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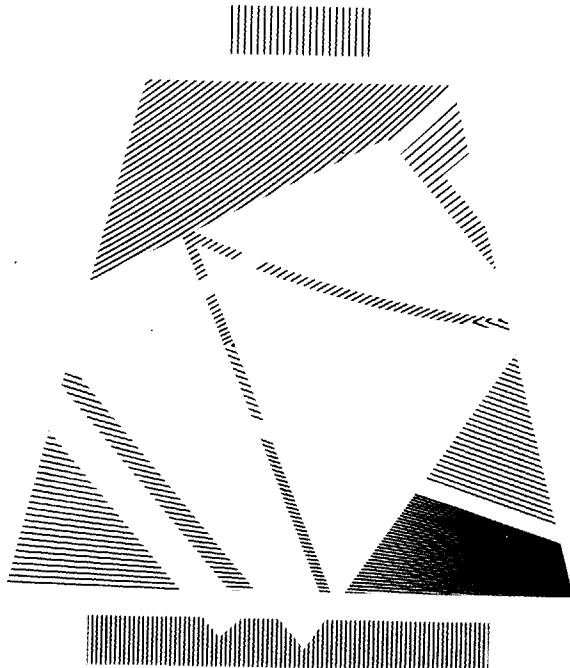
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*90<sup>th</sup> Annual Report*  
**2008-2009**

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# PBM POLYTEX LIMITED

90<sup>TH</sup> ANNUAL REPORT (2008-2009)



**BOARD OF DIRECTORS:** Shri Krishan Kumar Patodia Chairman  
Shri Hariprasad Siotia  
Shri Gopal Patodia Managing Director  
Shri Mohankumar Patodia Managing Director  
Shri Brijbhushanlal Kabra  
Shri Dharam Paul  
Shri Jugalkishore Todi

**REGISTERED OFFICE:** Opposite Railway Station,  
Petlad-388450 Dist. Anand, Gujarat

**MUMBAI OFFICE:** 12th Floor, Raheja Chambers,  
213, Nariman Point, Mumbai - 400 021

**CORPORATE OFFICE:** 8th Floor "Ramakrishna Chambers"  
Productivity Road, Alkapuri,  
Vadodara 390 007

**MILLS:**

- (1) Opposite Railway Station, Petlad 388450  
Dist. Anand, Gujarat.
- (2) Plot No. 16 to 19 Sector 'B'  
AKVN Industrial Area,  
Kheritaigaon, Bargaon, Dist. Chhindwara (MP)
- (3) Wind Power Generation Projects at
  - (i) Vill: Suthari, Revenue Survey No. 870/p,  
Abdasa Taluka, Dist. Kutch (Gujarat)
  - (ii) Vill: Okha Madhi, Survey No. 24 Part,  
Taluka Dwarka, District Jamnagar (Gujarat)
  - (iii) Vill: Methan Survey No. 284, Taluka  
Jamjodhpur, Dist. Jamnagar (Gujarat)
  - (iv) Vill: Methan Survey No. 284/3 paiki,  
Taluka Jamjodhpur, Dist. Jamnagar (Gujarat)

**BANKERS:** State Bank of India  
IDBI Limited

**AUDITORS:** M/s. Mahendra N. Shah & Co.  
Chartered Accountants, 3rd Floor,  
'E' Block, Capital Commercial Centre,  
Ashram Road, Ahmedabad 380009

**SHARE TRANSFER  
REGISTRAR :** Pinnacle Shares Registry Pvt.Ltd.  
Near Asoka Mills, Naroda Road,  
Ahmedabad 380 025

# PBM POLYTEX LIMITED

## NOTICE TO SHAREHOLDERS

NOTICE is, hereby, given that the 90th Annual General Meeting of the Members of the Company will be held at the Registered Office of the Company at Opposite Station, Petlad 388450 on Thursday the 24<sup>th</sup> day of September 2009 at 11.00 A.M. to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Directors' Report, Auditors' Report and Audited Balance Sheet as at 31st March 2009 and Profit and Loss Account for the year ended on that date.
2. To appoint a Director in place of Shri Jugalkishore Todi who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri Krishan Kumar Patodia who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Shri Gopal Patodia who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors for the year 2009-2010 and to fix their remuneration.

By Order of the Board,

Place : Petlad

GOPAL PATODIA

Dated : 1<sup>st</sup> August 2009

Managing Director

### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE VALID MUST BE RECEIVED BY THE COMPANY, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

2. The Register of the Members and Share Transfer Books of the Company will remain closed from 18<sup>th</sup> September 2009 to 25th September 2009 (both days inclusive).
3. Members are informed that the company's equity shares are compulsorily traded in demat form for all investors, effective from 1<sup>st</sup> April 2002. Members may open Depository Account in their names with a Depository Participant to dematerialize their holdings.
4. Pursuant to Section 205A(5) of the Companies Act 1956 as amended, dividend for the financial years ended 31st March of 1996 to 2001, which remained unpaid or unclaimed for the period of 7 (Seven) years, have been transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. Such dividend stands forfeited by the Government as per rules. Dividend for the year ended 31st March 2002, if remains unclaimed or unpaid upto 15th September 2009 will be transferred to IEPF. However, the unpaid dividend for the years prior to 1996 can be claimed by the shareholders by submitting application to the Registrar of Companies, Ahmedabad.
5. Members are requested to inform immediately any change in their address to the Company's Share Transfer Registrar.
6. Members can avail of the nomination facility by filing Form No.2B with the Company. Blank forms will be supplied on request.
7. Details of Directors retiring by rotation and seeking re-appointment are given in the "Corporate Governance".

By Order of the Board,

Place : Petlad

GOPAL PATODIA

Dated : 1<sup>st</sup> August 2009

Managing Director

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 90th Annual Report of the Company with the Audited Statements of Accounts for the year ended 31st March 2009.

### FINANCIAL RESULTS:

	(Rs.in lacs)	(Rs.in lacs)
	2008-2009	2007-2008
Gross Profit	<b>845.18</b>	859.53
Less: Depreciation	<b>879.33</b>	855.84
Profit (Loss) before Tax	<b>(34.15)</b>	3.69
Less/Add:		
Provision for Current Tax	<b>0</b>	6.39
Fringe Benefit Tax	<b>11.49</b>	11.00
	<b>11.49</b>	17.39
Loss after current taxes	<b>45.64</b>	13.70
Deferred Tax Liability / (Asset)	<b>(54.39)</b>	62.28
Profit (Loss) After Tax	<b>8.75</b>	(75.98)
Add(Less): Excess/(Short)		
Provision of earlier years	<b>(9.43)</b>	0.04
	<b>(0.68)</b>	(75.94)
Add: Surplus brought forward	<b>676.67</b>	752.61
Balance carried forward	<b>675.99</b>	676.67

### OPERATIONAL REVIEW

Indian Industries have suffered mainly on account of high and volatile crude oil prices, steep depreciation of Indian Rupee against Dollar and lastly but not the least, general slow down of major economies of the world. Your company was also severely affected due to these factors so also due to high raw material and energy cost and foreign currency exchange loss. To overcome these adversities management has taken rigorous steps by keeping constant watch and vigil over operating costs and has been able to withstand the adverse factors.

### WINDMILL DIVISION

The Company has installed two Windmills of 600 KW and 800 KW each in Kutchh and Jamnagar Districts, Gujarat in the financial year 2006-07 and other two Windmills of 800 KW each, in Jamnagar District, Gujarat in the financial year 2007-08. The total generation of power at these Windmills during the year was 5563789 Units and their working is satisfactory.

### MODERNIZATION AND EFFORTS TO BRING DOWN POWER COST

There was continuous steep rise in the prices of furnace oil used for Captive Power Plant at Petlad. With a view to offset high power cost resulting from continuous rise in furnace oil prices, the management after vigorous follow up and continuous efforts, could succeed in getting additional connection of 1700 KVA power from Madhya

Gujarat Vij Company Ltd. (MGVCL) making the total connection of 3200 KVA. It is hoped this will also help in avoiding production loss when the company's power plant is under maintenance / repairs. The company has also installed various machines of latest technology for maintaining the quality of company's product.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the Provisions of Section 217(2AA) of the Companies Act 1956, your Directors confirm that -

- (1) in preparing the Annual Accounts, all applicable Accounting Standards have been followed and there are no material departures;
- (2) the accounting policies adopted are consistently followed and the judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the Loss of the Company for the Financial Year under review;
- (3) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing / detecting fraud and other irregularities;
- (4) the Annual Accounts have been prepared on a going concern basis.

### INDUSTRIAL RELATIONS

Industrial Relations are cordial in both the units of the Company and your Directors appreciate cooperation extended by the employees.

### REGARDING COMPANY SECRETARY

We refer to the remark of the Auditors at Para 4 (ii) and Note No.10 of Part II of Schedule XX regarding non-availability of qualified Company Secretary. The Note is self-explanatory. However, the company has retained a practicing company secretary and a certificate has been obtained from him for compliance of all the rules and regulations. The management is also making all efforts to avert non-compliance of the provisions of law in this regard.

### DISCLOSURE OF PARTICULARS

In terms of Sub-Section (2A) of Section 217 of the Companies Act 1956 the required particulars are given in Annexure 'A' forming part of this report.

Particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo are given in Annexure 'B' forming part of this report.

Compliance Certificate of the Practising Company Secretary as required under section 383(A) is attached herewith vide Annexure 'C'.

# PBM POLYTEX LIMITED

## REPORT ON CORPORATE GOVERNANCE AND MANAGERIAL DISCUSSIONS AND ANALYSIS

A Report on Corporate Governance and Management Discussion and Analysis as required under Clause 49 of the Listing Agreement is attached and forms part of this Report.

### INSURANCE

All the properties of the Company including plant and machinery, stocks etc. have been adequately insured. The Company has also taken adequate insurance cover for Loss of Profit and Standing Charges.

### DIRECTORS

Shri Jugalkisore Todi, Shri Krishan Kumar Patodia and Shri Gopal Patodia retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

### AUDITORS

M/s. Mahendra N.Shah & Co., Chartered Accountants, the retiring Auditors have given the certificate pursuant to Section 224(1B) of the Company's Act and as such are eligible for re-appointment. The Board of Directors requests you to re-appoint them for the year 2009-2010 and fix their remuneration.

### ACKNOWLEDGEMENTS

All the employees of the company, the bankers and financial institutions extended their full cooperation, support and valuable assistance to the company. Your Directors place on record their thanks for the same.

On Behalf of the Board of Directors.

Place : Vadodara KRISHAN KUMAR PATODIA  
Dated : 30<sup>th</sup> July 2009 Chairman

## ANNEXURE 'A' TO THE DIRECTORS' REPORT

### PARTICULARS OF EMPLOYEES:

Information required under Section 217(2A) of the Companies Act 1956 for the employees of the Company is as under:

#### A. Employees who worked throughout the Year and whose remuneration is not less than Rs.24,00,000/- per annum:

Sr. No.	Name	Designation / Nature of Duties	Age [Years]	Remunera- tion (Rs.)	Qualification	Expe- rience [Years]	Date of Joining	Last Employ- ment/ Designation
1.	Shri Gopal Patodia	Managing Director	62	33,69,302	B.Sc. B.Tech [Chemical]	38	01.04.79	---
2.	Shri Mohan Kumar Patodia	Managing Director	60	29,25,410	B.Com	37	01.08.07	Managing Director Eurospin Industries Limited

#### B. Employees who worked for a part of the year and whose remuneration during the period is not less than Rs.2,00,000/- P.M.

