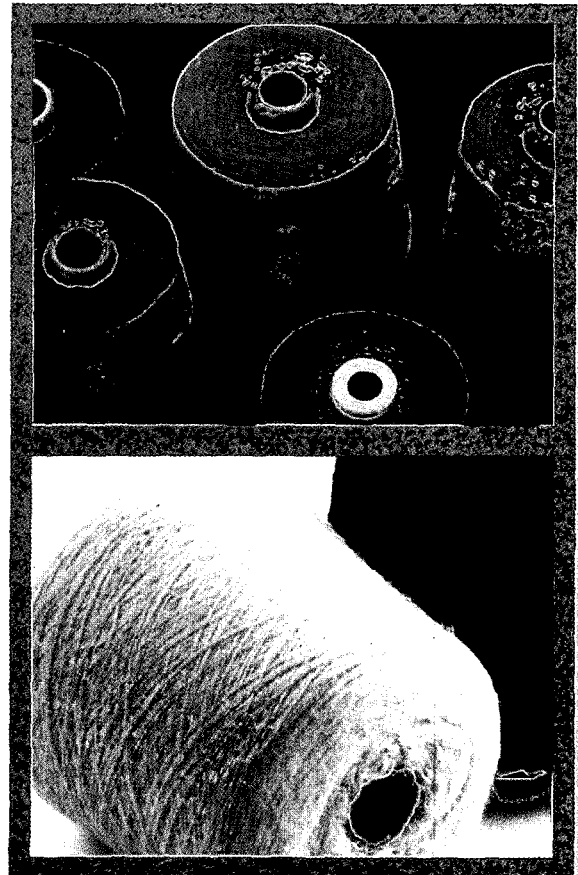


**DAMODAR  
THREADS LIMITED**

21st Annual Report 2008-09



**Board of Directors**

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

**Company Secretary & Compliance Officer**

Mr. Pramod Kumar Jain

**Auditors**

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

**Bankers**

1. State Bank of India
2. Bank of Baroda

**Registered Office**

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

**Plant Location**

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

**Registrar & Share Transfer Agent**

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

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

NOTICE is hereby give that the 21<sup>st</sup> Annual General Meeting of the Members of **Damodar Threads Limited** will be held on Saturday, 12<sup>th</sup> September, 2009 at 11.30 A.M. at Maheshwari Bhawan, 603, Chira Bazar (J. S. Road), Mumbai –400 002 to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2009 and the Profit & Loss Account, Cash Flow Statement for year ended on that date together with Report of the Board of Directors' and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Shri Arun Kumar Biyani, who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Rajendra Prasad Khator, who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
5. To appoint Auditors and authorize board to fix their remuneration.

### **SPECIAL BUSINESS:**

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

**"RESOLVED THAT** pursuant to the provisions of section 314(1B) read with Director's Relatives (Office or Place of Profit) Rules, 2003 and other applicable provisions if any of the Companies Act, 1956 and subject to the approval of the Central Government, consent of the Company hereby accorded that remuneration of Shri Aman A. Biyani, Sales Executive of the Company, be increased from Rs.45000/- per month to at a pay scale of Rs.50,000-15000-125000/- per month (Provident Fund as per the Rules of the Company) with effect from 1<sup>st</sup> April, 2009.

**RESOLVED FURTHER THAT** every increase in remuneration as per above pay scale will be applicable with effect from 1<sup>st</sup> April of each subsequent years after the current year 2009-10.

**RESOLVED FURTHER THAT** An undertaking from Shri Aman A. Biyani, Sales Executive of the Company that he will be in the exclusive employment of the company and will not hold a place of profit in any other company has already been taken.

**RESOLVED FURTHER THAT** the remuneration payable to Shri Aman A. Biyani as aforesaid shall be subject to such modification as the Central Government may suggest or require which the directors are hereby authorized to accept on behalf of the Company and which may be acceptable to Shri Aman A. Biyani.

**RESOLVED FURTHER THAT** Shri Ajay D. Biyani, Managing Director of the Company be and is hereby authorized to submit an application to the Central Government alongwith all the necessary enclosures and give any statement, declaration, undertaking and do all such acts, deeds and things as are necessary to give effect to the aforesaid resolution."

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

**"RESOLVED THAT** pursuant to provisions of section 314(1) (b) and 314(1B) read with Director's Relatives (Office or Place of Profit) Rules, 2003 and other applicable provisions if any of the Companies Act, 1956 and subject to the approval of the Central Government, consent of the Company be and is hereby accorded to appoint Shri Aditya A. Biyani, Marketing Executive (Exports) of the Company on the remuneration of Rs. 45,000-15000-120000/- per month (Provident Fund as per the Rules of the Company) with effect from 1<sup>st</sup> April, 2009"

**RESOLVED FURTHER THAT** every increase in remuneration as per above pay scale will be applicable with effect from 1<sup>st</sup> April of each subsequent years after the current year 2009-10.

**RESOLVED FURTHER THAT** An undertaking from Shri Aditya A. Biyani, Marketing Executive (Exports) of the Company that he will be in the exclusive employment of the company and will not hold a place of profit in any other company has already been taken.

**RESOLVED FURTHER THAT** the remuneration payable to Shri Aditya A. Biyani as aforesaid shall be subject to such modification as the Central Government may suggest or require which the directors are hereby authorized to accept on behalf of the Company and which may be acceptable to Shri Aditya A. Biyani.

**RESOLVED FURTHER THAT** Shri Ajay D. Biyani, Managing Director of the Company be and is hereby authorized to submit an application to the Central Government alongwith all the necessary enclosures and give any statement, declaration, undertaking and do all such acts, deeds and things as are necessary to give effect to the aforesaid resolution.”

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

**“RESOLVED THAT** in supersession of the earlier resolutions passed pursuant to provisions of section 293(1)(d) of the Companies Act, 1956, and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of directors of the Company to borrow any sum or sums of money from time to time, on such terms and conditions and with or without security as the Board of directors may in its discretion think fit notwithstanding that the money or monies to be borrowed together with monies already borrowed by the Company (apart from temporary loans obtained from the Company’s Bankers in the ordinary course of business) may exceed the aggregate of the Paid-up Share Capital of the Company and its free reserves, that is to say, reserves not so set aside or any specific purposes, provided however, that the total amount so borrowed and remaining outstanding at any particular time shall not exceed Rs. 500.00 Crores (Rs. Five Hundred Crores only).”

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

Pramod Kumar Jain  
Company Secretary

Dated : June 27, 2009

Place : Mumbai

#### NOTES

1. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in relation to the Special Business of the Meeting is annexed hereto and forms part of this Notice.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
3. The Share Transfer Books and Register of members of the Company will remain closed from Tuesday, 1<sup>st</sup> September, 2009 to Friday, 4<sup>th</sup> September, 2009 (both days inclusive).
4. Members are requested to produce the attendance slip duly signed as per the specimen signature recorded with the Company/Depository Participant for admission to the meeting hall.
5. Members, who hold shares in de-materialized form, are requested to bring their client ID and DP ID Nos. for easier identification of attendance at the meeting.
6. A Member desirous of getting any information on the accounts or operations of the Company is requested to forward his/her queries to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
7. Members holding shares in physical form are requested to notify immediately any change in their address and Bank particulars to the Company or its Share Transfer Agents (STA) and in case their shares are held in dematerialized form, this information should be passed on directly to their respective Depository participants and not to the Company/ STA, without any delay.
8. In all future correspondence with the Company, Members are requested to quote their account/folio numbers and in case there, shares are held in the dematerialized form, they must quote their DP ID and Client ID Number.
9. Members holding shares in physical form can now avail the facility of nomination in respect of shares held by them pursuant to the amendment in the Companies Act, 1956. The prescribed Form (Form 2B) can be obtained from the Share Department of the Company. Members desiring to avail this facility may send their Nomination Form (in duplicate) duly filled in, to the Company or its Share Transfer Agents by quoting their respective Folio Numbers.



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

**Item No. 6**

The Board proposes increase in remuneration of Shri Aman A. Biyani, son of Shri Arun Kumar Biyani, Executive Chairman of the Company w.e.f. 1<sup>st</sup> April, 2009. Shri Aman A. Biyani, aged 28 years, has studied BBA in USA and has practical experience of more than five years in this field. He is working with our company from last five years. The Board considers that looking into his dynamic educational background and his experience in marketing field which will strengthen the management in controlling Sales activities of the Company in more proper manner.

The terms of remuneration, as set out in the resolution are considered to be just, fair and reasonable and are in accordance with the remuneration paid to other similar placed executives in the Company.

The Selection Committee of the Independent Directors approved the proposed increased remuneration of Shri Aman A. Biyani at their meeting held on 27th June, 2009.

