</b>	<b>120.94</b>	120.20
(h) Boilers	48.32	-	-	<b>48.32</b>	42.39	3.59	-	<b>45.98</b>	<b>2.34</b>	5.93
(i) Effluent Treatment Plant	13.76	-	-	<b>13.76</b>	11.97	1.02	-	<b>12.99</b>	<b>0.77</b>	1.79
(j) Computers Systems	163.62	7.03	10.70	<b>159.95</b>	139.07	11.05	10.28	<b>139.84</b>	<b>20.11</b>	24.55
<b>Total (A)</b>	<b>13,021.56</b>	<b>190.49</b>	<b>5,016.34</b>	<b>8,195.73</b>	<b>6,249.13</b>	<b>391.67</b>	<b>4,219.39</b>	<b>2,421.38</b>	<b>5,774.35</b>	<b>6,772.44</b>
<b>INTANGIBLE ASSETS:</b>										
(a) Goodwill & Other Right	1,258.21	-	-	<b>1,258.21</b>	-	-	-	-	<b>1,258.21</b>	1,258.21
<b>Total (B)</b>	<b>1,258.21</b>	<b>-</b>	<b>-</b>	<b>1,258.21</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,258.21</b>	<b>1,258.21</b>
<b>Total (A + B )</b>	<b>14,279.77</b>	<b>190.49</b>	<b>5,016.34</b>	<b>9,453.94</b>	<b>6,249.13</b>	<b>391.67*</b>	<b>4,219.39</b>	<b>2,421.38</b>	<b>7,032.56</b>	<b>8,030.65</b>
<b>Previous year</b>	<b>13,430.41</b>	<b>881.98</b>	<b>32.61</b>	<b>14,279.78</b>	<b>5,838.71</b>	<b>431.84*</b>	<b>21.42</b>	<b>6,249.13</b>	<b>8,030.65</b>	

# Refer Note No. 28

\* ₹ 352.17 Lakhs relating to continuing operations (previous year ₹ 339.57 Lakhs)

	As at 31 March, 2012 (₹ in Lakhs)	As at 31 March, 2011 (₹ in Lakhs)
<b>13. NON-CURRENT INVESTMENTS</b>		
<b>Quoted</b>		
Investment in equity instruments Others:-		
100 shares of ₹ 10 each fully paid up in N.K. Industries Limited	<b>0.04</b>	0.04
21900 shares ₹ of 10 each fully paid up in Kripa Chemicals Limited	<b>5.48</b>	5.48
	<b>5.52</b>	5.52
Less: Provision for diminution in value of investments	<b>5.52</b>	5.52
	<b>-</b>	-
Investment in Government or trust securities		
(i) Government Securities (National Saving Certificates)	<b>1.15</b>	1.15
	<b>1.15</b>	1.15
Aggregate amount of quoted investments	<b>5.52</b>	5.52
Aggregate market value of listed and quoted investments	<b>0.46</b>	0.46
Aggregate amount of unquoted investments	<b>-</b>	-

## Notes forming part of the financial statements

	As at 31 March, 2012 (₹ in Lakhs)	As at 31 March, 2011 (₹ in Lakhs)
<b>14. LONG TERM LOANS AND ADVANCES</b>		
(Unsecured and considered good)		
Security deposits	108.15	142.60
Loans and advances to employees	27.53	39.77
Advance income tax (net of provisions)	321.93	206.26
Sales Tax refund receivable	209.19	140.49
Duty draw back receivable	12.93	73.20
Interest receivable	0.12	3.09
MAT credit entitlement	53.74	53.74
Service Tax credit receivable	142.06	-
Other loans and advances	71.43	37.93
<b>Total</b>	<b>947.08</b>	<b>697.08</b>
<b>15. INVENTORIES</b>		
(As certified by Management)		
Raw Materials	2,426.57	5,363.03
Stock in Process	2,132.97	2,153.07
Finished Goods	4,617.25	3,425.11
<b>Total</b>	<b>9,176.79</b>	<b>10,941.21</b>
<b>16. TRADE RECEIVABLES</b>		
Trade receivables outstanding for a period exceeding six months		
Unsecured, considered good	759.78	740.60
Doubtful	215.41	143.00
	975.19	883.60
Less: Provision for doubtful trade receivables	215.41	143.00
	759.78	740.60
Other Trade receivables		
Secured, considered good	378.53	322.22
Unsecured, considered good	3,563.18	4,206.31
	3,941.71	4,528.53
<b>Total</b>	<b>4,701.49</b>	<b>5,269.13</b>
Note: Trade receivables include debts due from:		
Firms in which any director is a partner		
Pats Treasures	34.25	39.90
	34.25	39.90
<b>17. CASH AND CASH EQUIVALENTS</b>		
Cash on hand	-	2.00
Balances with banks		
In current accounts	77.66	7.11
In Deposit / Margin Money accounts	145.03	108.78
In earmarked accounts		
- Unpaid dividend accounts	19.67	19.49
<b>Total</b>	<b>242.36</b>	<b>137.38</b>