NIL

### Notes :

- Remuneration as above includes salary, incentive, contribution to Provident Fund and other funds and other perquisites as approved by Shareholders of the Company.
- Shri Gopal Patodia and Shri Mohan Kumar Patodia are related to each other. They are also related to the other Director Shri Krishan Kumar Patodia.
- The conditions of employment of the Managing Directors are contractual.

On Behalf of the Board of Directors.

Place : Vadodara  
Dated : 30<sup>th</sup> July 2009

KRISHAN KUMAR PATODIA  
Chairman



## ANNEXURE 'B' TO THE DIRECTORS' REPORT

ADDITIONAL INFORMATION AS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

### (A) CONSERVATION OF ENERGY :

(a) **Energy conservation measures taken:**

All possible steps have been taken to minimize energy cost and conserve the energy.

(b) **Additional investments and proposals, if any, being implemented for reduction of consumption of energy.**

Energy saving devices are being installed wherever required for reduction in consumption of energy.

(c) **Impact of measures at (a) and (b) for reduction of energy consumption and consequent impact on the cost of production of goods:**

The measures undertaken have reduced the electricity consumption to satisfactory level.

(d) **Total energy consumption and consumption per unit of production:**

Details are provided in Form A annexed hereto.

### (B) TECHNOLOGY ABSORPTION:

(e) **Efforts made in technology absorption:**

Details are provided in Form B annexed hereto.

### (C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

(f) 1) **Activity relating to Exports:**

Cotton Yarn Export.

2) **Initiative taken to increase exports:**

Continuous efforts are being made to maintain the quality of yarn with a view to creating demand of company's product in export market.

3) **Developments of new export markets for products and services:**

Efforts are continuously being made to increase export sales by remaining in continuous touch with the foreign buyers.

4) **Export Plan:**

The company expects to increase exports.

(g) **Total Foreign Exchange used and earned:**

	<b>2008-2009</b>	2007-2008
Foreign Exchange used	<b>262.15</b>	310.96
Foreign Exchange earned :	<b>6722.07</b>	4846.92

(Rs. in lacs)

On Behalf of the Board of Directors,

Place : Vadodara  
Dated : 30<sup>th</sup> July 2009

KRISHAN KUMAR PATODIA  
Chairman

# PBM POLYTEX LIMITED

## REPORT ON CONSERVATION OF ENERGY ETC.

### FORM A

Form for Disclosure of Particulars with respect to Conservation of Energy

2008-2009 2007-2008

<b>(A) POWER AND FUEL CONSUMPTION</b>			
<b>(1) ELECTRICITY :</b>			
(a)	Purchased Units	1,87,76,970	1,45,46,466
	Total Amount (Rs)	8,73,62,022	5,72,71,022
	Rate/Unit (Rs)	4.65	3.94
(b)	Own Generation		
i. Through D. G. Sets/			
	C.P.P. - Units	2,00,61,064	2,59,53,489
	Units per litre of		
	Diesel Oil	1.33	1.69
	Furnace Oil	4.11	4.14
	Fuel Cost per Unit (Rs)		
	Diesel Oil	11.65	11.12
	Furnace Oil	5.57	4.94
ii. Through Steam Turbine/Generator			
	Units	-	-
	Units per Litre of		
	Fuel Oil/Gas		
	Cost/Unit	-	-
<b>(2) COAL/F.W. :</b>			
	Quantity (Tonnes)	365.67	-
	Total Cost (Rs)	18,71,301	-
	Average Rate	-	-
	Rs.per Tonne	5,117	-
<b>(3) L.D.O.(BOILER)</b>			
	Quantity (Litre)	-	2209
	Total Amount (Rs)	-	66,821
	Average Rate	-	30.25
<b>(4) OTHER/INTERNAL GENERATION</b>			
	Quantity	-	-
	Total Cost	-	-
	Rate/Unit	-	-
<b>(B) CONSUMPTION PER UNIT OF PRODUCTION</b>			
1.	Electricity (Unit per kg)	3.75	3.82
2.	Furnace Oil/HSD (Lit/per Kg. of Yarn)	0.48	0.60
3.	Coal/Lignite (Kg./per Kg. of Yarn)	-	-
4.	Others	-	-

On Behalf of the Board of Directors,

Place : Vadodara KRISHAN KUMAR PATODIA  
Dated : 30<sup>th</sup> July 2009 Chairman

### FORM B

Form for Disclosure of Particulars with respect to Technology Absorption

## RESEARCH & DEVELOPMENT (R & D)

- (1) **Specific areas in which R & D carried out by the Company:**  
Continuous steps are being taken to find out cost cutting methods and measures for maintaining quality of the product.
- (2) **Benefits derived as a result of the above R & D:**  
The company's yarn is well accepted in indigenous, as well as, export market.
- (3) **Future Plan of action:**  
The Company is recognized ISO 9001:2000 unit and makes all efforts to maintain quality parameters of its product.
- (4) **Expenditure on R & D:**  
Expenditure on in-house R & D has been shown under respective heads of expenditure in the Profit and Loss Account and no separate account is maintained.

## TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

- (1) **Efforts, in brief, made towards technology absorption and innovation:**  
Quality Assurance Department is equipped with instruments of latest technology for conducting various tests of raw material and finished product.
- (2) **Benefits derived as a result of the above efforts:**  
There is good demand for company's product in the market.
- (3) **Details about import of Technology during the last 5 years:**  
Not applicable.

On Behalf of the Board of Directors,

Place : Vadodara KRISHAN KUMAR PATODIA  
Dated : 30<sup>th</sup> July 2009 Chairman



## ANNEXURE 'C' TO THE DIRECTORS' REPORT

### SECRETARIAL COMPLIANCE CERTIFICATE TO

The Members,  
PBM POLYTEX LIMITED

I have examined the registers, records, books of accounts and documents of PBM I have examined the registers, records, books of accounts and documents of PBM Polytex Limited (the Company) as required to be maintained under the Companies Act, 1956 (the Act), and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended 31st March 2009. In my opinion and to the best of my information, knowledge and belief and according to the examinations carried out by me and explanations furnished to me by The Company and its officers, I certify that in respect of the aforesaid financial year -

1. The Company has kept and maintained all registers as stated in Annexure "A" to this certificate as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure "B" to this certificate with the Ministry of Corporate Affairs by uploading the required e-forms on MCA Website.
3. The Company being a Public Limited Company, comments on the maximum number of members during the year under review are not required.
4. The Board of Directors duly met FIVE times on (1) 22nd April 2008, (2) 30th July 2008 (3) 20th September 2008, (4) 25th October 2008 and (5) 28th January 2009. Proper notices were given in respect of such meetings and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company had closed its Register of Members from 13.09.2008 to 20.09.2008 (both days inclusive) and had given notices in this regard to Stock Exchanges in stipulated time.
6. The Annual General Meeting for the financial year ended on 31.03.2008 was held on 20.09.2008 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the year under review.
8. The Company has not advanced any loan to its directors or persons or firms or companies referred in the section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of section 297 of the Act.
10. The Company has made the entries in the register as required to be maintained under section 301 of the Act, in respect of the contracts falling within purview of section 299 of the Act.
11. The Company has obtained approval of Board of Directors under section 314B for appointment of two Directors' relatives and has obtained approval of members as well as of the Ministry of Corporate Affairs thereto.
12. The Company has issued duplicate share certificates during the year under review as required by the members after following required procedure.
13. During the year under review
  - (i) The Company has delivered all the certificates on lodgment thereof for transfer to the Registrar and Share Transfer Agents in accordance with the provisions of the Act. There was no allotment of securities.
  - (ii) No dividend was declared for the year 2007-08 and as such no amount was required to be deposited in a separate bank account for the said purpose.
  - (iii) The Company has transferred the amount of unpaid dividend on 16.10.2008 for the year 2000-01, which remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund.
  - (iv) The Company has complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted.
15. The re-appointment of Managing Directors has been made in compliance of Section 269 read with Schedule XIII and consent of company by way of Special Resolutions was obtained at AGM held on 20/09/08.
16. The Directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
17. The Company has not issued any Shares, Debentures or other Securities during the year under review. 980 partly paid equity shares, which were earlier forfeited remain to be re-issued.
18. The Company has not bought back any shares during the year under review.
19. There was no redemption of preference shares or debentures during the year under review.
20. There was no transaction necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of share in compliance with the provisions of the Act.
21. The Company has complied with the provisions of section 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975. The Company has also filed return of deposit with the Registrar of Companies, Gujarat.
22. The amount borrowed by the Company from financial institutions, banks and others during the financial year ending 31st March 2009 is within the borrowing limits of the Company and that necessary resolutions as per section 293(1)(d) of the Act have been passed in duly convened Annual General Meeting.
23. The Company has not made any investment, loans or advances or given guarantee or provided securities to other bodies corporate during the year under review and consequently no entries have been made in the register kept for the purpose.
24. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year under review.
25. The Company has not altered the provisions of the Memorandum of Association with respect to the objects of the Company during the year under review.
26. The Company has not altered the provisions of the Memorandum of Association with respect to name of the Company during the year under review.



# PBM POLYTEX LIMITED

27. The Company has not altered the provisions of the Memorandum of Association with respect to share capital of the Company during the year under review.
28. The Company has not altered the provisions of the Articles of Association during the year under review.
29. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the year under review, for offences under the Act.
30. The Company has received security deposit from its employees during the year under review and complied with the provisions of law.
31. The Company has not constituted any separate provident fund of employees or any class of employees as envisaged under section 418 of the said Act.

Place : Ahmedabad  
 Dated : 09/06/2009

( C. R. DAMANI)  
 Practising Company Secretary  
 C.P. NO. 445

## ANNEXURE 'A'

Name of the Company PBM POLYTEX LIMITED Registration No. L17110GJ1919PLC000495  
 Authorised Share Capital Rs.10,00,00,000

### Registers as maintained by the Company:

Sr. No.	Name of Registers	Relevant Section under the Companies Act, 1956
1.	Copies of Annual Return	159
2.	Register of Charge	143
3.	Register of Members	150
4.	Register of Share Transfer	108
5.	Register of Contracts	301
6.	Register of Directors, Managing Directors, Manager, Secretary	303
7.	Register of Directors' Share Holding	307
8.	Minutes of General Meetings and Meetings of Board of Directors	193
9.	Attendance Registers of all the meetings of Board and General Meeting of the Company	--
10.	Register of Investments / Loans / Guarantee	372A

## ANNEXURE 'B'

Name of the Company PBM POLYTEX LIMITED Registration No. L17110 GJ 1919 PLC 000495  
 Authorised Share Capital Rs.10,00,00,000

### Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ended on 31-03-2009.

SR. NO.	FORM NO./ RETURN	FILED UNDER SECTION	DESCRIPTION	DATE OF FILING	WHETHER FILED WITHIN PRESCRIBED TIME YES/NO	IF DELAY IN FILING WHETHER REQUISITE ADDITIONAL FEE PAID YES/NO.
1.	Form 17	138, 600	Satisfaction of charge IDBI (Rs.420 lacs)	23.04.2008	Yes	N.A.
2.	Form 23C	233B(2)	Appointment of Cost Auditor	12.05.2008	Yes	N.A.
3.	Form 17	138, 600	Satisfaction of charge Exim Bank (Rs.200 lacs)	28.05.2008	Yes	N.A.
4.	Form 62	58A	Return of Deposit as of 31.03.2008	26.06.2008	Yes	N.A.
5.	Form 8	125,127, 132	Registration/Modification of Charges favouring IDBI (Rs.500 lacs)	12.09.2008	Yes	N.A.
6.	Form 66	383A	Compliance Certificate	24.09.2008	Yes	N.A.
7.	Form I	233B(4), 600(3)(b)	Cost Audit Reports & Other Documents	24.09.2008	Yes	N.A.