In terms of the provisions of section 314(1B) of the Companies Act, 1956 read with Director's Relatives (Office or Place of Profit) Rules, 2003, the appointment of relative of Director of the Company on a remuneration Rs. 50,000 or more p.m. requires the approval of the members by way of special resolution and the approval of Central Government. Accordingly, the resolution mentioned in Item No. 6 of the notice is being proposed for approval accordingly.

Except Shri Arun Kumar Biyani, none of the Directors are interested or concerned in this resolution.

**Item No. 7**

Looking into the increase in the business activities of the Company, the Board of Directors at their meeting held on 27th June, 2009 has considered that the Company should appoint a qualified dynamic officer for discharging the duties of Marketing Executive (Exports) in the Company. The Board proposed the name of Shri Aditya A. Biyani, son of Shri Arun Kumar Biyani, Executive Chairman of the Company for appointment as a Marketing Executive (Exports) w.e.f. 1<sup>st</sup> April, 2009.

Shri Aditya A. Biyani, aged 22 years, is post-graduate and has practical experience of more than two years in this field. The Board considered that looking into his education background and his experience he will be of great strength in expanding exports of the Company in more proper manner.

The terms of remuneration, as set out in the resolution are considered to be just, fair and reasonable and are in accordance with the remuneration paid to other similar placed executives in the Company.

The Selection Committee of the Independent Directors approved the proposed appointment of Shri Aditya A. Biyani at their meeting held on 27th June, 2009.

In terms of the provisions of section 314(1)(b) and 314(1B) of the Companies Act, 1956 read with Director's Relatives (Office or Place of Profit) Rules, 2003, the appointment of relative of Director of the Company requires the approval of the members by way of special resolution and the approval of Central Government. Accordingly, the resolution mentioned in Item No. 7 of the notice is being proposed for approval accordingly.

Except Shri Arun Kumar Biyani, none of the Directors are interested or concerned in this resolution.

**Item No. 8**

Looking into requirements of the business activities carried by the Company, it may require additional funds. Hence, the Board of directors of the Company should be authorised to borrow moneys from time to time, from Banks, Financial Institutions and any other sources. The moneys to be borrowed by the Company may exceed the aggregate of paid-up capital and its free reserves, provided however, the total amount of such borrowings shall not exceed the sum of Rs. 500.00 Crores at any time. This authority can only be exercised by the Board in accordance with the provisions of section 293(1)(d) of the Companies Act, 1956.

Hence, this resolution mentioned in Item No. 8 is proposed as an ordinary resolution for approval of the members.

None of the directors is concerned or interested in the resolution.

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

Pramod Kumar Jain  
Company Secretary

Dated : June 27, 2009

Place : Mumbai

**DIRECTOR'S REPORT****To the Members,**

Your Directors have pleasure in presenting the Twentieth Annual Report on the Operations of the Company together with audited statement of accounts for the year ended 31<sup>st</sup> March, 2009.

**I. FINANCIAL RESULTS****Rs. In Lacs**

<b>Particulars</b>	<b>2008-09</b>	<b>2007-08</b>
Sales & Other Income	20296.43	17684.52
Profit before Depreciation & Tax	1203.43	892.47
Depreciation	728.65	396.93
<b>Profit before Tax</b>	<b>474.78</b>	<b>495.54</b>
Provision for Taxation including Deferred Taxes	219.51	228.03
Prior year Tax Adjustments	10.53	0
<b>Profit after Tax</b>	<b>244.74</b>	<b>267.51</b>
Profit brought forward from previous year	618.02	454.85
Profit available for appropriation	<b>862.76</b>	<b>722.36</b>
<b>Appropriation</b>		
Transfer to General Reserve	50.00	50.00
Proposed Dividend @ 6%	46.77	46.44
Corporate Dividend Tax	7.95	7.89
Profit carried to Balance Sheet	758.04	618.03

**2. DIVIDEND**

Your Directors has recommend dividend on Equity Shares of the Company @ 6% (Rs. 0.60 per share) for the financial year ended 31<sup>st</sup> March, 2009. (Previous year 15% (Rs. 1.50/- per share). Dividend has been reduced to conserve resources for development,

**3. EXPANSION**

The company has installed 6 imported twisting machines and preparatory machines for spinning blended fancy yarns during year ended 31<sup>st</sup> march 2009. This plant has been fully commissioned and are running at full capacity. Further company has started construction of warehouse at Village Tambadi near to Dadra plant for storing of Cotton and other raw materials. This Warehouse is expected to be ready by October 2009. In view of excellent demand for fancy yarns we are installing additional 8 imported twisting machines at Dadra. The company also proposes to install preparatory machines to increase production of cotton yarn at Dadra plant.

**4. RIGHTS ISSUE:**

The Company has raised Rs. 1644.98 lacs through Rights Issue of 46,99,950 fully paid equity shares of Rs. 10/- at a premium of Rs 25. The allotment of Equity Shares was done on October 17, 2008 and equity shares have been listed for trading at Bombay Stock Exchange (BSE) on October 24, 2008. The money raised has been utilised as per object clause of offer document.

**5. DIRECTORS**

Shri Arun Kumar Biyani and Shri Rajendra Prasad Khator shall retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offers themselves for re-appointment. The Board is pleased to recommend their re-appointment.

## **6. AUDITORS**

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

## **7. AUDITORS REPORT**

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

## **8. FIXED DEPOSITS**

Fixed Deposit with your company as at year-end were Rs. 49.37 lacs. None of these deposits has matured for payment and consequently there were no unclaimed deposits till the date of this report.

## **9. PARTICULARS OF EMPLOYEES**

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

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

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

## **11. DIRECTORS' RESPONSIBILITY STATEMENT**

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

- i. in the preparation of the annual accounts, the applicable accounting standards has been followed.
- ii. appropriate accounting policies have been selected and applied consistently, and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state affairs of the Company as at March 31, 2009 and of the Profit for the year ended March 31, 2009.
- iii. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. the annual accounts have been prepared on a going concern basis.

## **12. CORPORATE GOVERNANCE**

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

## **13. ACKNOWLEDGEMENTS**

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

**For and on behalf of the Board**

**Place : Mumbai**  
**Date : June 27, 2009**

**ARUN KUMAR BIYANI**  
**Chairman**

**ANNEXURE TO DIRECTORS' REPORT**

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

**CONSERVATION OF ENERGY**

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

	2008-09	2007-08
[A] Power and fuel consumption		
I. Electricity		
A) Purchased unit	20572516	13752760
Amount (Rs.'000)	75602.49	40983.23
Rate/Unit (Rs.)	3.67	2.98
B) Own Generation		
i) Through Diesel Generator Unit	19164	93912
ii) Unit/Liter of Diesel Oil	4	4
iii) Fuel cost / unit (Rs.)	8.93	8.50
[B] Electricity units Consumption in		
Production of Yarn per KG. (Unit/Kg)	2.27	2.33

**RESEARCH AND DEVELOPMENT****a. Specific areas in which R & D was carried out by the Company**

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

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

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

**c. Future plan of action**

Emphasis on the above activities is the on going exercise.

**d. Expenditure on R & D**

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

**TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION**

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



**FOREIGN EXCHANGE EARNINGS AND OUTGO****a. Initiatives taken to increase exports and exports plans**

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

**b. Development of new export markets for synthetic yarn.**

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

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

Particulars	2008-09	2007-08
Foreign Exchange outgo (used)	430.18	1688.68
Earned (FOB Value of Export goods)	10899.97	9345.96

**PARTICULARS OF EMPLOYEES**

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

S. No.	Name	Designation	Total Remuneration	Qualification	Age (Years)	Experience (Years)	Commencement of Employment	Service F.Y.
1.	Arun Kumar Biyani	Executive Chairman	3620837	B. Com.	53	32	09.02.1992	12 Months
2.	Ajay D. Biyani	Managing Director	2409360	B. Com.	47	27	05.06.1988	12 Months
3.	Anil D. Biyani	Executive Director	2409360	B.B.A.	45	26	28.03.1992	12 Months

For and on behalf of the Board

Place : Mumbai  
Date : June 27, 2009

**ARUN KUMAR BIYANI**  
Chairman

## REPORT ON CORPORATE GOVERNANCE

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

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

### 2. Board of Directors

#### Composition of the Board

As on 31<sup>st</sup> March 2009, the Board of Damodar Threads Limited is comprised of 6 Directors of which three are Executive Directors and three are Independent Director. The Composition of the Board is in conformity with the Clause 49 of the Listing Agreement. The Board is primarily responsible for the overall management of the Company's Business. The Composition of the Board and other relevant details relating to the Directors are given below:

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

#### Appointment/Re-appointment of Directors

Pursuant to the provisions of Sections 255 & 256 of the Companies Act, 1956, Shri. Arun Kumar Biyani and Shri Rajendra Prasad Khator shall retire by rotation at the forthcoming Annual General Meeting.