## Notes forming part of the financial statements

	For the year ended 31 March, 2012 (₹ in Lakhs)	For the year ended 31 March, 2011 (₹ in Lakhs)
<b>18. SHORT TERM LOANS AND ADVANCE</b>		
Unsecured Considered Good		
Prepaid expenses	18.04	78.51
<b>Total</b>	<b>18.04</b>	<b>78.51</b>
<b>19. REVENUE FROM OPERATION</b>		
(a) Sale of products (Refer Note 19 (i))	23,606.09	22,175.21
(b) Other operating revenues (Refer Note 19 (ii))	196.19	214.52
	<b>23,802.28</b>	<b>22,389.73</b>
(c) Less :-Excise duty	1,812.16	16.96
<b>Total</b>	<b>21,990.12</b>	<b>22,372.77</b>
<b>Note</b>		
(i) Sale of products comprises :-		
Manufactured goods		
Knit wear	23,435.08	18,703.03
Others	171.01	158.79
<b>Total</b>	<b>23,606.09</b>	<b>18,861.82</b>
(ii) Other operating revenues comprise:-		
Sale of scrap	100.84	116.61
Duty drawback and other export incentives	95.35	102.91
<b>Total</b>	<b>196.19</b>	<b>214.52</b>
<b>20. OTHER INCOME</b>		
Interest income	13.71	10.17
Rental income from properties	34.27	17.36
Profit on sale of fixed assets (net of expenses directly attributable)	0.22	23.63
Miscellaneous income	17.94	22.53
<b>Total</b>	<b>66.14</b>	<b>73.69</b>
<b>21. A. COST OF MATERIAL CONSUMED</b>		
Opening stock	5,072.36	3,460.97
Add: Purchases	11,089.62	14,899.10
	<b>16,161.98</b>	<b>18,360.17</b>
Less: Closing stock	2,426.57	5,072.36*
<b>Cost of material consumed</b>	<b>13,735.41</b>	<b>13,287.71</b>
*Represent closing stock of continuing operations only. Closing stock of ₹ 261.01 lacs included in discontinued operations.		
<b>B. CHANGE OF INVENTORY OF FINISHED GOODS AND WORK IN PROGRESS</b>		
Closing stock		
Finished goods	4,617.25	3,425.11
Work-in-progress	2,132.97	2,055.38**
	<b>6,750.22</b>	<b>5,480.49</b>
Less : Opening stock		
Finished goods	3,327.42	2,971.12
Work-in-progress	2,153.07	2,104.16
	<b>5,480.49</b>	<b>5,075.28</b>
<b>Net (increase) / decrease</b>	<b>(1,269.73)</b>	<b>(405.21)</b>

\*\*Represent work-in-progress of continuing operations only. Work-in-progress of ₹ 97.67 lacs included in discontinued operations.