8.	Form 23AC/ 23ACA	220	Annual Report & Profit & Loss A/c. for the financial year ended 31.03.2008	25.09.2008	Yes	N.A.
9.	Form 23	192	Resolution re-appointing Shri Gopal Patodia and Shri Mohan Kumar Patodia as Managing Directors.	10.10.2008	Yes	N.A.
10.	Form 23	192	Agreement for reappointment between the company and Shri Gopal Patodia and Shri Mohan Kumar Patodia as Managing Directors..	10.10.2008	Yes	N.A.
11.	Form 1	Rule 3	Statement of amounts credited to Investor Education and Protection Fund	21.10.2008	Yes	N.A.
12.	Form 20B	159	Annual Return made upto 20.09.2008	17.11.2008	Yes	N.A.
13.	Form 17	138, 600	Satisfaction of charge IDBI (Rs.1000 lacs)	29.01.2009	Yes	N.A.

( C. R. DAMANI)

Place : Ahmedabad

Practising Company Secretary

Dated : 09/06/2009

C.P. NO. 445

## CORPORATE GOVERNANCE

### ANNEXURE TO THE DIRECTORS' REPORT ON CORPORATE GOVERNANCE

#### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The company's philosophy of corporate governance aims at excellence in every sphere of operations consistent with the highest ethical standards

#### 2. BOARD OF DIRECTORS

Composition of the Board:

It is well recognised that there should be optimum combination of executive and non- executive Directors. The Chairman of the company being non-executive there should be three Independent Directors, which the company has on the Board.

Five Board meetings were held during the year on the dates given below:

22.04.2008, 30.07.2008, 20.09.2008, 25.10.2008 & 28.01.2009

**Attendance of each Director at the Board Meetings, last Annual General Meeting & Number of Other Directorship and Chairmanship / Membership of Committee of each Director in various Companies.**

Name of the Director	Category	Attendance Particulars		No. of other Directorships and Committee Membership / Chairmanship	
		Board Meeting	Last AGM	Other Directorship including Private Limited Companies	Other Committee Membership/ Chairmanship
Shri K.K. Patodia	Non-Executive	4	No	10	1
Shri Hariprasad Siotia	Non-Executive	4	No	6	3
Shri Gopal Patodia	Executive	5	Yes	7	-
Shri Brijbhushanlal Kabra	Non-Executive	5	Yes	-	-
Shri Mohankumar Patodia	Executive	-	No	5	-
Shri Dharam Paul	Non-Executive	3	No	1	2
Shri Jugalkishore Todi	Non-Executive	5	No	-	-

# PBM POLYTEX LIMITED

3 Details of Directors retiring by rotation and seeking re-appointment (In pursuance of Clause 49 of the Listing Agreement)																			
Name of Director	Shri Jugalkishore Todi	Shri Krishan Kumar Patodia	Shri Gopal Patodia																
Date of Birth	23 <sup>rd</sup> August 1939	26 <sup>th</sup> May 1945	12 <sup>th</sup> December 1946																
Date of Appointment	31 <sup>st</sup> August 2006	12 <sup>th</sup> June 1979	12 <sup>th</sup> September 1978																
Qualifications	B.Com	B.Sc.Text (Hons)	B.Sc. B.Tech (Chemical)																
Expertise in specific functional area	About 47 years experience in trading & commercial activities and having knowledge of accounting policies and procedures.	44 years experience in managing textile industry and gold medalist in textile engineering. Also Managing Director of M/s. Eurotex Industries & Exports Ltd.	38 years experience in managing textile industry and marketing. Managing Director of the company and also qualified Chemical Engineer.																
Directorship of other Companies	N I L	Eurotex Industries & Exports Ltd/Patodia Syntex Ltd. Shree Janardana Mills Ltd. Maharashtra Fibre & Syntex Ltd Eurospin Industries Ltd. Sambhu Investments Pvt. Ltd. Rajiv Agencies Pvt.Ltd. Thrust Investments & Managements Pvt.Ltd. Mercury Gems Pvt.Ltd. Patodia Company Pvt.Limited	Trikon Investments Pvt Ltd Patodia Syntex Ltd. Patodia Company Pvt.Ltd. Shashank Investments Pvt Ltd Eurotex Industries & Exports Ltd Veepee Intrades Pvt. Ltd. Sambhu Investments Pvt.Ltd.																
Chairman/Member of Committees* of the Board of Companies of which he is a Director.	Member- Remuneration Committee of PBM Poytex Ltd	Member - Shareholders/ Investors Grievance Committee of Eurotex Industries & Exports Ltd.	N I L																
4. <b>AUDIT COMMITTEE</b>		<b>During the year the Audit Committee has met four times. Attendance of each member at the committee Meetings were as follows:</b>																	
(i) <b>Terms of Reference</b>		<table border="1"> <thead> <tr> <th>Sl. No</th> <th>Name of the Member</th> <th>Status</th> <th>No. of meetings attended</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Shri Brijbhushan Lal Kabra</td> <td>Chairman &amp; Independent Director</td> <td>4</td> </tr> <tr> <td>2.</td> <td>Shri Dharam Paul</td> <td>Independent Director</td> <td>4</td> </tr> <tr> <td>3.</td> <td>Shri Jugalkishore Todi</td> <td>Independent Director</td> <td>4</td> </tr> </tbody> </table>		Sl. No	Name of the Member	Status	No. of meetings attended	1.	Shri Brijbhushan Lal Kabra	Chairman & Independent Director	4	2.	Shri Dharam Paul	Independent Director	4	3.	Shri Jugalkishore Todi	Independent Director	4
Sl. No	Name of the Member	Status	No. of meetings attended																
1.	Shri Brijbhushan Lal Kabra	Chairman & Independent Director	4																
2.	Shri Dharam Paul	Independent Director	4																
3.	Shri Jugalkishore Todi	Independent Director	4																
<p>The Audit Committee is to oversee the Company's financial reporting process and disclosure of its financial information, to recommend the appointment of Statutory Auditors and fixation of their fees, to review and discuss with the Auditors about internal control systems, the scope of Audit including the observations of the Auditors, adequacy of the internal audit system, major accounting policies, practices and entries, compliances with accounting standards and Listing Agreement entered into with the Stock Exchange and other legal requirements concerning financial statements and related party transactions, if any, to review the Company's financial and risk management policies and discuss with the Internal Auditors any significant findings for follow-up thereon, to review the Quarterly and Annual Financial Statements before they are submitted to the Board of Directors.</p>		<p><b>5. INVESTORS' GRIEVANCE COMMITTEE/ SHARE TRANSFER COMMITTEE</b></p> <p>The Company has a Share Transfer Committee comprising of Shri Krishan Kumar Patodia, Shri Gopal Patodia and Shri Hariprasad Siotia. Shri S.M.Sharma, Vice President (Sec.) acts as the Secretary of the Committee and Compliance Officer. This committee normally meets twice in a month to approve transfer of shares.</p> <p>The Company has got necessary agreements executed with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as required for dematerialisation of its securities. This Committee also looks into the grievances lodged by the shareholders.</p>																	
(ii) <b>Composition</b>																			
<p>Audit Committee consists of three Non-Executive Directors viz. Shri Brijbhushan Lal Kabra, Shri Dharam Paul and Shri Jugalkishore Todi. The constitution of Audit Committee meets with the requirements prescribed under Section 292A of the Companies Act 1956.</p>																			

No complaints of serious nature have been received from shareholders. Action with regard to the complaints received has been taken.

6. **REMUNERATION COMMITTEE AND REMUNERATION OF MANAGERIAL PERSONNEL AND SENIOR EXECUTIVES:**

Remuneration of employees largely consists of basic remuneration and perquisites. The components of total remuneration vary for different cadres and are governed by industry pattern, qualifications and experience of the employee, responsibilities handled, individual performance etc. The objectives of the remuneration policy are to motivate employees to excel in their performance, recognize their contribution, retain talent in the organisation and reward merit.

The Remuneration Committee was formed on 29th April 2002 which now consists of three Non-Executive / Independent Directors, viz. Shri Brijbhushanlal Kabra, Chairman, Shri Dharam Paul and Shri Jugalkishore Todi. The appointment and remuneration of all the Managerial Personnel and top executives is fixed on the recommendation of the Committee.

*Disclosures as required under Part IV(2) of Section II(B) of Schedule XIII of the Companies Act.*

- (1) All elements of remuneration package such as salary, benefits, bonus, stock options, pension etc. as paid to the Managing Directors during the year 2008-09 are given hereunder:

	Shri Gopal Patodia (Rs.)	Shri Mohankumar Patodia (Rs.)
Salary	19,80,000	13,20,000
Retirement Benefits	5,70,360	3,83,360
Perks	8,18,942	12,22,050
Total	33,69,302	29,25,410

- (2) Details of fixed component and performance linked incentive along with the performance criteria. Both the Managing Directors are paid by way of fixed component, a minimum remuneration as per Schedule XIII. of the Companies Act.
- (3) Service contracts, notice period, severance fees; Contracts of service have been executed between the Company and the Managing Directors as under: Shri Gopal Patodia from 01/04/2009 to 31/03/2012 and Shri Mohan Kumar Patodia from 01/04/2009 to 31/03/2012
- (4) Stock option detail, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable: Not Applicable

7. **DISCLOSURES :**

- a. **Disclosure on materially significant related party transactions that may have potential conflict with the interests of the company at large.**

There are no materially significant related party transactions made by the company with its Promoters, Directors or Management, their subsidiaries or relatives, etc., that may have potential conflict with the interests of the company at large.

b. **Disclosure of Accounting Treatment**

In the preparation of the financial statements, the company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India. The significant accounting policies, which are constantly applied, are set out in the Annexure to Notes on Accounts.

c. **Risk Management**

Business risk evaluation and management is an ongoing process within the company. During the year under review a detailed exercise of, 'Risk Assessment and Management' was carried out covering the entire gamut of business operations and the Board was informed of the same.

d. **Details of compliance by the company, penalties, strictures imposed on the company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.**

The company has complied with all requirements of the Listing Agreements entered into with the Stock Exchanges as well as the regulations and guidelines of SEBI. Consequently there were no strictures or penalties imposed by either SEBI or Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets during the last three years.

e. **Non-mandatory requirements**

Adoption of non-mandatory requirements of Clause 49 of the Listing Agreement are being reviewed by the Board from time to time.