#### Brief Resume of Directors seeking reappointments

**Shri Arun Kumar Biyani**, aged 53 years, is a Commerce graduate and having experience around 32 years in the textile industry. Shri Arun Kumar Biyani is the key person in setting up Company's unit and Chairman of the Company. He is also on the Board of Panna Yarn Private Limited.

**Shri Rajendra Prasad Khator**, aged 69 years, is a B.A. (Hons.) in Economics, having 50 years experience of various industries. He was the President of Bombay Oxygen Corporation Limited, Mumbai since 1985 and Joint Managing Director for 5 years from 25<sup>th</sup> September, 1998. He was President of All India Gases Manufacturers' Association (AIIGMA) for the year 1989-90 and 2002-03 and 2004-2006. Shri Khator is a Member of Power Committee of Federation of Indian Chambers of Commerce and Industry.

#### Board Meetings and Annual General Meeting:

During the Financial year 2008-09, Seven Board Meetings were held on June 30, 2008, July 31, 2008, August 15, 2008, August 28, 2008, October 17, 2008, October 31, 2008 and January 31, 2009. The details of attendance of Directors in



Board Meetings and the previous Annual General Meeting are as follows:

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

#### **Code of Conduct**

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

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

### **3. Board Committees**

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

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

#### **Audit Committee**

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

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

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

During the year under review, the committee met Four times on June 30, 2008, July 31, 2008, October 31, 2008 and January 31, 2009. The details of attendance of the members are as follows:

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

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

- i) Hold discussions with the auditors periodically about internal control systems, the scope of audit including the observations and review the quarterly, half-yearly and annual financial statements before submission to the Board and also ensure compliance of internal control systems.

- ii) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- iii) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- iv) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- v) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
  - (b) Changes, if any, in accounting policies and practices and reasons for the same.
  - (c) Major accounting entries involving estimates based on the exercise of judgment by management.
  - (d) Significant adjustments made in the financial statements arising out of audit findings.
  - (e) Compliance with listing and other legal requirements relating to financial statements.
  - (f) Disclosure of any related party transactions.
  - (g) Qualifications in the draft audit report.
- vi) Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
- vii) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- viii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- ix) Discussion with internal auditors on any significant findings and follow up there on.
- x) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- xi) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- xii) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- xiii) Review of information as prescribed under Clause 49 (II)(E) of the listing agreement.

**Powers of the Audit Committee:**

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

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

**Shareholder's/Investor's Grievance Committee**

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

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

During the year 2008-09 the Company has received 21 complaints from shareholders / investors all of which were satisfactorily resolved. There were no complaints pending as at end of the year.

**Remuneration Committee**

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

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

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

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

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

There was no meeting of the Remuneration Committee held during the financial year 2008-09.

**Selection Committee:**

The Selection Committee consists of three Independent Directors, comprises of Shri Girdharlal S. Daga, Shri Rajendra Prasad Khator and Shri Ashok Kumar Damani, all Independent Non Executive Directors of the Company. Shri Girdharlal S. Daga is the Chairman of the Committee. The Committee would look into the matters relevant to the Selection of Employee.

**Directors' Remuneration & Sitting Fee**

- a) The details of remuneration paid to Directors during the Financial Year 2008-09 as approved by the Board and shareholders:

(Amount in Rs.)

Sl. No.	Name of Directors	Salary	Contribution to Provident Fund	Perquisites & Allowances	Total
1.	Shri Arun Kumar Biyani	2400000	9360	1211477	3620837
2.	Shri Ajay D. Biyani	2400000	9360	-	2409360
3.	Shri Anil D. Biyani	2400000	9360	-	2409360
<b>TOTAL</b>		<b>7200000</b>	<b>28080</b>	<b>1211477</b>	<b>8439557</b>

- b) The Non-executive directors of the Company are entitled to sitting fees of Rs.1,000/- for each meeting of Board of Directors attended. Details of payment for sitting fee during the year 2008-09 are as under:

(Amt. in Rs.)

Sl. No.	Name of Directors	Sitting fees
1.	Shri Girdharlal S. Daga	7000
2.	Shri Rajendra Prasad Khator	7000
3.	Shri Ashok Kumar Damani	6000

**4. Disclosures**

**Related Party Transactions**

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

**Compliances by the Company**

During the financial year 2008-09, no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI for any matter. The Company has fairly complied with the requirements of the Stock Exchanges and SEBI.

**5. Means of Communication**

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

**6. Shareholder's Meetings**

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

a. Particulars of last three years Annual General Meetings

Year	Venue	Date	Time
2008	Maheshwari Bhawan, 603, Chira Bazar (J S Road), Mumbai – 400 002	09/09/2008	11.30 A.M.
2007	Maheshwari Bhawan, 603, Chira Bazar (J S Road), Mumbai – 400 002	31/08/2007	4.30 P.M.
2006	A1/202, Centre Point, 243-A, N.M. Joshi Marg, Lower Parel (East), Mumbai-400013	24/08/2006	4.30 P.M.

b. Special Resolutions during previous three Annual General Meeting

Particulars of Special Resolutions Passed
- Increase in Authorised Share Capital u/s 16, 31, 94 - Preferential issue of share u/s 81(1A)
- Right Issue of Share u/s 81(1) - Re-appointment of Shri Arun Kumar Biyani, Executive Chairman Shri Ajay D. Biyani, Managing Director and Shri Anil D. Biyani, Executive Director, u/s 198,269,309,310 & 311
- Increase in Remuneration of Shri Aman A. Biyani



**7. General Shareholder Information**

• **Annual General Meeting**

Annual General meeting for the year 2009

- Date and time: Saturday, 12<sup>th</sup> September 2009 - at 11.30 A.M.

- Place: Maheshwari Bhawan, 603, Chira Bazar, (J S Road), Mumbai – 400 002

• **Financial Calendar**

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

• **Dates of Book closure:** 01/09/2009 to 04/09/2009 (Both days inclusive)

• **Listing on Stock Exchange:**

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

The Annual Listing Fee for the year 2009-2010 has been paid to the BSE.

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

• **Market price data :**

Monthly high and low quotation of shares traded on Bombay Stock Exchange Limited during the Financial Year 2008-09:

Months	High (Rs.)	Low (Rs.)
April, 2008	56.40	41.00
May, 2008	55.95	40.25
June, 2008	49.50	34.20
July, 2008	43.85	32.35
August, 2008	45.00	33.80
September, 2008	39.45	29.00
October, 2008	34.90	21.35
November, 2008	31.10	18.00
December, 2008	29.70	17.35
January, 2009	24.35	16.05
February, 2009	18.15	15.00
March, 2009	16.85	13.40

• **Share Transfer System**

A shareholder's request is normally attended and reply is sent in 10-20 days time and the certificates after transfer of shares are returned within one-month period except in the cases that are constrained for technical reasons. Shares are being transferred and demat option letter in their respect are dispatched within 15 days from the date of receipt, so long as the documents have been clear in all respects.

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

• **Address for Correspondence**

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

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

• **Compulsory Dematerialised Trading**

As the shareholders are aware the Securities and Exchange Board of India (SEBI), has included equity shares of the company for compulsory dematerialised trading for all investors with effect from 24th July, 2000. The Company has already entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to enable members of the company to select the depository of their choice for holding and dealing in shares in electronic form. The shareholders may also note that around 84.82% holding of the company has already been dematerialised. The shareholders are requested to make use of such facility for maximizing their convenience in the dealing of Company's shares. The ISIN (International Securities Identification Number) of the Company is INE 497D01014.

• **Distribution Of Shareholders**

Distribution of shareholding as on 31st March, 2009

Slab of shares	Number of Shareholders	Percentage of shareholders	Number of shares	Percentage of shareholding
1 -500	3531	88.2088	490798	6.2958
501 -1000	229	5.7207	173250	2.2224
1001 -2000	108	2.6980	154969	1.9879
2001 -3000	25	0.6245	63586	0.8157
3001 -4000	23	0.5747	81586	1.0466
4001 -5000	13	0.3248	61379	0.7873
5001 -10000	19	0.4746	130136	1.6693
Above 10000	55	1.3740	6639946	85.1750
	<b>4003</b>	<b>100.0000</b>	<b>7795650</b>	<b>100.0000</b>

**Shareholding Pattern as on 31<sup>st</sup> March, 2009**

Sl. No.	Category of Shareholders	No. of Shares held	Percentage of Shareholding
1.	Promoters, Directors & Relatives	5279060	67.7180
2.	Associate Body Corporates	486200	6.2368
3.	Banks and Financial Institutions	700	0.0090
4.	NRIs/OCBs	12419	0.1593
5.	Private Corporate Bodies	403918	5.1813
6.	Indian Public	1595950	20.4723
7.	Clearing Members	17403	0.2233
	<b>TOTAL</b>	<b>7795650</b>	<b>100.000</b>

- Plant Location : Survey No. 265/10/1,2,3

Demni Road, Village Dadra, Silvassa  
Dadra & Nagar Haveli (U.T.) 396 230  
Ph. 0260-3264788 Fax: 0260-2668929

- Outstanding GDRs / ADRs / Warrants or any Convertible Instruments conversion date and likely impact on equity:

The Company has not issued any GDRs / ADRs. There were no outstanding convertible warrants as on March 31, 2009.