## Notes forming part of the financial statements

	For the year ended 31 March, 2012 (₹ in Lakhs)	For the year ended 31 March, 2011 (₹ in Lakhs)
<b>22. EMPLOYEE BENEFIT EXPENSES</b>		
Salaries and wages	949.26	926.96
Contributions to provident and other fund (Gratuity Fund)	196.04	208.02
Staff welfare expenses	143.84	118.80
<b>Total</b>	<b>1,289.14</b>	<b>1,253.78</b>
<b>23. FINANCE COST</b>		
(a) Interest expense on:-		
(i) Borrowings	1,327.01	1,152.16
(ii) Security deposit	32.48	38.43
(b) Other borrowing costs :-		
Processing Charges	36.60	88.80
Bank charges	95.24	78.20
<b>Total</b>	<b>1,491.33</b>	<b>1,357.59</b>
<b>24. OTHER EXPENSES</b>		
Books & Periodicals	6.40	5.08
Business promotion	70.32	56.87
Communication (Postage & Telephone)	48.53	70.49
Deferred expenses written off	-	14.01
Festival Expenses	12.22	12.34
Freight and forwarding	369.87	495.03
Freight Inward	245.73	229.33
Garmenting charges	2,171.46	2,287.40
Insurance	26.75	45.61
Knitting and processing charges	1,458.06	1,088.95
Legal and professional	89.24	81.04
Loss on fixed assets sold / scrapped / written off	14.56	9.20
Membership & Seminar Expenses	5.32	8.36
Miscellaneous expenses	46.54	25.12
Net loss on foreign currency (other than considered as finance cost)	68.26	236.51
Payments to auditors (Refer Note (i) below)	11.25	10.48
Power and fuel	147.91	243.46
Printing & stationery and Computer Expenses	40.19	37.17
Provision for doubtful trade and other receivables, loans and advances (net)	215.41	143.00
Rates and taxes	25.98	21.30
Rent	121.67	156.64
Repairs and maintenance - Buildings	2.34	4.66
Repairs and maintenance - Machinery	47.93	24.81
Repairs and maintenance - Others	49.50	45.84
Sales commission	150.27	146.52
Sales Tax & Turnover Tax	19.45	43.53
Security Service Charges	47.65	51.37
Travelling , conveyance and motor car	274.50	297.75
Water Expenses	5.10	21.14
<b>Total</b>	<b>5,792.41</b>	<b>5,913.01</b>
<b>Notes:</b>		
(i) Payments to the auditors comprises (net of service tax input credit, where applicable):		
As auditors - statutory audit	9.50	9.93
For taxation matters	1.75	0.55
<b>Total</b>	<b>11.25</b>	<b>10.48</b>

## Notes forming part of the financial statements

## 25. Employee benefit plans

## a Defined contribution plans

The Company makes Provident Fund and Employee pension scheme to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized ₹ 115.62 Lacs (Year ended 31<sup>st</sup> March, 2011 ₹ 106.57 Lacs) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

## b Defined benefit plans

The Company offers the following employee benefit schemes to its employees:

- i. Gratuity
- ii. Other defined benefit plans (Leave Encashment)

The following table sets out the funded status of the defined benefit schemes and the amount recognized in the financial statements:

(₹ in Lakhs)