8. **GENERAL BODY MEETINGS:**

Details of the location of the last three AGMs and the details of the resolutions passed or to be passed by Postal Ballot are as under:

Details of the last three AGMs are given below:

Years	2005-2006	2006-2007	2007-2008
Consecutive No. of AGM Held at	87th	88th	89th
Date	23.09.2006	25.09.2007	20.09.2008
Time	11 AM	11 AM	11 AM

Whether special resolutions were put through postal ballot last year NOT REQUIRED  
Are polls proposed to be conducted through postal ballot this year NOT REQUIRED

# PBM POLYTEX LIMITED

## 9. SHAREHOLDERS INFORMATION:

- 90<sup>th</sup> Annual General Meeting  
Date : 24<sup>th</sup> September 2009  
Time : 11 A.M.  
Venue : Registered Office of the Company  
Opp. Station, Petlad  
Dist. Anand, Gujarat
- Date of Book Closure:** 18<sup>th</sup> September 2009 to 25<sup>th</sup> September 2009 (both days inclusive)
- Listing of Shares** (Stock Code of the Company):  
With Mumbai Stock Exchange (Code No. 514087) and  
Ahmedabad Stock Exchange (Code No. 44610).
- Stock Market Data** (Mumbai Stock Exchange) (2008-09):

Month	Month's Highest Price Rs.	Month's Lowest Price Rs.
April	24.00	17.70
May	23.15	19.15
June	21.50	16.05
July	18.50	14.75
August	17.55	15.15
September	18.15	12.00
October	12.00	9.51
November	12.75	10.45
December	13.00	10.50
January	13.40	11.30
February	11.10	8.59
March	9.25	6.50

- Share Transfer System:**  
Presently the share transfers which are received in physical form are processed and share certificates are returned within ten to fifteen days from the date of receipt after doing the needful, subject to the documents being valid and complete in all respect.
- Dematerialisation of shares:**  
About 20.58% of company's paid up equity share capital has been dematerialized upto 30<sup>th</sup> June 2009. The shareholders wishing to demat the shares may approach Depository Participants.
- Distribution of shareholding as at 31.03.2009**

No. of Equity Shares held	No. of Share holders	No. of Shares Held %	Share Holding
0 - 1000	4998	947583	11.65
1001 - 5000	204	408738	5.03
5001 - 10000	28	200480	2.47
10001 and above	58	6573199	80.85

## 8. Outstanding GDRs/Warrants: Not Applicable

## 9. Plant Location :

- Manufacturing Plants of the Company are situated at
- Opp. Station, Petlad 388 450 Dist. Anand, Gujarat
  - Plot No.16 to 19, Sector B, AKVN Industrial Area, Borgaon, Kheritaigaon, Dist. Chhindwara (M.P)
  - Windmill of 600 KW at Vill: Suthri, Revenue Survey No. 870/p, Mouje Suthari of Abdasa Taluka, Dist. Kutch
  - Windmill of 800 KW at Vill: Okha Madhi, Taluka Dwarka, District Jamnagar.
  - Windmill of 800 KW at Vill: Methan Survey No. 284, Taluka Jamjodhpur, Dist. Jamnagar (Gujarat)
  - Windmill of 800 KW at Vill: Methan Survey No. 284/3/ paikr, Taluka Jamjodhpur, Dist. Jamnagar (Gujarat)

## 10. Address for correspondence:

In house Share Department at  
PBM Polytex Limited Opp. Station, Petlad 388 450 Dist.  
Anand, Gujarat

## 11. Registrars & Share Transfer Agents:

(For share transfers, demat and communications regarding share certificates, dividends and change of address)  
M/s. Pinnacle Shares Registry Pvt. Ltd.  
Near Asoka Mills, Naroda Road, Ahmedabad 380025  
Telephone : 22204226  
E-Mail: investor.service@psrpl.com  
Registered Office of the Company:  
PBM Polytex Limited Opp. Station, Petlad 388 450,  
Dist. Anand, Gujarat  
Telephone : (02697) 224001, 224003  
Fax No. (02697) 224009.  
E-Mail pbmills@patodiagroup.com

## DECLARATION:

In terms of the requirements of the amended Clause 49 of the Listing Agreement, it is to confirm that all the members of the Board and senior management personnel have confirmed compliance to the code of conduct during the year ended 31<sup>st</sup> March 2009.

For PBM POLYTEX LIMITED,

Place : Vadodara  
Dated : 30<sup>th</sup> July 2009  
Managing Director  
Chairman

## CEO/CFO CERTIFICATE

The Board of Directors  
PBM Polytex Limited

We certify that :

- We have reviewed the financial statements, read with the cash flow statement of PBM Polytex Limited (the Company) for the year ended 31<sup>st</sup> March, 2009 and to the best of our knowledge and belief :
  - these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - these statements and other financial information included in this report present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations;
- There are, to the best of our knowledge and belief, no transactions entered into by Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct;
- We are responsible for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting;
- We have disclosed to the Company's Auditors, the Audit Committee, and the Board of Directors all significant deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps taken or proposed to be taken to rectify the deficiencies.
- We have indicated to the Auditors and the Audit Committee:
  - significant changes if any in the Company's internal control over financial reporting during the year.
  - significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements.
  - that to the best of our knowledge, no fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control system over financial reporting existed during the period under review.

For PBM POLYTEX LIMITED,

Place : Vadodara  
Dated : 30<sup>th</sup> July 2009  
Senior President (CEO)  
Managing Director



## AUDITORS' CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To The Members of

PBM Polytex Limited,

1. We have examined the compliance of conditions of Corporate Governance by PBM Polytex Limited ("the Company") for the year ended March 31, 2009 as stipulated in clause 49 of the Listing Agreement of the said company with concerned stock exchanges in India.
2. *The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.*
3. We state that no investor grievances are pending for a period exceeding one month against the Company as per the Certificate / Confirmation given by the Registrar and Share Transfer Agent of the company as per relevant records maintained by the company.
4. In our opinion and to the best of our information and according to the explanations given to us, we certify that the the company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement(s) with the Stock Exchanges.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the company.

For MAHENDRA N. SHAH & CO.  
Chartered Accountants

Place : Ahmedabad  
Dated: 1<sup>st</sup> August 2009

(CHIRAG M. SHAH)  
Partner  
Membership No. 45706

# PBM POLYTEX LIMITED

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

	2008-2009	(Rs. in Lacs) 2007-2008
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax and Extraordinary Items	- 43.58	3.72
Adjustments for :		
Depreciation (Net)	879.33	855.84
Interest	255.95	299.87
Preliminary expenses written off / Others	20.67	(82.71)
Loss/(Profit) on Sale of Fixed Assets	3.66	44.68
Dividend Income	0	(8.84)
Operating Profit before Working Capital Changes	1116.03	1112.56
Adjustments for :		
Trade and Other Receivables	(284.74)	(93.49)
Inventories	358.00	639.48
Trade Payables	(123.00)	(210.56)
Cash generated from operations	1066.29	1447.99
Interest Paid	(255.95)	(299.87)
Direct Taxes Paid	(11.50)	(17.39)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>798.84</b>	<b>1130.73</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	(453.58)	(1671.14)
Sale of Fixed Assets	80.49	180.59
Dividend Income	-	8.84
Sale of Investment	-	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(373.09)</b>	<b>(1481.71)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from long term borrowings (Net)	(438.21)	462.26
Dividend paid	-	(94.74)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(438.21)</b>	<b>367.52</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)</b>	<b>(12.46)</b>	<b>16.54</b>
Opening Balance of Cash and Cash Equivalents	131.27	114.73
Closing Balance of Cash and Cash Equivalents	118.81	131.27

	K. K. Patodia	Chairman
	Gopal Patodia	Managing Director
	Mohan Kumar Patodia	Managing Director
	H. P. Siotia	Director
PLACE : Vadodara	Brijbhushanlal Kabra	Director
DATED : 30 <sup>th</sup> July 2009	Jugalkishore Todi	Director

### AUDITORS' CERTIFICATE

We have examined the attached Cash Flow Statement of PBM POLYTEX LIMITED for the year ended 31st March 2009. The statement has been prepared by the Company in accordance with the requirements of listing agreement Clause 32 with various stock exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of even date to the members of the Company.

For MAHENDRA N. SHAH & CO.  
Chartered Accountants

(CHIRAG M. SHAH)  
Partner

Place : Ahmedabad  
Dated : 1<sup>st</sup> August 2009

Membership No. 45706



**MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT**

**INDUSTRIAL STRUCTURE AND DEVELOPMENT**

The company is a textile unit spinning cotton yarn at both its units set up at Petlad and Borgaon. Substantial part of its product is exported and the processed, mercerized and bleached yarn are sold in indigenous market.

The old machines are being replaced by new ones of latest technology continuously with a view to maintain quality of the product.

**OPPORTUNITIES, THREATS, RISKS AND CONCERNS**

In the recent budget for the financial year 2009-10 the TUF Scheme allocation towards subsidy has been increased and is likely to clear the entire backlog. The problems are likely to get reduced with further stimulus packages and reduction of RBI rates. Higher non-employment and recession in market may affect consumption pattern which may lead to lower exports. On account of mismatch of supply and demand there may be lower realization from sale of yarn. The furnace oil prices which had been reduced are again

showing upward trend. Impact of global recession has been there on our company also. The export incentives extended are not sufficient to meet with the crisis of the industry.

**OUTLOOK**

The Management has been able to find out market for its product i.e. cotton yarn with its continuous efforts.

The working of the windmills is satisfactory.

**INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

The Company has proper and adequate internal control system. It is supplemented by programme of internal audits and periodical review by the management.

**FINANCIAL AND OPERATIVE PERFORMANCE**

The financial and operative performance has been elaborated in Directors' Report.

**DEVELOPMENT IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT**

There exist cordial industrial relations at both the operating units of the company.

**AUDITORS' REPORT**

To,

The Members,

PBM POLYTEX LIMITED

1. We have audited the attached balance sheet of PBM POLYTEX LIMITED as at 31st March 2009 and also the profit and loss account and the cash flow statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those standards require that we plan & 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.
3. As required by the Company's (Auditors' Report) Order, 2003 ("the Order") as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of Sub-Section (4A) of section 227 of the Act, 1956, (referred to as "the Act") and on the basis of such checks as we considered and according to the information and explanations given to us, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to 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) Subject to Note No. 10 in Part II of Schedule XX regarding non-availability of qualified Company Secretary resulting into non-compliance of Sections 215, 383(A) and other provisions of the Companies Act 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 & Loss account and Cash Flow statement dealt with by this report are in agreement with the books of account.
- (iv) In our opinion, the Balance Sheet, Profit & Loss account and Cash Flow statement dealt with by this report complies with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act.
- (v) Based on the representations made by all the directors of the Company and according to the information and explanations as made available and taken on record by Board of Directors. We report that none of the Directors is disqualified as on 31st March, 2009 from being appointed as a Director in terms of clause (g) of section 274 (1) of the Act.
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Significant Accounting Policies and other notes thereon give the information required by the Act, in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India:
  - (a.) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009,
  - (b.) in the case of the Profit and Loss Account of the Loss of the Company for the year ended on that date and,
  - (c.) in the case of the Cash Flow statement of the cash flows for the year on that date.

For MAHENDRA N. SHAH & CO.  
Chartered Accountants

Place : Ahmedabad  
Dated : 1<sup>st</sup> August 2009

(CHIRAG M. SHAH)  
Partner  
Membership No. 45706



# PBM POLYTEX LIMITED

## ANNEXURE TO AUDITORS' REPORT

Re: PBM Polytex Limited

Referred to in paragraph 3 of our report of even date

- (i.) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The Companies programme of physical verification of all its fixed assets over a period of three years is in our opinion, reasonable having regards to the size of the Company and the nature of its fixed assets. As informed, no material discrepancies were noticed on such verification.
- (c) In our opinion, the Company has not disposed off substantial part of the Fixed Assets during the year.
- (ii.) (a) The inventory has been physically verified by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to, the size of the Company and nature of its business.
- (c) The company is maintaining proper records of inventory and no material discrepancies were noticed on verification of stocks as compared to book records.
- (iii.) (a) The Company has not granted any loans secured or unsecured to companies, firms or other parties covered in the registered maintained under Section 301 of the Act.
- (b) The company has not taken any loan / deposit from the firms, companies or other parties listed in the register maintained under section 301 of the Act.
- (iv.) In our opinion and according to the information and explanations given to us, there is adequate internal control procedure commensurate with the size of the Company and the nature of its business with regard to purchase of Inventory, fixed assets and with regard to sale of goods. Further on the basis of our examination of the books and records of the Company, carried out in accordance with the generally accepted

auditing practices in India, We have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.