- Compliance Officer: Mr. Pramod Kumar Jain  
Ph: 0260-3264788 Fax: 0260-2668929  
E-mail: cs@damodargroup.com





**8. Other Disclosures**

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

For & on behalf of Board of Directors

Place: Mumbai  
Date: 27<sup>th</sup> June, 2009

Arun Kumar Biyani  
Chairman

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**AUDITORS' CERTIFICATE**

To the members of **DAMODAR THREADS LIMITED**

We have examined the compliance of the conditions of Corporate Governance by Damodar Threads Limited, for the year ended 31<sup>st</sup> March, 2009 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that based on the report given by the Registrar of the Company to the Investors Grievance Committee as on 31<sup>st</sup> March, 2009 there were no investor grievance matters against the Company remaining unattended / pending for more than 30 days.

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

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

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

Partner

FCA No. 35989

Place Mumbai  
Date: June 27, 2009

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**CEO's Declaration**

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

Sd/-

Ajay D. Biyani  
Managing Director

Place: Mumbai  
Date: June 27, 2009

## MANAGEMENT DISCUSSIONS & ANALYSIS:

### Industry Structure & Development (Overview)

The Indian textile industry is one the largest and oldest sectors in the country and among the most important in the economy in terms of output, investment and employment. The sector employs nearly 35 million people and after agriculture, is the second-highest employer in the country. Its importance is underlined by the fact that it accounts for around 4% of GDP, 14% of industrial production, 9% of excise collections, 18% of employment in the industrial sector, and 16% of the country's total exports earnings. With direct linkages to the rural economy and the agriculture sector, it has been estimated that one of every six households in the country depends on this sector, either directly or indirectly, for its livelihood.

Globally there are clear indications that textiles and apparel production is consolidating, with production after quota – abolition shifting towards Asian countries which have a strong raw material base and abundant cheap labour. India has been blessed with both and this along with other factors will make it one of the biggest beneficiaries of this global trend. To top it, domestic demand for textiles is increasing, led by rising income levels, demographics, growth in organized retailing and household boom in India.

To take advantage of these trends, most Indian textile companies are expanding capacities across the value chain in area of design, yarn, fabric, garments and retail. The sector is also witnessing a rising wave of entrepreneurship, resulting in the spawning of several start ups. In the past few years, with a growing number of new entrants and expansion by existing companies, the textile and apparel sector has taken rapid strides.

### Opportunities and threat, Risk & Concerns

In the current financial year the growth of textiles exports is expected to be slower due to the recession which has taken place across the globe. The company's wide, large and exclusive product portfolio will give boost to increase market share in export and also enable the company to tap new markets.

Secondly political stability and good monsoon will boost our economy resulting in increased demand for textile products. The Indian domestic textile market is witnessing strong growth led by young consuming population, its fast growing economy, rising income levels, and over 30 % growth in the organized retail sector. This increase in demand will enable the company to achieve higher sales which will lead to improved performance of the company.

### Discussion of Financial performance with respect to operational performance

#### Financial Highlights:

- Revenue from operations increased by 14.76 % from Rs. 176.85 crores approx. in 2007-08 to Rs. 202.96 crores approx. in year 2008-09.
- Profit before Tax decreased by 4.23% from Rs. 4.96 crores to Rs.4.75 crores.
- Profit after Tax decreased by 4.85% from Rs. 2.68 crores to Rs.2.55 crores.
- Basic Earning Per share (EPS) decreased from Rs. 8.64 to Rs.3.14. (due to increase in paid up share capital of the company by Rs 470 lacs.)

### Outlook

#### Branding Initiative:

Damodar Threads is positioning itself as a world class supplier for fancy yarns. Tag line of Damodar 'Tomorrow's Creativity brought today' signifies the continuous development the company is doing to provide its customers unique products which will help them to create new trend in textiles. The initial focus of branding was on internal branding. However due to extensive export marketing measures taken by the company we are focusing to create brand awareness of the company internationally.

#### Future Plans:

The Future Growth of Indian Textile Industry domestic as well as export is predicted to be good. India has a 22 % share in the global spindle age. Keeping up with this pace of growth due to a growing young population, rising incomes, increasing consumerism, rapid growth in organized retail, we have planned to expand our production to serve our existing customers



and also to cater new markets and new customers. With the increase in demand for fancy yarns, the company is planning to increase its production in fancy yarns by installing new capacity.

**Internal control systems and their adequacy:**

**Damodar's** internal control systems as well as procedures adequately commensurate with the magnitude of its current business. The operating and business control procedures have been framed in order that they ensure efficient use of resources and comply with the procedures and regulatory requirements.

**Human Resources:**

Over The Years Damodar has grown to a mid-sized corporate identity. The Damodar family has grown as a company well established over the decades in terms of all that an employee aspires. Carrying along the values that are deeply inculcated by the visionaries, we have taken this as our entity. Inter-preneurship in its true sense is the value addition one enjoys working in Damodar. Though the age old values, respect and mutual trust are the prominent things, which are highlighted in Damodar style of working, change is always welcome. Innovative Human Resource practices of Employee Referrals, 360-degree feedback for Performance Appraisal, Employee Satisfaction Survey Activity monitoring are some of the measures the employees enjoy in Damodar. The essence of the employee – employer relationship is the personal touch, which every employee enjoys. There is more of personal mentoring than management, a novel thing existing in Damodar today.

**Quality Control Measures:**

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

**Corporate Social Responsibility:**

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

For & on behalf of Board of Directors

Place: Mumbai  
Date: 27<sup>th</sup> June, 2009

**Arun Kumar Biyani**  
Chairman



## AUDITOR'S REPORT

### To the Members of DAMODAR THREADS LTD

We have audited the attached Balance Sheet of Damodar Threads Limited as at March 31, 2009 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
  - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - (v) On the basis of written representation received from the directors as on March 31, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31 st March, 2009;
    - (b) In the case of Profit and Loss Account, of the Profit for the year ended on that date; and
    - (c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**For A.J. Baliya & Associates**  
Chartered Accountants

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

Place: Mumbai  
Dated: 27<sup>th</sup> June, 2009.

## ANNEXURE TO AUDITORS' REPORT

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

- (1) In respect of fixed assets
  - (a) The Company has maintained proper records to showing full particulars including quantitative details and situation of fixed assets.
  - (b) As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - (c) The fixed assets disposed off during the year, in our opinion, do not constitute substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (2) In respect of its inventories :
  - (a) As explained to us, inventories have been physically verified by the management at regular intervals during the year.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
- (3) In respect of loans accepted by the company from companies, firms or other parties covered in registrar maintained under Section 301 of the companies Act, 1956, according to the information and explanations given to us:
  - (a) The company has accepted unsecured loans from twenty parties repayable on demand. At year end aggregate outstanding balance of such loans was Rs.4,60,66,667/- and the maximum amount outstanding during the year was Rs.11,31,73,268/-.
  - (b) The Company has not granted any loan during the year.
  - (c) In our opinion the rate of interest and other terms and conditions are prima facie not prejudicial to the interest of the company.
  - (d) The Company is regular in repaying the principal amounts of loan as stipulated and has been regular in payment of interest in respect of such loans.
  - (e) There is no overdue amount of loans taken as referred to in (a).
- (4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods. During the course of our audit, we have not observed any major weaknesses in internal control.
- (5)
  - (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that transactions that need to be entered into the register maintained under Section 301 of the Companies Act 1956, have been so entered.
  - (b) In our opinion and according to the information and explanations given to us, transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act 1956, and exceeding the value of five Lakhs rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (6) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of sections 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the rules framed there under with regard to the deposits accepted from the public. As per information given to us, no order under the aforesaid sections has been passed by the company Law Board or Reserve Bank of India or any court or any other tribunal, on the company.
- (7) In our opinion, the internal audit system of the Company is commensurate with its size and nature of its business.