Particulars	Year ended 31 March, 2012		Year ended 31 March, 2011	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
<b>Components of employer expense</b>				
Current service cost	13.48	8.76	10.60	6.10
Interest cost	12.40	3.99	9.16	3.75
Expected return on plan assets	(16.70)	-	(12.01)	-
Curtailment cost / (credit)	-	-	-	-
Settlement cost / (credit)	-	-	-	-
Past service cost	-	-	-	-
Actuarial losses/(gains)	(21.05)	5.85	20.90	(6.99)
<b>Total expense recognized in the Statement of Profit and Loss</b>	<b>(11.87)</b>	<b>18.60</b>	<b>28.65</b>	<b>2.86</b>
<b>Actual contribution and benefit payments for year</b>				
Actual benefit payments	-	-	0.00	-
Actual contributions	-	-	43.74	-
<b>Net asset / (liability) recognized in the Balance Sheet</b>				
Present value of defined benefit obligation	159.94	-	155.10	-
Fair value of plan assets	197.30	-	180.59	-
Funded status [Surplus / (Deficit)]	(37.36)	-	(25.49)	-
Unrecognized past service costs	-	-	-	-
<b>Net asset / (liability) recognized in the Balance Sheet</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in defined benefit obligations (DBO) during the year</b>				
Present value of DBO at beginning of the year	155.10	48.35	114.45	45.49
Current service cost	13.48	8.76	10.60	6.10
Interest cost	12.41	3.99	9.16	3.75
Actuarial (gains) / losses	(21.05)	5.85	20.90	(6.99)
Benefits paid	-	(11.25)	-	(6.99)
Present value of DBO at the end of the year	159.94	55.70	155.10	41.36
<b>Change in fair value of assets during the year</b>				
Plan assets at beginning of the year	180.60	-	124.85	-
Expected return on plan assets	16.70	-	12.01	-
Actual company contributions	-	-	43.74	-
Actuarial gain / (loss)	-	-	-	-
Benefits paid	-	-	-	-
Plan assets at the end of the year	197.30	-	180.60	-
<b>Actuarial assumptions</b>				
Discount rate	8.00%	8.75%	8.00%	8.25%
Expected return on plan assets	8.00%	2.00%	8.00%	2.00%
Salary escalation	4.00%	4.00%	4.00%	4.00%

## Notes forming part of the financial statements

## 26. Segment information

The Company has identified business segments as its primary segment and geographic segments as its secondary segment. Business segments are primarily Hosiery and Spinning. Revenues and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reportable segment have been allocated on the basis of associated revenues of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. Fixed assets that are used interchangeably amongst segments are not allocated to primary and secondary segments.

(₹ in Lakhs)

Sr. No.	Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
1	Segment Revenue		
	(a) Hosiery and Others	21,793.92	22,158.25
	(b) Spinning Mill	2,057.05	4,086.73
	Total	23,850.97	26,244.98
	Less :		
	Inter segment revenue	1,796.04	3,313.39
	Sales/Income from operations	22,054.93	22,931.59
2	Segment Results		
	[Profit/(Loss) before tax and interest from each segment]		
	(a) Hosiery and Others	2,412.50	2,007.87
	(b) Spinning Mill	339.23	529.50
	Total	2,751.73	2,537.37
	Less : (i) Interest	1,493.09	1,322.10
	(ii) Other un-allocable expenditure net of un-allocable income	642.43	975.07
	Total Profit Before Tax	616.21	240.20
3	Capital Employed (Segment Asset - Segment Liabilities) (Based on estimates in terms of available data)		
	(a) Hosiery and Others	17,638.45	17,231.80
	(b) Spinning Mill	-	3,782.66

Note: Figures in bracket relates to the previous year

## 27. Related party transactions

## a. Details of related parties:

**Associates**

Maxwell Ventures Private Limited  
 Maxwell Capital Management Private Limited  
 Maxwell Entertainment Private Limited  
 Maxwell Retails Private Limited  
 HYBO Hindustan  
 PAKO Hindustan \*  
 Pats Treasures \*  
 Unnati Ventures  
 Kanishk Capital Partners  
 K. 3 Realtors  
 Global Construction  
 Pathare Agro Farms  
 Shogun Chemicals Pvt. Limited

Note: Related parties have been identified by the Management.

\* Transactions with related parties

## Notes forming part of the financial statements

b. Details of related party transactions and Balance outstanding as at 31<sup>st</sup> March, 2012:

Particulars	(₹ in Lakhs)	
	Year ended 31 March, 2012	Year ended 31 March, 2012
<b>Associates</b>		
Purchase of goods / services	330.33	336.10
Sale of goods	35.67	24.03
Remuneration to Directors	104.08	112.57
Balances outstanding at the end of the year		
Trade receivables	523.01	824.97
Trade payables	73.24	468.85

## 28. Discontinuing operations

During the year, pursuant to the approval of the Shareholders and other authorities as required, the Company has transferred the Spinning Division business to M C Spinners Private Limited on a slump sale basis with effect from the close of business on 10<sup>th</sup> December' 2011 for a consideration of ₹ 39.00 Crore (Rupees Thirty Nine Crore only). The Spinning business was reported as part of Business segment of the Company. The results of the discontinued business during the year until discontinuation were as under:-