- (v.) (a) According to the information and the explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Act, have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts, arrangements entered in the register maintained under Section 301 of the Act, and exceeding the value of Rs. 5.00 (Five) Lacs 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.
- (vi.) The Company has not accepted deposits from public and therefore, the directives issued by the Reserve Bank of India and provision of Section 58 - A and 58 - AA of the Companies (Acceptance of Deposits) Rules 1975, do not apply to the Company.
- (vii.) In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii.) We have been broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for maintenance of cost records under section 209(1) (d) of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records.
- (ix.) (a) The company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investors Education Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues as applicable to it.



- (i) (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales / Value Added Tax, Custom Duty, Excise Duty and Cess were in arrears, as at 31st March, 2009 for a period of more than six months from the date they became payable except Income Tax Demand of Rs.4,43,040/- for Accounting Year 2004-05 out of which Rs.2,22,000/- has been paid under protest.
- (x.) The Company does not have accumulated losses as at 31.03.2009. The company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi.) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank.
- (xii.) The Company has not granted any loans and advances on the basis of security by way of pledge of shares and other securities.
- (xiii.) In our opinion, the company is not a chit fund or a nidhi, mutual fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv.) The Company has maintained proper records of transactions and contracts in respect of trading in securities and other investments and timely entries have been made therein. All securities and other investments have been held by the company in its own name.
- (xv.) According to the information and explanation given to us and shown by the records examined by us, the company has not given any guarantees for loans taken by others from banks or other financial institutions during the year.
- (xvi.) In our opinion, the term loans have been applied for the purpose for which they were raised.
- (xvii.) According to the information and explanations given to us and on overall examination of the balance sheet and Cash Flow Statement of the company, we report that no funds raised on short - term basis have been used for long term investment.
- (xviii.) According to the information and explanations given to us the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act.
- (xix.) The company has not issued any debentures, hence question of creating security does not arise.
- (xx.) The company has not raised any money by public issue during the year.
- (xxi.) During the course of our examination of the books and records of the company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instances of fraud on or by the company noticed or reported during the year, nor have we been informed of such case by the management.

For MAHENDRA N. SHAH & CO.  
Chartered Accountants

(CHIRAG M. SHAH)

Partner

Place : Ahmedabad

Dated : 1<sup>st</sup> August 2009

Membership No. 45706

# PBM POLYTEX LIMITED

## BALANCE SHEET AS AT 31ST MARCH 2009

	Schedule	Rs.	As At 31-3-2009 Rs.	As At 31-3-2008 Rs.
<b>I. SOURCES OF FUNDS</b>				
1. SHAREHOLDERS' FUNDS:				
(a) Share Capital	I	8,12,96,080		8,12,96,080
(b) Reserves & Surplus	II	39,10,79,301		39,16,97,965
			47,23,75,381	47,29,94,045
2. LOAN FUNDS:				
Secured Loans	III		47,43,52,939	51,81,74,315
3. DEFERRED TAX LIABILITY (NET)				
	IV		13,85,23,281	14,39,62,045
<b>TOTAL</b>			<b>1,08,52,51,601</b>	<b>1,13,51,30,405</b>
<b>II. APPLICATION OF FUNDS</b>				
1. FIXED ASSETS:				
(a) Gross Block	V	1,44,42,04,152		1,42,71,70,358
(b) Less : Depreciation		75,69,09,866		69,80,43,184
(c) Net Block		68,72,94,286		72,91,27,174
(d) Capital Work-In-Progress		20,73,385		1,17,77,730
			68,93,67,671	74,09,04,904
2. INVESTMENTS: VI				
			2,92,60,000	2,92,60,000
3. CURRENT ASSETS, LOANS AND ADVANCES:				
(a) Inventories	VII	25,45,84,525		29,03,85,016
(b) Sundry Debtors	VIII	8,62,81,533		7,23,66,853
(c) Cash & Bank Balances	IX	1,18,80,568		1,31,26,777
(d) Loans & Advances	X	7,99,75,369		6,54,16,387
		43,27,21,995		44,12,95,033
Less: CURRENT LIABILITIES & PROVISIONS:				
(a) Current Liabilities	XI	5,05,44,140		6,06,74,606
(b) Provisions	XII	2,17,57,107		2,39,25,836
		7,23,01,247		8,46,00,442
<b>NET CURRENT ASSETS</b>			<b>36,04,20,748</b>	<b>35,66,94,591</b>
4. MISCELLANEOUS EXPENDITURE				
(To the extent not written off or adjusted) XIII			62,03,182	82,70,910
<b>TOTAL</b>			<b>1,08,52,51,601</b>	<b>1,13,51,30,405</b>

SIGNIFICANT ACCOUNTING POLICIES  
AND NOTES ON ACCOUNTS

XX

As per our Attached Report of even date  
for Mahendra N. Shah & Co.  
Chartered Accountants

K. K. Patodia  
Gopal Patodia  
Mohan Kumar Patodia  
H. P. Siotia  
Brijbhushanlal Kabra  
Jugalkishore Todi

Chairman  
Managing Director  
Managing Director  
Director  
Director  
Director

CHIRAG M. SHAH  
(Partner)  
M.No. 45706

AHMEDABAD.

Dated : 1<sup>st</sup> August 2009

Vadodara

DATED: 30<sup>th</sup> July 2009

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

	Schedule	Rs.	2008-2009 Rs.	2007-2008 Rs.
<b>I. INCOME</b>				
Sales and Other Operative Income	XIV	1,37,04,82,929		1,27,38,30,570
Other Income	XV	4,30,68,229		3,81,24,845
Increase/(Decrease) in Stocks	XVI	1,18,39,562		60,75,361
Total			<b>1,42,53,90,720</b>	<b>1,31,80,30,776</b>
<b>II. EXPENDITURE</b>				
Raw Materials Consumed	XVII	77,95,69,705		71,02,46,599
Manufacturing, Administrative & Selling Expenses	XVIII	53,57,07,419		49,18,44,908
Interest	XIX	2,55,94,698		2,99,86,534
Depreciation		8,79,33,326		8,55,83,989
Total			<b>1,42,88,05,148</b>	<b>1,31,76,62,030</b>
<b>III. PROFIT (LOSS) BEFORE TAX</b>			<b>(34,14,428)</b>	3,68,746
(Add)Less:				
Provision For Current Tax		0		6,38,500
Fringe Benefit Tax		11,49,016		11,00,000
Deferred Tax (Asset)Liability		(54,38,764)		62,28,423
			42,89,748	79,66,923
<b>PROFIT (LOSS) AFTER TAX</b>			8,75,320	(75,98,177)
Add/(Less): Excess/(Short) Provision Of Earlier Years (Net)			(9,42,734)	3,691
			(67,414)	(75,94,486)
Add: Surplus Brought Forward From Last Year			6,76,66,623	7,52,61,109
<b>IV. BALANCE CARRIED TO BALANCE SHEET</b>			<b>6,75,99,209</b>	6,76,66,623

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

XX

As per our Attached Report of even date for Mahendra N. Shah & Co. Chartered Accountants

K. K. Patodia  
Gopal Patodia  
Mohan Kumar Patodia  
H. P. Siotia  
Brijbhushanlal Kabra  
Jugalkishore Todi

Chairman  
Managing Director  
Managing Director  
Director  
Director  
Director

CHIRAG M. SHAH  
(Partner)

M.No. 45706  
AHMEDABAD,

Dated : 1<sup>st</sup> August 2009

Vadodara  
Dated : 30<sup>th</sup> July 2009

# PBM POLYTEX LIMITED

<b>SCHEDULES TO BALANCE SHEET</b>			
	Rs.	As At 31-3-2009 Rs.	As At 31-3-2008 Rs.
<b>SCHEDULE I</b>			
<b>SHARE CAPITAL</b>			
AUTHORISED			
1,00,00,000 Equity Shares of Rs. 10/- each	<b>10,00,00,000</b>		10,00,00,000
ISSUED & SUBSCRIBED			
81,30,000 Equity Shares of Rs. 10/- each	<b>8,13,00,000</b>		8,13,00,000
PAID UP			
81,29,020 Equity Shares of Rs.10/- each paid up	<b>8,12,90,200</b>		8,12,90,200
Add: Forfeited Shares (amount originally paid)	<b>5,880</b>		5,880
<i>(Of the above, shares equivalent to Rs.21371864/- have been Allotted as fully paid up Bonus shares by Capitalization of Reserves)</i>	<b>8,12,96,080</b>		8,12,96,080
<b>SCHEDULE II</b>			
<b>RESERVES &amp; SURPLUS</b>			
SHARE FORFEITURE ACCOUNT		<b>16,880</b>	16,880
SHARE PREMIUM ACCOUNT		<b>3,61,05,080</b>	3,61,05,080
GENERAL RESERVE			
Balance as per last year	<b>28,79,09,382</b>		29,36,33,181
Less: Transferred to Provision for Gratuity (Ref Note 8)	<b>0</b>		57,23,799
Less :Exchange Fluctuation Gain of Previous Year	<b>5,51,250</b>		0
		<b>28,73,58,132</b>	28,79,09,382
BALANCE IN PROFIT & LOSS ACCOUNT		<b>6,75,99,209</b>	6,76,66,623
		<b>39,10,79,301</b>	39,16,97,965



	As At 31-3-2009 Rs.	As At 31-3-2008 Rs.
<b>SCHEDULE III</b>		
<b>SECURED LOANS</b>		
I. TERM LOANS		
From Banks and Financial Institutions (Refer Note 1)	33,77,81,429	34,37,47,058
II. WORKING CAPITAL FACILITIES		
From Banks (Refer Note 2)	13,65,71,510	17,44,27,257
	47,43,52,939	51,81,74,315

**NOTES - (DESCRIPTION OF SECURITIES): -**

- Secured by way of: (a) Hypothecation of Stocks of Raw-materials, Finished Goods, Stock in process, Stores etc. (Subject to Prior pari passu charge in favour of SBI and IDBI) and also by Equitable mortgage of immovable properties (Excluding Fixed assets and immovable properties of Windmills) of the Company ranking pari passu with the charges created in favour of IDBI Ltd., Exim Bank and SBI Rs. 993.59 Lacs (b) Secured by hypothecation all movable fixed assets and also mortgage of immovable properties of company (excluding fixed assets and immovable properties of Wind Mills) ranking pari passu with the charges created in favour of IDBI, EXIM and SBI of Rs. 1099.12 Lacs (c) Secured by hypothecation of stock of Raw materials, finished goods etc. (subject to prior charge of SBI and IDBI bank) and exclusive charge on fixed assets and immovable properties of Wind Mills by way of mortgage and also second charge on other immovable properties of the company amounting to Rs. 479.30 lacs (SBI) and Rs.804.22 lacs (EXIM). (d) Secured by hypothecation of motor vehicle Rs. 1.58 Lacs.
- Secured by way of first pari passu charge in favour of SBI and IDBI Ltd. by hypothecation of Company's stocks of raw materials, finished goods, stock-in-process, stores etc. and second charge on movable plant and machinery and also by way of equitable mortgage of Company's immovable properties (subject to prior charge of IDBI and EXIM Bank - Rs.1365.72 lacs.