- (8) To the best of our knowledge, the Central Government has prescribed maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956. In our opinion, prime facie, the prescribed accounts and records have been maintained. However, we are not required to and have not made examination of the records.
- (9) In respect of statutory dues :
- (a) According to the information and explanation given to us, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth Tax, Customs Duty, Excise Duty, Service Tax, Cess and other Statutory Dues have been regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31<sup>st</sup> March, 2009 for a period of more than six months from the date of becoming payable.
- (b) According to the information and explanations given to us, there are no dues in respect of Income-Tax, Sales-Tax, Custom Duty, Wealth-Tax, Excise Duty, Service Tax or Cess outstanding on account of any dispute.
- (10) The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial year.
- (11) According to the information and explanations given to us and the records examined by us, the Company has not defaulted in repayment of dues to any financial institution or bank.
- (12) In our opinion and according and explanation given to us no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- (13) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
- (14) In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (15) According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from banks or financial institutions.
- (16) To the best of our knowledge and belief and according to the information and explanation given to us, in our opinion, term loans availed by the company were, prima facie, applied by the company during the year for the purposes for which the loans were obtained, other than amounts temporarily invested pending utilization of the funds for the intended use.
- (17) In our opinion and according to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long term investment and vice-versa.
- (18) The Company has not made any preferential allotment of shares during the year.
- (19) The Company has not issued any debentures during the year.
- (20) The management has disclosed end use of money raised by right issue in Notes on Accounts (refer note 12 of Schedule P) and the same has been verified by us.
- (21) In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

**For A.J. Baliya & Associates**  
Chartered Accountants

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

Place: Mumbai  
Dated: 27<sup>th</sup> June, 2009.

**BALANCE SHEET AS AT 31ST MARCH, 2009**

	Schedule	2008-09 Rs.	2007-08 Rs.
<b>SOURCES OF FUNDS :</b>			
<b>SHAREHOLDERS' FUND :</b>			
Share Capital	<b>A</b>	77,956,500	103,791,877
Reserves & Surplus	<b>B</b>	<u>235,172,508</u>	<u>98,672,310</u>
		313,129,008	202,464,187
<b>LOAN FUNDS :</b>			
Secured Loans	<b>C</b>	849,670,536	835,107,773
Unsecured Loan	<b>D</b>	<u>153,640,602</u>	<u>132,759,816</u>
		1,003,311,137	967,867,589
<b>DEFERRED TAX LIABILITIES (Net)</b>		43,194,126	27,121,958
	<b>TOTAL</b>	<u><u>1,359,634,271</u></u>	<u><u>1,197,453,734</u></u>
<b>APPLICATION OF FUNDS :</b>			
<b>FIXED ASSETS :</b>			
a) Gross Block	<b>E</b>	974,386,203	864,359,276
b) Less: Depreciation		<u>131,143,461</u>	<u>58,619,706</u>
c) Net Block		843,242,742	805,739,570
d) Capital Work-in-progress		33,042,266	2,895,979
<b>INVESTMENTS</b>	<b>F</b>	105,788	105,788
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>	<b>G</b>		
(a) Inventories		265,138,244	178,836,437
(b) Sundry Debtors		143,888,406	208,524,259
(c) Cash & Bank Balances		19,304,003	14,273,976
(d) Loans & Advances		<u>147,669,105</u>	<u>100,231,867</u>
		575,999,758	501,866,539
<b>Less : CURRENT LIABILITIES &amp; PROVISIONS</b>	<b>H</b>		
(a) Current Liabilities		90,176,788	109,825,431
(b) Provisions		<u>5,472,312</u>	<u>5,432,721</u>
		95,649,100	115,258,152
		480,350,658	386,608,387
<b>MISCELLANEOUS EXPENDITURE</b>			
(To the extent not written off or adjusted)			
Expenditure on Increase of Share Capital/ Right issue		2,892,817	2,104,010
	<b>TOTAL</b>	<u><u>1,359,634,271</u></u>	<u><u>1,197,453,734</u></u>
<b>NOTES ON ACCOUNTS</b>			
	<b>P</b>		

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

**For and On behalf of the Board**

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

**(Arunkumar Biyani)**  
Chairman

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

PLACE : MUMBAI  
DATED : 27th June 2009


**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009**

	Schedule	2008-09 Rs.	2007-08 Rs.
<b>INCOME :</b>			
<b>Sales</b>			
Domestic Sales		816,266,215	728,585,927
Export Sales and Incentives		1,211,568,447	1,024,210,803
Other Income	I	1,808,661	15,655,220
		<b>2,029,643,323</b>	<b>1,768,451,950</b>
<b>EXPENDITURE :</b>			
Materials Cost	J	1,510,332,545	1,400,347,333
Manufacturing Expenses	K	117,829,329	82,039,938
Employees Remuneration	L	54,617,926	32,049,408
Administrative Expenses	M	37,631,728	27,318,320
Selling & Distribution Expenses	N	96,424,395	82,907,985
Interest	O	92,464,126	54,542,230
Depreciation	E	72,864,990	39,693,113
		<b>1,982,165,040</b>	<b>1,718,898,327</b>
<b>PROFIT FOR THE YEAR</b>			
		<b>47,478,283</b>	<b>49,553,623</b>
<b>Less: Provision For Tax</b>			
Current Provision		5,379,000	5,615,000
Fringe Benefit Tax		500,000	245,000
Deferred Tax		16,072,168	16,943,196
<b>PROFIT AFTER TAX</b>			
		<b>25,527,115</b>	<b>26,750,427</b>
Less: Prior Years Tax Adjustments		1,053,355	-
		<b>24,473,760</b>	<b>26,750,427</b>
Balance brought forward		61,802,410	45,484,704
<b>BALANCE AVAILABLE FOR APPROPRIATION</b>			
		<b>86,276,170</b>	<b>72,235,131</b>
<b>Appropriation</b>			
Proposed Dividend		4,677,390	4,643,550
Tax On Dividend		794,922	789,171
Transfer to General Reserve		5,000,000	5,000,000
Balance Carried to Balance Sheet		75,803,858	61,802,410
		<b>86,276,170</b>	<b>72,235,131</b>
<b>NOTES ON ACCOUNTS</b>			
	P		

As per our report of even date

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

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

 PLACE : MUMBAI  
 DATED :27th June 2009

For and On behalf of the Board

**(Arunkumar Biyani)**  
 Chairman

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



**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH , 2009**

	2008-09 Rs.	2007-08 Rs.
<b>SCHEDULE - A</b>		
<b>SHARE CAPITAL</b>		
Authorised :		
150,00,000 Equity Shares of Rs. 10/- each	<u>150,000,000</u>	<u>150,000,000</u>
Issued, Subscribed & Paid-up :		
77,95,650 (Previous Year 30,95,700) Equity Shares of Rs. 10/- each fully paid up (Of the above 4,00,000 Equity Shares were allotted as fully paid-up Bonus shares by capitalisation of balance in Profit & Loss Account)	77,956,500	30,957,000
Share Application Money Pending Allotment	-	72,834,877
	<u>77,956,500</u>	<u>103,791,877</u>
Note:		
During the year 46,99,950 Equity Shares of Rs.10/- each fully paid up issued at a premium of Rs. 25/- on Right Basis resulting in increase in issued, subscribed paid up capital by Rs. 4,69,99,500/- and share premium by Rs.11,74,98,750/-.		
<b>SCHEDULE - B</b>		
<b>RESERVES &amp; SURPLUS :</b>		
General Reserve	25,000,000	20,000,000
Add: Transfer	<u>5,000,000</u>	<u>5,000,000</u>
	30,000,000	25,000,000
Share Premium	129,368,650	11,869,900
Balance in Profit & Loss Account	75,803,858	61,802,410
	<u>235,172,508</u>	<u>98,672,310</u>
<b>SCHEDULE - C</b>		
<b>SECURED LOANS :</b>		
Working Capital Loan from Bank of Baroda (Secured by hypothecation of Stocks, Debtors & personal guarantees of three Directors)	122,792,577	70,883,972
Working Capital Loan from State Bank of India (Secured by hypothecation of Stocks, Debtors & personal guarantees of three Directors)	201,487,964	178,187,648
Term Loan from Bank of Baroda (Secured by hypothecation of Specific Machinery, Stocks ,Debtors and Stores & Spares )	260,000,000	290,000,000
Term Loan from State Bank of India (Secured by hypothecation of Specific Machinery, Stocks ,Debtors and Stores & Spares )	265,243,938	295,599,481
Motor Car Loan From Sheba Properties Ltd. (Secured by Hypothecation of a Motor car)	-	146,100
Motor Car Loan From HDFC Bank Ltd. (Secured by Hypothecation of a Motor car)	146,057	290,572
	<u>849,670,536</u>	<u>835,107,773</u>
<b>SCHEDULE - D</b>		
<b>UNSECURED LOANS :</b>		
From Directors	44,800,983	12,673,278
From Inter-Corporate	58,845,419	85,422,446
From Others	45,056,822	28,803,049
Fixed Deposit from Public	4,937,378	5,861,043
	<u>153,640,602</u>	<u>132,759,816</u>