Profit / (Loss) from ordinary activities	(₹ in Lakhs)	
	For the year ended 31 March, 2012	For the year ended 31 March, 2011
Revenue Net	261.01	773.34
Expenses	520.26	248.18
Profit / (Loss) before tax from ordinary activities	(259.25)	525.16
Add / (Less): Gain on disposal of assets / settlement of liabilities attributable to the discontinuing operation	587.21	-
Profit Before Tax	327.97	525.16
Profit After Tax	327.97	525.16
Carrying amount of Net assets (Assets - Liabilities) as at the Balance Sheet date relating to the discontinued business to be disposed off	-	3,782.66

## 29. Earnings per share

Net Profit After Tax	464.06	163.30
Less:-Preference Dividend including Dividend Distribution Tax	68.86	121.89
Profit Available to Equity Shareholders	395.19	41.41
Weighted average no. of equity shares for basic EPS	63077215 Nos	63077215 Nos
Nominal Value of equity shares	₹ 2/-	₹ 2/-
Basic earnings per equity share	₹ 0.63	₹ 0.07

30. The Revised Schedule VI has become effective from 1<sup>st</sup> April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

## Notes forming part of the financial statements

31. Statement of Profit and Loss (Continue and Discontinued Operations) for the year ended 31<sup>st</sup> March, 2012

(₹ in Lakhs)

	Year ended 31 March, 2012	Year ended 31 March, 2011
Revenue from operations (gross)	24,063.28	23,163.07
Less: Excise duty	1,812.16	16.96
Revenue from operations (net)	22,251.12	23,146.11
Other income	66.14	73.69
<b>Total revenue</b>	<b>22,317.26</b>	<b>23,219.80</b>
<b>Expenses</b>		
Cost of materials consumed	13,562.89	12,657.10
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(1,172.04)	(462.09)
Employee benefits expense	1,402.23	1,352.91
Advertisement & Publicity Expenses	377.33	984.99
Finance costs	1,493.09	1,369.72
Depreciation and amortization expense	391.66	431.84
Other expenses	6,233.10	6,645.15
<b>Total expenses</b>	<b>22,288.26</b>	<b>22,979.62</b>
<b>Profit / (Loss) before exceptional items and tax</b>	<b>29.00</b>	<b>240.18</b>
Exceptional items	587.21	0.00
<b>Profit / (Loss) before tax</b>	<b>616.21</b>	<b>240.18</b>
<b>Tax expense:</b>		
Current tax		
Provision for Tax - Net [includes prior period tax ₹ 7.81 Lakhs (previous year ₹ 39.71 Lakhs)]	(131.55)	(39.71)
Deferred tax	(20.60)	(37.17)
<b>Profit / (Loss) for the year</b>	<b>464.06</b>	<b>163.30</b>
<b>Earnings Per Share (Face Value of ₹ 2/- each):</b>		
Basic and Diluted	0.63	0.07

32. Remuneration to Managing Director and Whole Time Directors exceeds the maximum permissible limits prescribed in Section 269 and other applicable provisions of the Companies Act, 1956. The Company is in the process of getting Central Government approval.

FINANCIAL HIGHLIGHTS

(₹ in Lakhs) Except ratio and face value of shares.