**SCHEDULE IV**

**DEFERRED TAX LIABILITY (NET)**

Opening Balance	14,39,62,045	13,77,33,622
Add/(Less): Deferred Tax Liability(Asset) for the year	(54,38,764)	62,28,423
	13,85,23,281	14,39,62,045

**SCHEDULE V**  
**FIXED ASSETS**

PARTICULARS	GROSS BLOCK AT COST/REVALUED AMOUNT				DEPRECIATION				NET BLOCK	
	BALANCE AS ON 01.04.2008 (Rs.)	ADDITIONS DURING THE YEAR (Rs.)	ADJUSTMENTS/ DEDUCTIONS DURING THE YEAR (Rs.)	BALANCE AS ON 31.03.2009 (Rs.)	PROVIDED UPTO 31.03.2008 (Rs.)	PROVIDED DURING THE YEAR (Rs.)	DEDUCTIONS DURING THE YEAR (Rs.)	TOTAL UPTO 31.03.2009 (Rs.)	AS ON 31.03.2009 (Rs.)	AS ON 31.03.2008 (Rs.)
LAND (LEASE HOLD)	29,66,659	-	35,870	29,30,789	-	-	-	-	29,30,789	29,66,659
LAND (FREE HOLD) #	36,21,123	-	-	36,21,123	-	-	-	-	36,21,123	36,21,123
BUILDINGS	16,05,94,564	9,55,269	1,47,750	16,14,02,083	4,92,48,861	37,17,041	66,581	5,28,99,321	10,85,02,762	11,13,45,703
PLANT AND MACHINERY **	1,17,20,47,463	4,81,89,447	3,50,49,584	1,18,51,87,326	59,95,75,974	7,90,29,237	2,75,32,399	65,10,72,812	53,41,14,514	57,24,71,489
ELECTRICAL INSTALLATIONS	5,39,36,876	21,15,775	3,13,081	5,57,39,570	3,13,61,072	26,42,217	2,68,421	3,37,34,868	2,20,04,702	2,25,75,804
FURNITURE FIXTURES AND EQUIPMENTS	2,15,07,707	5,29,685	7,47,200	2,12,90,192	1,24,64,861	13,10,198	6,69,536	1,31,05,523	81,84,669	90,42,846
VEHICLES	1,24,95,966	32,72,828	17,35,725	1,40,33,069	53,92,416	12,34,633	5,29,707	60,97,342	79,35,727	71,03,550
<b>TOTAL</b>	<b>1,42,71,70,358</b>	<b>5,50,63,004</b>	<b>3,80,29,210</b>	<b>1,44,42,04,152</b>	<b>69,80,43,184</b>	<b>8,79,33,326</b>	<b>2,90,66,646</b>	<b>75,69,09,866</b>	<b>68,72,94,286</b>	<b>72,91,27,174</b>
2007-2008	1,34,52,03,083	15,75,31,268	7,55,63,993	1,42,71,70,358	66,54,96,530	8,55,83,989	5,30,37,335	69,80,43,184	72,91,27,174	67,97,06,553

\* Includes 100 Shares of Rs.10/- each fully paid up of The Friends Co-operative Housing Society Limited, Baroda

\*\* Includes Exchange Fluctuation Loss of Rs.28843504/- capitalised during the year (Refer Note 6(d) in Schedule No. XX )

\*\* Includes Exchange Fluctuation Gain of Rs.551250/- of previous year credited during the year (Refer Note 6(c) in Schedule No.XX)

# Includes deposit of Rs.280000/- given for purchase of land in Parvati Co-op. Industrial Estate, Ichhalkaranji, for which Possession / Title Deed are still not received.



	As At 31-3-2009 Rs.	As At 31-3-2008 Rs.
<b>SCHEDULE VI</b>		
<b>INVESTMENTS - LONG TERM - At Cost</b>		
Quoted-Trade - Fully Paid up: 13,58,500 Equity Shares of Rs.10/- each of Eurotex Industries & Exports Ltd.	2,92,60,000	2,92,60,000
(Market value of quoted investments Rs.1,35,85,000/- Previous Year Rs. 2,92,07,750/-)		
<b>SCHEDULE VII</b>		
<b>INVENTORIES</b>		
(As taken, valued and certified by the Management)		
(a) Stores, Packing Material, Spares & Fuel	2,23,15,999	2,42,09,938
(b) Raw materials	15,75,51,632	20,32,60,872
(c) Finished goods:		
(i) Yarn	5,03,91,536	3,79,27,638
(ii) Waste	10,33,818	10,47,152
(d) Stock-in-process	2,32,91,540	2,39,02,542
(e) Material in Transit	0	36,874
	25,45,84,525	29,03,85,016
<b>SCHEDULE VIII</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured- Considered Good)		
More than six months (considered doubtful)	2,67,835	2,67,835
Other debts	8,62,81,533	7,20,99,018
	8,65,49,368	7,23,66,853
Less : Provision for Doubtful Debts	2,67,835	0
	8,62,81,533	7,23,66,853
<b>SCHEDULE IX</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash on hand	15,00,680	11,02,344
With Scheduled Banks		
(a) In Current Account	1,02,56,417	1,17,93,433
(b) In Fixed Deposit Account	1,23,471	2,31,000
	1,18,80,568	1,31,26,777



# PBM POLYTEX LIMITED

	As At 31-3-2009 Rs.	As At 31-3-2008 Rs.
<b>SCHEDULE X</b>		
<b>LOANS AND ADVANCES</b>		
(Unsecured-Considered Good) Advances recoverable in Cash or in kind or for value to be received (including Security Deposit of Rs.800000/- given to the companies in which Directors of the Company are interested)	5,34,00,056	3,52,12,393
Advance Income Tax (net of provision)	18,52,866	7,67,822
Balance with Central Excise Department	1,84,12,359	2,06,21,407
Value Added Tax Receivable	63,10,088	88,14,765
	-----	-----
	7,99,75,369	6,54,16,387
	-----	-----
<b>SCHEDULE XI</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors:		
Due to Small Scale Industrial Undertakings	2,39,310	17,87,826
Due to Others	4,40,47,599	5,32,27,389
Other Liabilities	51,51,700	38,41,799
Unclaimed Dividend	6,96,471	8,00,328
Interest accrued but not due	4,09,060	10,17,264
	-----	-----
	5,05,44,140	6,06,74,606
	-----	-----
<b>SCHEDULE XII</b>		
<b>PROVISIONS</b>		
For Expenses and Others	2,17,57,107	2,39,25,836
	-----	-----
	2,17,57,107	2,39,25,836
	-----	-----
<b>SCHEDULE XIII</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
Opening Balance	82,70,910	0
Add(Less): Expenses deferred / written off during the year(Ref Note 8)	(20,67,728)	82,70,910
	-----	-----
	62,03,182	82,70,910
	-----	-----



<b>SCHEDULE TO PROFIT AND LOSS ACCOUNT</b>		<b>2008-2009</b>	<b>2007-2008</b>
	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
<b>SCHEDULE XIV</b>			
<b>SALES AND OTHER OPERATIVE INCOME</b>			
Yarn Sales		<b>1,30,63,29,990</b>	1,22,55,01,371
Less: Excise Duty	<b>90,51,345</b>		61,86,701
Rebate & Goods Returned	<b>6,06,847</b>		1,36,475
		<b>96,58,192</b>	63,23,176
		<b>1,29,66,71,798</b>	1,21,91,78,195
Waste Sales		<b>5,37,41,332</b>	4,22,71,552
Electricity units (generated at Windmills)		<b>2,00,69,799</b>	1,23,80,823
		<b>1,37,04,82,929</b>	1,27,38,30,570
<b>SCHEDULE XV</b>			
<b>OTHER INCOME</b>			
Export Incentive (Duty Drawback) / DEPB		<b>3,66,68,268</b>	2,34,09,618
Dividend on Trade Investment		<b>0</b>	8,84,197
Dividend on Other Investments		<b>150</b>	0
Profit on Sale of Fixed Assets (Net)		<b>0</b>	7,040
Profit on Sale of Investment (Net)		<b>8,80,841</b>	7,30,903
Miscellaneous Income		<b>55,18,970</b>	1,30,93,087
		<b>4,30,68,229</b>	3,81,24,845
<b>SCHEDULE XVI</b>			
<b>INCREASE/(DECREASE) IN STOCKS</b>			
Stocks as at close			
(i) Finished goods:			
(a) Yarn	<b>5,03,91,536</b>		3,79,27,638
(b) Waste	<b>10,33,818</b>		10,47,152
		<b>5,14,25,354</b>	3,89,74,790
(ii) Stock-in-Process	<b>2,32,91,540</b>		2,39,02,542
		<b>7,47,16,894</b>	6,28,77,332
Less: Stocks as at commencement			
(i) Finished goods:			
(a) Yarn	<b>3,79,27,638</b>		3,57,18,404
(b) Waste	<b>10,47,152</b>		16,94,391
		<b>3,89,74,790</b>	3,74,12,795
(ii) Stock-in-process	<b>2,39,02,542</b>		1,93,89,176
		<b>6,28,77,332</b>	5,68,01,971
Increase/(Decrease)		<b>1,18,39,562</b>	60,75,361
<b>SCHEDULE XVII</b>			
<b>RAW MATERIALS CONSUMED</b>			
Opening Stock		<b>20,30,32,845</b>	27,67,71,998
Add: Purchases during the year		<b>73,40,88,492</b>	63,65,07,446
		<b>93,71,21,337</b>	91,32,79,444
Less : Closing Stock		<b>15,75,51,632</b>	20,30,32,845
		<b>77,95,69,705</b>	71,02,46,599

# PBM POLYTEX LIMITED

<b>SCHEDULE XVIII</b>		<b>2008-2009</b>	<b>2007-2008</b>
<b>MANUFACTURING, ADMINISTRATIVE &amp; SELLING EXPENSES</b>		<b>Rs.</b>	<b>Rs.</b>
Stores Consumption		<b>4,27,11,766</b>	4,46,82,048
Power & Fuel		<b>20,62,05,787</b>	19,23,79,623
Processing Charges		<b>6,89,530</b>	6,06,855
Payments to and Provision for Employees:			
Salaries, Wages, Bonus & Other Allowances	<b>10,65,51,663</b>		10,27,32,915
Contribution towards Provident Fund & Other Funds	<b>84,92,724</b>		81,85,307
Welfare Expenses	<b>49,04,040</b>		42,76,370
	-----	<b>11,99,48,427</b>	11,51,94,592
Rent		<b>20,95,582</b>	22,38,007
Repairs & Maintenance:			
Machinery (including Spares)	<b>1,66,84,868</b>		2,68,92,678
Captive Power Plant	<b>82,19,048</b>		69,37,583
Building	<b>16,09,271</b>		15,07,921
Others	<b>15,78,433</b>		12,55,616
	-----	<b>2,80,91,620</b>	3,65,93,798
Insurance		<b>39,01,714</b>	58,18,982
Rates & Taxes		<b>1,28,98,098</b>	1,87,37,915
Licence & Legal Fees		<b>38,69,445</b>	28,46,306
Sales & Distribution Expenses		<b>4,85,18,200</b>	3,76,34,212
General Expenses :			
Subscription, Books & Periodicals, conveyance, traveling (including foreign travel Rs.8,94,609/-)		<b>91,81,361</b>	99,72,611
Postage, Telegram, Telephone, Stationery Printing etc.		<b>34,99,832</b>	42,55,390
Financial & Bank Charges		<b>1,01,20,974</b>	77,78,771
Directors Sitting Fees		<b>1,80,000</b>	1,70,000
Managerial Remuneration		<b>62,94,712</b>	69,04,682
Directors' Travelling Expenses (including Rs.3,58,535 /- for foreign travel - Previous year Rs.3,48,798/-)		<b>5,34,793</b>	8,08,866
Audit Fees & Expenses		<b>3,74,741</b>	3,84,685
Foreign Exchange Fluctuation Loss		<b>3,56,60,001</b>	0
Donation		<b>2,96,455</b>	3,62,509
Bad debts written off		<b>2,67,835</b>	0
Loss on sale of Fixed Assets (Net)		<b>3,66,546</b>	44,75,056
<b>TOTAL</b>		<b>53,57,07,419</b>	49,18,44,908
<b>SCHEDULE XIX</b>			
<b>INTEREST</b>			
On Term Loans		<b>2,17,85,672</b>	2,47,17,145
Other Interest	<b>49,29,239</b>		60,68,366
Less :Interest Received (Tax deducted at source Rs.194324/- Previous Year Rs. 151639/-)	<b>11,20,213</b>		7,98,977
	-----	<b>38,09,026</b>	52,69,389
<b>TOTAL</b>		<b>2,55,94,698</b>	2,99,86,534



## SCHEDULE XX

(A/c. Yr. 2008-09)

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

#### I SIGNIFICANT ACCOUNTING POLICIES

**(1) Basis of Accounting:**

The financial statements have been prepared on historical cost convention in accordance with the Generally Accepted Accounting Principles and the Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act 1956.