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH , 2009**

**SCHEDULE - E**

**FIXED ASSETS**

FIXED ASSETS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at 01/04/2008	Addition	Deduction	As at 31/03/2009	Up to 01/04/2008	For the Year	Deduction/ Adjustment	Up to 31/03/2009	As at 31/03/2009	As at 31/03/2008
FREEHOLD LAND	12,242,649	3,376,200	-	15,618,849	-	-	-	-	15,618,849	12,242,649
RESIDENTIAL FLATS	213,555	-	-	213,555	27,847	3,481	-	31,328	182,227	185,708
BUILDING	190,899,642	18,141,643	2,615,144	206,426,141	4,017,022	6,635,232	-	10,652,254	195,773,887	186,882,620
PLANT & MACHINERY	563,021,762	82,197,456	1,531,421	643,687,797	46,043,452	60,233,426	128,454	106,148,424	537,539,373	516,978,310
ELECTRICAL INST.	70,040,969	6,182,730	159,794	76,063,905	2,902,116	3,511,799	-	6,413,915	69,649,990	67,138,853
FURNITURE & FIXTURES	3,351,226	1,289,066	4,839	4,635,453	268,113	251,786	-	519,899	4,115,554	3,083,113
VEHICLES	6,248,649	-	380,602	5,868,047	2,253,123	565,190	212,781	2,605,532	3,262,515	3,995,526
AIR CONDITIONERS	1,019,722	233,547	-	1,253,269	212,897	56,657	-	269,554	983,715	806,825
GENERATORS	1,669,695	-	-	1,669,695	662,173	79,311	-	741,484	928,211	1,007,522
WEIGHING SCALE	353,905	148,799	-	502,704	41,489	18,684	-	60,173	442,531	312,416
OTHER EQUIPMENTS	12,432,447	1,628,526	-	14,060,973	1,342,662	641,830	-	1,984,492	12,076,481	11,089,785
COMPUTORS	2,865,055	1,520,760	-	4,385,815	848,812	867,594	-	1,716,406	2,669,409	2,016,243
<b>Total</b>	<b>864,359,276</b>	<b>114,718,727</b>	<b>4,691,800</b>	<b>974,386,203</b>	<b>58,619,706</b>	<b>72,864,990</b>	<b>341,235</b>	<b>131,143,461</b>	<b>843,242,742</b>	<b>805,739,570</b>
Previous Year	231,418,690	632,940,586	-	864,359,276	18,926,593	39,693,113	-	58,619,706	805,739,570	
Capital Work -in-Progress									33,042,266	-
								PY.	2,895,979	

**NOTES:**

- (i) Capital Work in Progress includes Rs.3,30,42,266/- on account of Godown work-in-progress and materials at site.  
(ii) During the year Exchange Difference amounting to Rs.5,17,79,289/- (Rupee Term Loan Swap in Foreign Exchange) has been added to carrying cost of fixed assets located at Dadra (U.T.)

**2008-09**  
Rs.

**2007-08**  
Rs.

**SCHEDULE - F**

**NON-TRADE INVESTMENT (AT COST)**

**Quoted (fully paid-up)**

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

**Unquoted (fully paid-up)**

10 Equity Shares of Mogaveera C-op Bank Ltd. of Rs. 10/- each	1,000	1,000
<b>Total</b>	<u>105,788</u>	<u>105,788</u>
Aggregate Market Value of Quoted Investments	<u>7,477</u>	<u>7,549</u>

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



## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH , 2009

	2008-09 Rs.	2007-08 Rs.
<b>SCHEDULE - G</b>		
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>Current Assets :</b>		
<b>Inventories :</b>		
(As per inventory taken, valued and Certified by Chairman & Managing Director)		
Raw Materials	91,606,660	77,318,557
Work in Process	51,951,335	45,234,571
Finished Goods	112,290,266	50,607,039
Packing Materials	3,910,140	1,082,050
Stores & Spares	5,379,843	4,594,220
	<u>265,138,244</u>	<u>178,836,437</u>
<b>Sundry Debtors :</b>		
(Unsecured, considered good)		
Outstanding for a period Exceeding six months	14,494,878	17,741,661
Others	92,659,301	188,430,842
Due from Companies in which Director is director or Member		
Outstanding for a period Exceeding six months	-	-
Others	36,734,227	2,351,756
	<u>143,888,406</u>	<u>208,524,259</u>
<b>Cash &amp; Bank Balances :</b>		
Cash on hand	897,634	1,672,056
Balances with Scheduled banks :		
in current account	1,427,203	1,229,397
In Unpaid Dividend Accounts	586,526	443,363
In fixed deposits including accrued interest	16,392,640	10,929,160
	<u>19,304,003</u>	<u>14,273,976</u>
<b>Loans and Advances :</b>		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received including incentive and duty refundable	59,762,902	79,656,882
Advances to Suppliers	82,258,101	16,413,644
Deposits	2,863,154	1,526,992
Advance Income Tax(Net of Provision)	2,784,948	2,634,349
	<u>147,669,105</u>	<u>100,231,867</u>
<b>SCHEDULE - H</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>Current Liabilities :</b>		
<b>Sundry Creditors :</b>		
For Goods	38,847,060	55,070,102
For Expenses	16,970,516	20,757,075
Other Liabilities	33,772,687	33,554,891
Unpaid Dividend	586,526	443,363
	<u>90,176,788</u>	<u>109,825,431</u>
<b>PROVISIONS</b>		
Proposed Dividend	4,677,390	4,643,550
Tax on Dividend	794,922	789,171
	<u>5,472,312</u>	<u>5,432,721</u>

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

	2008-09 Rs.	2007-08 Rs.
<b>SCHEDULE - I</b>		
<b>OTHER INCOMES :</b>		
Commission	1,808,661	8,187,306
Profit on Sale of Investments	-	267,914
Income from Interest Swap	-	7,200,000
	<u>1,808,661</u>	<u>15,655,220</u>
<b>SCHEDULE - J</b>		
<b>MATERIALS COST :</b>		
Raw Material Consumption :		
Opening Stock	77,318,557	30,372,562
ADD: Purchases	883,898,649	647,081,247
	<u>961,217,206</u>	<u>677,453,809</u>
LESS: Closing Stock	91,606,660	77,318,557
	869,610,546	600,135,252
Purchases for Trading	709,121,990	874,758,217
Opening Stock of :		
Work-In-Process	45,234,571	5,540,007
Finished Goods	50,607,039	15,755,467
	<u>95,841,610</u>	<u>21,295,474</u>
Less : Closing Stock		
Work-In-Process	51,951,335	45,234,571
Finished Goods	112,290,266	50,607,039
	<u>164,241,601</u>	<u>95,841,610</u>
	(68,399,991)	(74,546,136)
	<u>1,510,332,545</u>	<u>1,400,347,333</u>
<b>SCHEDULE - K</b>		
<b>MANUFACTURING EXPENSES :</b>		
Stores & Spares	13,138,208	5,154,131
Packing Materials	19,011,618	9,775,158
Power & Fuel	75,159,616	39,764,224
Repairs & Maintenance :		
Building	145,060	77483
Plant & Machinery	1,030,086	304002
Others	1,400,094	560378
	2,575,240	941,863
Factory Rent	242,000	1,452,000
Job Work Charges	7,702,647	24,952,562
	<u>117,829,329</u>	<u>82,039,938</u>
<b>SCHEDULE - L</b>		
<b>EMPLOYEES' REMUNERATION :</b>		
Salaries, Wages , Bonus & allowances	48,806,111	27,504,749
Staff Welfare & Perquisites	2,112,034	2,149,625
Contribution to Provident Fund	729,595	409,615
Gratuity	6,000	75,000
House Rent	2,964,186	1,910,419
	<u>54,617,926</u>	<u>32,049,408</u>



**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

	2008-09 Rs.	2007-08 Rs.
<b>SCHEDULE - M</b>		
<b>ADMINISTRATIVE EXPENSES :</b>		
Directors Remuneration	7,200,000	5,550,000
Directors House Rent/ Allowances	1,200,000	1,175,000
Directors Medical Allowances	11,477	13,720
Electricity Charges	953,503	711,275
Insurance	5,385,227	2,962,809
Postage & Telephone	3,315,935	2,718,196
Printing & Stationery	1,252,565	1,011,019
Professional & consultancy Charges	2,003,203	2,121,034
Security Charges	618,085	676,972
Advertisement	181,372	326,688
*Bank Charges & Commission	8,016,247	3,604,462
Rent, Rates & Taxes	1,185,325	1,579,937
Sundry Expenses	282,249	542,416
Travelling & Conveyance	3,218,835	2,537,826
Vehicles Expenses	1,421,717	1,550,966
Loss on sale of fixed assets	451,367	-
Listing Fees	31,422	10,000
Directors Sitting Fees	20,000	11,000
Auditors Remuneration :		
Audit Fees	75,000	62,500
Tax Audit	15,000	12,500
	90,000	75,000
Misllaneous expenditure written off	793,200	140,000
	<b>37,631,728</b>	<b>27,318,320</b>