	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
Equity Share capital	1262	1262	1262	1262	1262	1262	1078*	616	616	616
Redeemable Pref. Shares Capital	1185***	1814**	2435	2435	2435	2435	2435	-	-	-
Convertible Pref. Shares Capital	-	-	-	-	-	1600	-	-	-	-
Reserves & Surplus	7482	7328	7360	7143	6934	6505	3516	3337	3185	3166
Misc. exp. not written off	-	-	14	38	61	109	87	73	106	17
Net Worth	8744	8590	8608	8367	8135	7658	4507	3880	3695	3765
Long term Debts	-	597	1321	2259	1323	2027	1578	1518	1146	1182
Net Asset Block	7033	8031	7592	7928	8295	5628	5379	2329	2667	3103
Total Income	22056#	23220	21139	19818	20780	19485	17534	18006	16302	16333
Profit before tax	875#	240	1067	1102	1584	1385	1451	246	310	251
Taxation	152	77	365	394	578	547	547	90	106	101
Profit after tax	464#	163	702	708	1006	903	904	156	204	150
Dividend Rate on										
Equity share	15.00%	5.00%	20.00%	20.00%	22.50%	20.00%	15.00%	5.00%	5.00%	8.00%
Redeemable Pref. Shares	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	-	-	-
OCPS	-	-	-	-	10.00%	10.00%	-	-	-	-
No of Equity Shares (in lakhs)	630.77	630.77	630.77	630.77	630.77	630.77	539*	61.6	61.6	61.6
Face value of Share-Equity (Rs.)	2	2	2	2	2	2	2	10	10	10
Preference (Rs.)	100	100	100	100	100	100	100	-	-	-
Earning per share (Rs.)	0.63	0.07	0.81	0.80	1.21	0.94	1.54	3.05	0.87	2.55
Book value per share (Rs.)	13.86	13.62	13.65	13.26	12.90	12.14	8.36	62.99	59.98	61.12
Current Ratio	1.32	1.26	1.68	1.77	1.79	1.95	1.55	1.58	1.55	1.51
Debt equity Ratio	0.17	0.20	0.21	0.40	0.17	0.45	0.41	0.41	0.30	0.32

\* Split-up of equity shares from Rs. 10/- each to Rs. 2/- each and issue of bonus shares.

\*\* Rs. 620.60 lacs 5% Redeemable Preference shares of Rs. 100/- each bought back.

\*\*\* Rs. 629.45 lacs 5% Redeemable Preference shares of Rs. 100/- each bought back.

# Excluding yarn - discontinued operation.









**Maxwell Industries Limited**

Registered Office: C-6, Road No. 22, M.I.D.C., Andheri (East), Mumbai – 400093

**PROXY FORM**

I/We.....

..... being a member of the above named company, hereby

appoint.....

.....

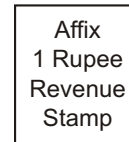
or failing him..... of .....

as my/our proxy to vote for me / us on my / our behalf at the TWENTY SECOND ANNUAL GENERAL MEETING of the Company to be held on Thursday the 23<sup>rd</sup> August, 2012 at 11.00 am at "The All India Plastics Manufacturers' Association Auditorium, Plot No. A-52, Road No.1, Marol, Andheri (East), Mumbai -400093" and any adjournment therein.

Signed this.....,

Registered Folio / D.P. & Client I. D. No. ....

No. of Equity shares held .....



Member's Signature

Note :

- i) Proxy need not be a member.
- ii) The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the schedule time of the aforesaid meeting.



**Maxwell Industries Limited**

Registered Office: C-6, Road No. 22, M.I.D.C., Andheri (East), Mumbai – 400093

**ATTENDANCE SLIP**

I hereby record my presence at the TWENTY SECOND ANNUAL GENERAL MEETING of the Company to be held on Thursday the 23<sup>rd</sup> August, 2012 at 11.00 am "The All India Plastics Manufacturers' Association Auditorium, Plot No. A-52, Road No.1, Marol, Andheri (East), Mumbai -400093" and any adjournment therein.

Name:.....

Reference Folio / D.P. & Client I. D. No. ....

No. of Equity shares held.....

SIGNATURE OF THE ATTENDING MEMBER/PROXY

Note :

- i) Shareholder/ Proxyholder wishing to attend the meeting must bring the Attendance Slip to the meeting and hand over at the entrance duly signed and completed in Block letters.
- ii) Shareholder/ Proxyholder desiring to attend the meeting should bring his/her copy of the Annual Report for reference at the meeting.



*Savoir-faire d'exception depuis 1944*

# Eminence

FRENCH LUXURY INNERWEAR



*Feelings*

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## MAXWELL INDUSTRIES LIMITED

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