**(2) Use of Estimates:**

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

**(3) Fixed Assets :**

Fixed Assets are stated at Cost or at Revalued Cost, net of CENVAT less Accumulated Depreciation. All costs including financing costs till commencement of commercial production and Exchange rate variations relating to the Borrowing are capitalised / adjusted to the fixed assets on payment basis.

**(4) Depreciation: Depreciation has been provided as under :**

**A) PETLAD UNIT:**

**(a) On Assets other than Plant and Machinery and Electrical Installations:**

- (i) Acquired upto 31.03.1987 : On straight line method at the rates applicable at the time of purchase/ acquisition in terms of Circular dated 21.05.1986 issued by the Department of Company Affairs.
- (ii) Acquired during the period from 01.04.1987 to 31.03.1993:  
On straight line method at the rates prescribed in Schedule XIV of the Act.
- (iii) Acquired after 31.03.1993: On straight line method at the revised rates under Notification No. GSR 756(E) dated 16.12.1993 read with Schedule XIV of the Act.

**(b) On Plant and Machineries :**

- (i) Acquired upto 31.03.2000 : On revalued cost on straight line method on the basis of estimated life as determined by the Approved Valuer.
- (ii) Acquired after 31.03.2000: On actual cost on straight line method at the rates as applicable to Continuous Process Plant (CPP) as defined in Schedule XIV and certified by the Chartered Engineer.

**(c) On Electrical Installations :** On actual cost on straight line method at the rates applicable to CPP.

**(d) Additions to assets during the year costing less than Rs. 5000/- each are depreciated @ 100% irrespective of date of installation/purchase.**

**(e) Additions to assets during the year are calculated at the rates prescribed in Schedule XIV of the Act, on pro rata basis.**

**B) BORGAON UNIT:**

**(a) On Assets other than Plant & Machinery and Electrical Installations:**

- (i) Acquired upto 31.03.1993: On straight line method at the rates prescribed in Schedule XIV of the Act.
- (ii) Acquired after 31.03.1993: On straight line method at the revised rates under Notification No. GSR 756(E) dated 16.12.1993 read with Schedule XIV of the Act.

**(b) Plant and Machinery and Electrical Installations :**

On straight line method at the revised rates applicable to CPP as defined in Schedule XIV of the Act and as certified by the Chartered Engineer.

**(c) Leasehold Land : Amortized over the period of Lease.**

**(d) Additions to assets during the year costing less than Rs. 5000/- each are depreciated @ 100% irrespective of date of installation/purchase.**

**(e) Additions to assets during the year are calculated at the rates prescribed in Schedule XIV of the Act, on pro rata basis**

**C) WINDMILLS :**

On Plant and Machinery and Electrical Installations on written down value at rates prescribed in clause II(a) of Schedule XIV of the Companies Act.

**(5) Inventories: (a) Stores, Spares, Packing Material & Fuel - At Cost (Weighted Average Method)**

- (b) Raw materials - At Lower of Cost or Net Realisable Value
- (c) Stock-in-Process - At Lower of Cost or Net Realisable Value
- (d) Finished Goods - At Lower of Cost or Net Realisable Value
- (e) Material in Transit - At Cost (Specific Cost Method)
- (f) Waste - At Net Realisable Value

**(6) Foreign Currency Transactions:**

(a) Foreign currency transactions are accounted for at the exchange rate prevailing on the date of the transaction. All monetary foreign currency assets and liabilities are converted at the exchange rates prevailing at the date of the balance sheet. All exchange differences other than those relating to the acquisition of fixed assets from outside India are dealt with in the profit and loss account. Exchange gain or loss relating to fixed assets acquired from outside India is adjusted in the cost of respective fixed assets.

(b) In case of forward exchange contracts, the cost of contracts is amortised over the period of contract. Any profit or loss arising on the cancellation or renewal of a forward exchange contract is recognized as income or expense for the year, except in case of a forward exchange contract relating to liabilities incurred for acquiring fixed assets from outside India, in which case, such profit or loss is adjusted in the cost of fixed assets.

# PBM POLYTEX LIMITED

(c) Exchange difference is calculated as the difference between the foreign currency amount of the contract translated at the exchange rate at the reporting date, or the settlement date where the transaction is settled during the reporting period, and the corresponding foreign currency amount translated at the later of the date of inception of the forward exchange contract and the last reporting date. Such exchange differences are recognized in the profit and loss account in the reporting period in which the exchange rates change.

## (7) Retirement Benefits:

- (a) Provision for gratuity liability to employees is made on the basis of intimation received from Life Insurance Corporation of India on actuarial basis. Group Gratuity Fund is managed by the Life Insurance Corporation of India and SBI Life Insurance Company Ltd.
- (b) Leave encashment has been charged to the Revenue Account on the basis of liability ascertained as per the actuarial valuation.
- (c) The Company's contribution to Provident Fund is charged to Revenue Account. ESIC is applicable only to Mumbai Office of the company.
- (d) Superannuation Fund: The Company contributes to Superannuation Trust for the Managerial Personnel of the company as per rules of the Trust.

## (8) Borrowing Cost:

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

## (9) Revenue Recognition:

Items of Income and Expenditure are recognised on accrual basis except Insurance Claims, TUFs rebate, export incentives like Duty Drawback, Interest Subsidy, which are accounted for on transfer or receipt.

## (10) Excise Duty, Cenvat Credit and VAT :

Excise Duty payable on finished goods is accounted for on clearance of goods. 50% of Cenvat Credit on capital goods is accounted for immediately on receipt and the balance is accounted in the next year.

In pursuance to Circular No. 795/28/2004 dated 28.07.2004 the Company (being textile manufacturer) has adopted policy of charging of "Optional" Excise Duty at "NIL" Rate or at 4% Rate as desired by the customer.

VAT credit on raw material (including processing materials, consumable stores and packing materials) and capital goods is accounted on purchase and actual receipt of the same.

## (11) Earning Per Share:

The earnings considered in ascertaining the company's E.P.S. comprise the net profit after tax divided by the number of shares.

## (12) Taxation:

Tax expense for the year, comprising current tax, Fringe Benefit Tax and deferred tax is included in determining the net profit for the year. A provision is made for the current tax based on tax liability computed in accordance with relevant tax rates and tax laws. Provision of Fringe Benefit Tax is made as per relevant tax rates and other applicable provisions. A provision is made for deferred tax for all timing differences arising between taxable income and accounting income at currently enacted tax rates. Deferred tax assets are recognised only if there is reasonable certainty that they will be realised and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

## (13) Segment Accounting :

The Company manufactures and sells single product i.e. Cotton Yarn only and therefore, Accounting Standard 17 on Segment Reporting is not applicable.

## (14) Investments:

Long Term Investments are carried at cost. Temporary diminution in value of such investments, if any, is ignored.

## (15) Provisions and contingencies:

A provision is recognized when the company has a legal and constructive obligation as a result of a past event, for which it is probable that cash outflow will be required and a reliable estimate can be made of the amount of the obligation. A contingent liability is disclosed when the company has a possible or present obligation where it is not probable that an outflow of resources will be required to settle it. Contingent assets are neither recognized nor disclosed.

## (16) Impairment Loss:

Impairment Loss, if any, is provided to the extent the carrying amount of assets exceeds their recoverable amounts. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of the assets and from its disposal at the end of its useful life. Net Selling Price is the amount obtainable from sale of the asset in arms length transactions knowledgeable, willing parties less the cost of disposal.

## II. NOTES ON ACCOUNTS:

### 1. Contingent Liabilities:

- (a) Estimated amount of contracts remaining unexecuted on Capital Accounts not provided for Rs.307.98 lacs (Previous year Rs. 308.20 lacs) (Net of advances).
- (b) Bank guarantee executed Rs NIL (Previous year Rs 1.00 lac)
- (c) Disputed Demand of Maintenance Charges (Leasehold Land) of Rs.4.58 Lacs (Previous Year 4.58 lacs) and service tax and Cenvat Rs. NIL (Previous Year Rs. 4.92 Lacs) against which the company has preferred appeal before appropriate authorities.
- (d) Bills discounted under Export Letter of Credit Rs.4,79,24,344/- since realised in full (Previous Year Rs.99631116/-)
- (e) Income Tax Demand for F.Y. 2005-06 against which company has filed appeal before C.I.T. Appeals Rs.4.43 lacs (Previous Year Nil).

### 2. Previous year's figures have been regrouped/rearranged wherever necessary.

### 3. Confirmations of Debit and Credit Balance have not been yet received from certain parties. They are subject to adjustments on receipt of confirmation.

### 4. Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006: Amounts due to such Enterprises are disclosed on the basis of information available with the company. The status of such suppliers is as follows:



Sr. No.	Particulars	2008-09 Principal Rs.	Interest Principal Rs.	2007-08 Principal Rs.	Interest
a)	Principal Amount and Interest thereon due, remaining unpaid at the end of the year	2,39,310	NIL	17,87,826	NIL
b)	Interest paid during the year	NIL	NIL	NIL	NIL
c)	Interest due and payable (on the amount which have been paid beyond the appointed date during the year)	NIL	NIL	NIL	NIL
d)	Interest remaining accrued and unpaid at the end of the year	NIL	NIL	NIL	NIL
e)	Interest due of the previous year	NIL	NIL	NIL	NIL

5. The company has participated in LIC and SBI Life Insurance approved and managed Superannuation Fund for Managerial Personnel and has contributed Rs. 8.50 Lacs (Previous year Rs. 7.78 lacs) to the Fund.
6. (a) Foreign Exchange Transactions are recorded in accordance with the Accounting Standard 11 issued by the Institute of Chartered Accountants of India. There has been net loss of Rs.356.60 lacs. (Previous year net gain of Rs.79.10 lacs) on account of foreign exchange fluctuation pertaining to foreign currency borrowings which has been shown under respective heads of accounts i.e. Sales, Raw Material Consumption, Stores & Spares and Plant & Machinery Purchases etc.
- (b) In respect of Direct Export sales which are covered under forward contracts the company has incurred foreign exchange loss of Rs.51.46 lacs (Previous year gain Rs.3.34 lacs) which has been adjusted / shown under the head 'Sales'.
- (c) The company has opted for Notifications No. GSR.225(E) issued by the Ministry of Corporate Affairs on March 31,2009 in respect of accounting periods commencing on or after December 07, 2006 and ending on or before March 31, 2011. In accordance with this Notification, the company has debited Rs.5.51 lacs to the General Reserve in respect of Exchange Difference Gain arose in previous year on reporting of long term foreign currency monetary items relating to fixed assets at rates different from those at which they were initially recorded during the period or reported in the previous year financial statements with corresponding effect given to fixed assets.
- (d) In the current year exchange loss of Rs.288.43 lacs arising on reporting of long term foreign currency monetary item relating to fixed assets has been added to the cost of Fixed Assets in accordance with the Notification mentioned above.
7. In respect of major expenditure incurred by the company for overhauling and maintenance of its captive power plant in previous year, as per technical advice one-fifth of such expenditure i.e. Rs.20,67,727/- has been accounted in P & L A/c. on pro rata basis during the current year.
8. The Company has adopted the Revised Accounting Standard 15 on Employees Benefits issued by the Institute of Chartered Accountants of India. In accordance with the same the additional liability for Gratuity as on 31st March 2007 based on actuarial valuation amounting to Rs.57,23,799 has been accounted by debiting the opening balance of the General Reserve on April 1, 2007.
9. **Disclosure pursuant to Accounting Standard - 15 [Revised] 'Employee Benefits':**
- A** The Company has, with effect from 1st April, 2007, adopted Accounting Standard 15, Employee Benefits [revised 2005] [the 'revised AS 15']. In accordance with the transitional provisions governing gratuity valuation - defined benefit plan and leave encashment liability - long term liability based on actuarial valuation is as follows :
- B Defined benefit plan and long term employment benefit:**
- a General description:**
- Gratuity [Defined benefit plan]:**  
The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on death or resignation or retirement at 15 days salary [last drawn salary] for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.
- Leave wages [Long term employment benefit] :**  
The leave wages are payable to all eligible employees at the rate of daily salary for each day of accumulated leave on death or on resignation or upon retirement on attaining superannuation age.