\*including export collection charges and LC advising fees

**SCHEDULE - N**

**SELLING & DISTRIBUTION EXPENSES :**

Sales Promotion	381,314	434,297
Brokerage & Commission	18,668,821	7,187,424
Sample Expenses	748,139	546,416
Freight, Forwarding & Transport	76,626,122	74,739,848
	<b>96,424,395</b>	<b>82,907,985</b>

**SCHEDULE - O**

**INTEREST :**

Bank (Net)	82,825,146	45,250,303
Others (Net)	9,638,980	9,291,927
	<b>92,464,126</b>	<b>54,542,230</b>

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**  
**SCHEDULE -P**

**NOTES ON ACCOUNTS**

**1) Significant Accounting Policies:**

**i) Basis of Accounting :**

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

**ii) Fixed Assets :**

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

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

**iii) Depreciation :**

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

**iv) Investments :**

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

**v) Inventories :**

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

**vi) Miscellaneous Expenditure :**

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

**vii) Gratuity /Retirement Benefits**

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

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

**viii) Sales :**

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

**ix) Deferred Tax**

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

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

**x) Transaction in Foreign Currency**

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

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

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

**2) Contingent Liabilities**

Counter Gurantees given to Banks	Rs. 23,404,600
Letter of Credit	Rs. 34,791,975

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

**4) Licensed, Installed Capacities & Actual Production : (As certified by the management)**

Class of Goods	Units of Measure	Licensed Capacity		Installed Capacity		Actual Production	
		31/03/2009	31/03/2008	31/03/2009	31/03/2008	31/03/2009	31/03/2008
Yarn	Kgs.	N.A.	N.A.	Not Ascertainable	Not Ascertainable	9,053,427	5,944,770
Job Work(Yarn)	Kgs.	N.A.	N.A.	Not Ascertainable	Not Ascertainable	100,840	51,797
Fabrics	Mtr.	N.A.	N.A.	Not Ascertainable	Not Ascertainable	-	2,765
Job Work (Fabric)	Mtr.	N.A.	N.A.	Not Ascertainable	Not Ascertainable	-	-



**5) Opening Stock :**

		2008-09		2007-08	
		Qty.	Rs.	Qty.	Rs.
Yarn	Kgs.	344,956	50,607,039	84,192	12,310,790
Fabrics	Mtr.	-	-	17,011	1,020,669
Yarn (Trading)	Kgs.	-	-	27,915	2,424,008
Packing Material		Not Ascertainable	1,082,050	Not Ascertainable	310,000
Store & Spares		Not Ascertainable	4,594,220	Not Ascertainable	655,750

**6) Closing Stock :**

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

**7) Sales :**

Yarn	Kgs.	8,342,898	1,161,779,035	5,684,007	721,530,293
Fabrics	Mts.	-	-	19,636	1,210,524
Job Work(Yarn)		100,840	1,356,153	51,797	768,636
Fabric(Trading)	Mts.	246,468	19,006,554	332,122	47,944,708
Yarn(Trading)	Kgs.	6,281,991	760,193,637	8,301,861	925,019,103
Raw Cotton (Trading)	Kgs.	-	-	580,864	34,703,044
Others			52,279,460		18,917,202
Foreign Exchange Rate Difference			33,219,823		2,703,220
<b>Total</b>			<b>2,027,834,662</b>		<b>1,752,796,730</b>

**8) Purchases for Trading**

Yarn	Kgs.	6,281,991	688,691,066	8,273,945	795,706,096
Raw Cotton	Kgs.	-	-	580,864	31,373,640
Fabric	Mts.	252,185	20,430,924	332,122	47,678,481
<b>Total</b>			<b>709,121,990</b>		<b>874,758,217</b>

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

	%	Quantity	Rs.	%	Quantity	Rs.
Indigenous						
Yarn & Fibre	28	2,646,026	367,024,341	41	2,861,393	323,598,620
Raw Cotton	67	6,322,742	439,607,065	49	3,469,983	194,339,301
<b>Total (A)</b>	<b>95</b>	<b>8,968,767</b>	<b>806,631,406</b>	<b>90</b>	<b>6,331,376</b>	<b>517,937,921</b>
Imported						
Yarn & Fibre	5	500,742	62,979,140	10	733,111	82,197,331
Raw Cotton	-	-	-	-	-	-
<b>Total (B)</b>	<b>5</b>	<b>500,742</b>	<b>62,979,140</b>	<b>10</b>	<b>733,111</b>	<b>82,197,331</b>
<b>Total (A) + (B)</b>	<b>100</b>	<b>9,469,510</b>	<b>869,610,546</b>	<b>100</b>	<b>7,064,487</b>	<b>600,135,252</b>
Stores & Spares	Indigenous	Not Ascertainable	13,138,208		Not Ascertainable	5,154,131
Packing Materials	Indigenous	Not Ascertainable	19,011,618		Not Ascertainable	9,775,158

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



**11) Related Party Disclosures**

**Key Managerial Personnel :**

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

**Associates & Relatives :**

a. M/s. Damodar Overseas	- Associates	k. Mrs. Kanta Biyani	- Relatives
b. M/s. Aman Industries	- Associates	l. Mr. Aman Biyani	- Relatives
c. M/s. Syam Carriers	- Associates	m. Mr. Aditya Biyani	- Relatives
d. M/s. Aditya Transporters	- Associates	n. Mr. Abhishek Biyani	- Relatives
e. M/s. Arnar Synthetics Pvt. Ltd.	- Associates	o. Mr. Akshay Biyani	- Relatives
f. M/s. Aman Synthetics Pvt. Ltd.	- Associates	p. Mrs. Manju Biyani	- Relatives
g. M/s. Shree Damodar Silk Mills Pvt.Ltd.	- Associates	q. Mrs. Sanju Biyani	- Relatives
h. Ajay Biyani HUF	- Associates	r. M/s. Sann Silk Mills	- Associates
i. Arun Kumar Biyani HUF	- Associates	s. M/s. Panna Yarns Pvt. Ltd.	- Associates
j. M/s. Suam Overseas Pvt. Ltd.	- Associates	t. M/s. CSS Mercantiles Pvt. Ltd.	- Associates
		u. Mr. Pawan Barasia	- Relatives
		v. Risha Biyani	- Relatives

Disclosure of transactions between the Company and related parties and the status of outstanding balances as on 31st March ,2009.

	Associates & Relatives As of March 31		Key Management Personnel As of March 31		Total (Amt. In Rs.) As of March 31	
	2,009	2,008	2,009	2,008	2,009	2,008
Unsecured Loans /share capital fund	1,217,684	64,089,819	44,800,983	80,673,278	46,018,667	144,763,097
Sundry Debtors, Loans & Advances	37,193,239	4,191,486	-	-	37,193,239	4,191,486
Current Liabilities					-	-
Sundry Creditors	3,053,113	20,692,533	-	-	3,053,113	20,692,533
Income					-	-
Sales	141,078,456	106,843,147	-	-	141,078,456	106,843,147
Expenditure					-	-
a) Purchase (including job work)	280,775,601	304,300,098	-	-	280,775,601	304,300,098
b) Interest on Loan	2,554,162	2,329,030	1,142,799	3,623,904	3,696,961	5,952,934
c) Directors Remuneration	-	-	7,200,000	5,550,000	7,200,000	5,550,000
d) Directors House Rent/ Allowance	-	-	1,200,000	1,175,000	1,200,000	1,175,000
e) Directors Medical Allowance	-	-	11,477	13,720	11,477	13,720
f) Employees Remuneration	540,000	420,000	-	-	540,000	420,000
g) Rent {Net}	387,000	297,000	-	-	387,000	297,000
h) Freight, Forwarding & Transport	-	460,300	-	-	-	460,300



**12) Deferred Tax Liabilities (net)**

Deferred tax liabilities	Deferred tax liability/ asset as at 01/04/2008 Rs.	Current year charge/(credit) Rs.	Deferred tax liability/ asset as at 31/03/2009 Rs.
i) Depreciation	48,746,239	13,029,519	61,775,758
(A)	48,746,239	13,029,519	61,775,758
Deferred tax assets			
i) Unabsorbed Depreciation	21,624,281	(3,042,649)	18,581,632
(B)	21,624,281	(3,042,649)	18,581,632
Deferred tax liability (net) (A) - (B)	27,121,958	16,072,168	43,194,126

The impact of Deferred Tax Liability(Net) of Rs. 16,072,168/- for the year ended 31.3.2009 has been debited to Profit and Loss Account.

**13) The Proceeds raised from Right Issue and its utilisation upto 31st March ,2009 are given below:**

Particulars	Rs.in lacs	
<b>Funds received upto March 31, 2009</b>		
Equity Share Capital		469.99
Share Premium		1,174.99
<b>Total</b>		1,644.98
<b>Utilisation Upto March 31, 2009</b>	<b>Projected</b>	<b>Actual</b>
Repayment of Unsecured Loans brought in by Friends, Relatives & Associates;	215.82	215.82
Adjustment towards the Share Application Money brought in by promoters and promoter group of the Company by way of Unsecured Loans	728.35	728.35
Part repayment of Unsecured Loans brought in by Promoters, Non Promoters and Friends, Relatives & Associates	754.42	649.81
Issue Expenses	35.00	33.66
Deposit With Bombay Stock Exchange	-	17.34
<b>Total</b>	<b>1,733.59</b>	<b>1,644.98</b>
<b>Unutilised amount out of Right Issue</b>		<b>NIL</b>
<b>Right issue was undersubscribed by Rs.88.61 lacs.</b>		

	(in Rs.) 2008-09	(in Rs.) 2007-08
14) <b>Remuneration to Directors</b>		
Salary	7,200,000	5,550,000
Medical Allowances	11,477	13,720
House Rent./Allowances	1,200,000	1,175,000
15) <b>FOB Value Of Exports</b>		
Yarn	1,089,997,269	934,595,896
16) <b>C I F Value of Imports</b>		
Yarn	39,971,145	69,599,140
Plant & Machinery	3,046,604	99,268,413
17) <b>Expenditure In Foreign Currency</b>		
Travelling	537,050	366,318
Commission	12,917,169	3,472,349
18) <b>Earning Per Share :</b>	2008-09	2007-08
Basic	3.14	8.64
Diluted	3.14	8.64

19) As the market value of quoted investment fluctuates regularly the diminution in the value of investments has not been considered of the permanent nature and hence no provision of the same amounting to Rs.98,311/- (Previous Year - 97,239/-) has been made in the accounts.

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

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



**11) Related Party Disclosures**

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<b>Total</b>	<b>1,733.59</b>	<b>1,644.98</b>
<b>Unutilised amount out of Right Issue</b>		<b>NIL</b>
<b>Right issue was undersubscribed by Rs.88.61 lacs.</b>		

	(in Rs.) 2008-09	(in Rs.) 2007-08
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20) Balance in respect of Unsecured loans. Sundry Creditors, Sundry Debtors and Loans & Advances are subject to confirmation by respective parties.

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

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

**Balance Sheet Abstract and Company General Business Profiles :**

<b>I. Registration Details :</b>		
Registration No.		LI7110MH1987PLC045575
State Code		011
Balance Sheet Date		31/03/2009
<b>II. Capital Raised during the year</b>		(Amt.in Rs.Thousand)
Public Issue		Nil
Rights Issue (including Share Premium)		164,498
Bonus Issue		Nil
Private Placement (Promotor)		Nil
<b>III. Position of Mobilisation and Development of Funds :</b>		(Amt.in Rs.Thousand)
Total Liabilities		1,455,283
Total Assets		1,455,283
Sources of Funds :		
Paid up capital including Share application money		77,956.50
Reserves & Surplus		235,172.51
Secured Loans		849,670.54
Unsecured Loans		153,640.60
Deferred Tax Liabilities		43,194.13
Application of Funds :		
Net Fixed Assets		843,242.74
Capital Work in Progress		33,042.27
Investments		105.79
Net Current Assets		480,350.66
Miscellaneous Expenditure		2,892.82
<b>IV. Performance of Company</b>		(Amt.in Thousand)
Turnover (Gross Revenue)		2,029,643
Total Expenditure		1,982,165
Profit Before Tax		47,478
Profit After Tax		24,474
Earning per Shares (Rs.)		3.14
<b>V. Generic Terms of Three Principal Products/Services of Company</b>		
(As per monetary terms)		
Item Code No. : (ITC Code)		540,233
Product Description		Multiple folded fancy yarn, Cotton yarn and fabrics.

Signatories to Schedules A to P

As per our report of even date

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

Chartered Accountants

**(CA A. J. Baliya)**

Partner

Membership No. FCA 35989

PLACE : MUMBAI

DATED : 27th June 2009

**For and On behalf of the Board**

**(Arunkumar Biyani)**

Chairman

**(Ajay D. Biyani)**

Managing Director



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	2008-09	2007-08
Rs.	Rs.	Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax & Extra-ordinary Items	47,478,283	49,553,623
Adjustment for :		
Depreciation	72,864,990	39,693,113
Interest	92,464,126	54,542,230
Loss on Sale Of Fixed Assets	451,367	-
Profit on sale of Investments	-	(267,914)
Share Issue Expenses Written off	793,200	140,000
	166,573,683	94,107,429
Operating Profit Before Working Capital Changes	214,051,966	143,661,052
Adjustment for :		
Trade & Other Receivable	17,349,214	(184,744,707)
Inventories	(86,301,807)	(126,202,601)
Trade Payable	(19,791,805)	88,785,990
	(88,744,399)	(222,161,318)
Cash generated from Operations	125,307,567	(78,500,266)
Interest paid	(92,464,126)	(54,542,230)
Direct Tax paid(net)	(6,029,599)	(7,372,526)
Cash flow before Extra-Ordinary Items	26,813,842	(140,415,022)
Prior Years Tax Adjustments	1,053,355	-
<b>Net Cash from Operating Activities A</b>	<b>25,760,487</b>	<b>(140,415,022)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchases of Fixed Assets including Capital Work-in-Progress	(141,593,816)	(361,874,946)
Sale of Fixed Assets	628,000	-
(Purchase)/Sale of Investments	-	293,599
<b>Net Cash used in Investing Activities B</b>	<b>(140,965,816)</b>	<b>(361,581,347)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Borrowings & Fixed deposits	35,443,548	478,382,946
Dividend	(4,500,387)	(3,761,306)
Proceeds from Right Issue	46,999,500	-
Share Application Fund	(72,834,877)	33,506,477
Share Premium	117,498,750	-
Expenditure on increase of share capital/Right issue	(1,582,007)	(1,684,010)
Tax on Dividend	(789,171)	(631,337)
<b>Net Cash used in Financing Activities C</b>	<b>120,235,356</b>	<b>505,812,770</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>5,030,027</b>	<b>3,816,401</b>
<b>Opening Balance of Cash &amp; Cash Equivalents</b>	<b>14,273,976</b>	<b>10,457,575</b>
<b>Closing Balance of Cash &amp; Cash Equivalents</b>	<b>19,304,003</b>	<b>14,273,976</b>

( ) indicates 'minus'

## AUDITORS' CERTIFICATE

TO

The Board of Directors

M/s Damodar Threads Limited,

A-1/202, Centre Point, M.M. Joshi Marg,

Lower Parel (E), Mumbai - 400 013

We have examined the attached Cash Flow statement of Damodar Threads Limited for the year ended 31st March, 2009.

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

For A.J.BALIYA &amp; ASSOCIATES

Chartered Accountants

(CA A. J. Baliya)

Partner

Membership No. FCA 35989

PLACE : MUMBAI

DATED : 27 TH JUNE 2009

## DAMODAR THREADS LIMITED

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

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

### ATTENDANCE SLIP

I hereby record my presence at the 21<sup>st</sup> ANNUAL GENERAL MEETING of the Company to be held on Saturday the 12th September, 2009 at 11.30 a.m. at Maheshwari Bhawan, 603, Chira Bazar (J S Road), Mumbai – 400 002

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

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

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

## DAMODAR THREADS LIMITED

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

### PROXY FORM

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

I/We \_\_\_\_\_ of \_\_\_\_\_ being a

member / members of the above Company, hereby appoint Mr./Mrs \_\_\_\_\_

of \_\_\_\_\_ or failing him / her Mr./Mrs \_\_\_\_\_

my/our proxy to attend and vote for me/us and on my/our behalf at the 21<sup>st</sup> Annual General Meeting of the Company to be held on Saturday the 12th September, 2009 and any adjournment thereof.

AS WITNESS my/our hand at \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ 2009.

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

Affix  
Re. 1  
Revenue  
Stamp

#### Note:

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

**BOOK - POST**

*If undelivered, please return to:*

**DAMODAR THREADS LIMITED**

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