The Amount (in Rs.) recognized in the statement of profit and loss are as under:

(Amount in Rs.)

		GRATUITY (FUNDED)	
		31.03.2009	31.03.2008
<b>(a.)</b>	<b>Amount Recognized in Balance Sheet</b>		
	Present Value of funded obligations	4,73,78,269	3,57,85,822
	Fair Value of plan assets	4,73,78,269	3,57,85,822
	Present value of unfunded obligations	-11,07,525	24,02,841
	Unrecognised past service cost	Nil	Nil
	Net Liability	-11,07,525	24,02,841
	Amounts in the balance sheet:		
	Liabilities	4,62,70,764	3,81,88,663
	Assets	4,73,78,269	3,57,85,822
	Net Liability	-11,07,525	24,02,841

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(b.)	Amount Recognized in the Statement of Profit & Loss		
	Current service cost	29,87,557	26,32,077
	Interest on obligation	30,54,693	31,42,549
	Expected Return on plan assets	36,40,236	(29,54,673)
	Net Actuarial losses (gains) recognised in the year	46,19,224	7,70,493
	Past service cost	Nil	Nil
	Losses (gains) on curtailments and settlement	Nil	Nil
	Total, included in 'employee benefit expenses'	70,22,088	35,90,446

(c.)	Reconciliation of Opening & Closing Balances		
	Opening Defined Benefit Obligation at the beginning	3,81,88,663	3,69,71,164
	Service Cost for the year	29,87,557	26,32,077
	Interest cost for the year	30,54,693	31,42,549
	Actuarial losses (gains) on curtailments	46,26,360	8,27,342
	Liabilities Extinguished on settlements	Nil	Nil
	Liabilities assumed in an amalgamation in the nature of purchase	Nil	Nil
	Exchange differences on foreign plans	Nil	--
	Benefits paid	-26,46,929	(53,84,470)
	Closing Defined Benefit Obligation at year end	4,62,70,764	3,81,88,663

(d.)	Change in the fair value of plan assets		
	Opening fair value of plan assets	3,17,01,296	3,11,10,529
	Expected Return	30,12,453	29,54,673
	Actuarial Gains and (losses)	47,315	56,850
	Assets Distributed on settlements	Nil	Nil
	Contributions by employer	70,97,782	70,48,240
	Assets acquired in an amalgamation in the nature of purchase	Nil	Nil
	Exchange differences on foreign plans	Nil	Nil
	Benefits paid	-53,66,267	(53,84,470)
	Closing balance of fair value of plan assets / fund	3,64,92,606	3,57,85,822

(e.)	Major Categories of Plan assets or a percentage of total plan assets.		
	Government of India Securities	1.23%	1.20%
	Policy of Insurance	98.77%	98.80%

(f.)	Principal Actuarial Assumptions at the balance sheet date (expressed as weighted averages)		
	Discount rate for the year	8.00%	8.50%
	Expected Return on plan assets at for the year	9.25%	9.25%
	Proportion of employees opting for early retirement	--	--
	Annual increase in Salary costs	6.00%	6.00%

(g.)	Amount for the current and previous four periods are as follows:		
	Defined Benefit Pension Plans		
	Defined Benefit Obligation	4,62,70,764	3,81,88,663
	Plan Assets	4,73,78,269	3,57,85,822
	Surplus / (deficit)	11,07,525	(24,02,841)
	Experience adjustments on plan liabilities	Nil	Nil
	Experience adjustments on plan assets	Nil	Nil

Leave Encashment Benefits have been provided as per Rules of the company and on actuarial valuation. Amount charged to Profit & Loss Account during the year is Rs.15,47,414/- (Previous Year Rs.3,90,885/-)

10. The Registered Office of the Company being situated in mofussil centre, inspite of efforts and advertisements made in this behalf, qualified Company Secretary is not available. However, the Company has a highly educated and experienced person in charge of the Company's Secretarial Department. He looks after all necessary requirements to be followed by the Company. In addition thereto, a Practising Company Secretary has been retained by the company, who has also issued Compliance Certificate regarding necessary compliance of the provisions of the Act which forms part of Directors' Report.

11. In terms of Accounting Standard 28 - Impairment of Assets issued by ICAI the Management has reviewed its fixed assets and the difference between the carrying amount and recoverable value of relevant assets was not material. Hence, provision for impairment loss is not considered necessary to be made in the books.

	2008-2009	2007-2008
	Rs.	Rs.
<b>12. AUDITORS' REMUNERATION</b>		
1. Audit Fees (Including Service Tax)	2,53,690	2,58,482
2. Tax Audit	49,635	50,508
3. Travelling expenses	71,416	75,695
	3,74,741	3,84,685

**13. COMPUTATION OF MANAGERIAL REMUNERATION:**

**A. (i) Computation of Net Profits in accordance with Section 349 of the Companies Act, 1956 and the Remuneration payable to the Managing Directors.**

	2008-2009	2007-2008
	Rs.	Rs.
Profit before Taxation for the year	(34,14,428)	3,68,746
Add Excess provision of earlier years (Net)	(9,42,734)	3,691
Managing Directors' Remuneration	62,94,712	69,04,682
Loss on Sale of Fixed Assets/Investment	3,66,546	44,75,056
	23,04,096	1,17,52,175

Maximum remuneration payable to the Managing Directors not exceeding 10% of the Profit	2,30,410	11,75,218
Minimum Managerial Remuneration paid as approved by the shareholders	62,94,712	69,04,682

**(ii) Break up of Managerial Remuneration:**

Salary	33,00,000	30,16,129
Contribution of Provident Fund and other Funds	9,53,720	21,75,807
Perquisites	20,40,992	17,12,746
	62,94,712	69,04,682

**B. The two Senior Presidents have been paid remuneration as under as sanctioned by Ministry of Corporate Affairs:**

(i) Shri Amit Patodia	8,38,254	7,98,894
(ii) Shri Vikash Patodia	10,14,074	9,22,111

14.(1) (a) LICENCED CAPACITY at year end	Not Applicable	Not Applicable
(b) INSTALLED CAPACITY at year end (As per Return submitted to the Government)		
Spindles	57,600	57,600
Rotors	840	840



# PBM POLYTEX LIMITED

(2) CONSUMPTION OF RAW MATERIALS:		2008-2009		2007-2008	
	KGS.	RS.	KGS.	RS.	
Cotton	1,23,01,790	76,51,39,357	1,25,82,269	68,55,62,011	
Cotton yarn	86,414	1,44,30,348	1,81,700	2,46,84,588	
		<u>77,95,69,705</u>		<u>71,02,46,599</u>	
(3) SALES		KGS.	RS.	KGS.	RS.
Yarn	1,02,56,489	1,29,66,71,798	1,05,74,537	1,21,91,78,195	
Waste	18,28,572	5,37,41,332	19,20,799	4,22,71,552	
		<u>1,35,04,13,130</u>		<u>1,26,14,49,447</u>	
(4) ELECTRICITY UNITS GENERATED / SOLD		UNITS	RS.	UNIT	RS.
	55,63,789	2,00,69,799	36,74,788	1,23,80,823	
(5) YARN PRODUCTION AND STOCK:		KGS.	RS.	KGS.	RS.
(a) Yarn	1,03,56,620		1,06,02,625		
(b) Opening stock	3,29,962	3,79,27,638	3,01,874	3,57,18,404	
(c) Closing stock	4,30,093	5,03,91,536	3,29,962	3,79,27,638	
(6) DETAILS OF GOODS IMPORTED			Rs.	Rs.	Rs.
(i) CIF value of goods imported					
a) Cotton		—		—	
b) Machineries, Spares and Stores		30,32,313		1,43,98,469	
			<u>30,32,313</u>	<u>1,43,98,469</u>	
(ii) CONSUMPTION:					
1. Raw Materials :					
(a) Imported goods			0	9,75,239	
(b) Indigenous goods:					
Cotton		76,51,39,357		68,45,86,772	
Cotton yarn		1,44,30,348		2,46,84,588	
			<u>77,95,69,705</u>	<u>70,92,71,360</u>	
(c) Total			<u>77,95,69,705</u>	<u>71,02,46,599</u>	
(a) to (c)			0	0.14%	
(b) to (c)			100%	99.86%	
2. Machinery spares and stores:					
(a) Imported goods		46,67,686		1,63,51,934	
(b) Indigenous goods		5,65,66,805		5,72,48,083	
(c) Total			<u>6,12,34,491</u>	<u>7,36,00,017</u>	
(a) to (c)			7.64%	22.21%	
(b) to (c)			92.36%	77.79%	
(7) DETAILS OF FOREIGN EXCHANGE:					
(a) Earning in Foreign Exchange:					
Exports : Direct(FOB Value)		61,81,28,199		45,50,06,535	
Through Merchant Exporters		5,40,79,298		2,96,85,812	
			<u>67,22,07,497</u>	<u>48,46,92,347</u>	
(b) Expenditure in Foreign Currency:					
Purchase, Travelling Interest on Foreign					
Currency Loan & Other expenses			2,62,14,531	3,10,95,699	



(c) Remittances of Dividend in Foreign Currency		
Year to which Dividend Relates	2008-09	2007-08
Number of Shareholder	N.A.	1
Number of Shares	N.A.	50
Amount of Dividend (Net of Tax)	N.A.	0

**15. RELATED PARTY DISCLOSURE:**

**A. LIST OF RELATED PARTIES AND RELATIONSHIP**

**Associates with whom the Company entered into transactions during the year**      **Enterprises having common key management personnel**

Patodia Syntex Limited	Rajiv Agencies Pvt. Limited
Eurotex Industries & Exports Limited	Thrust Investments Pvt. Limited
B. L. Patodia Family Trust	Maharashtra Fibres & Syntex Limited
Sambhu Investments Pvt. Limited	Shashank Investments Pvt. Limited
Trikon Investments Pvt. Limited	Veepee Intradex Pvt. Limited
Murarilal Mahendra Kumar	Shree Janardana Mills Limited
Brijlal Purushottamdas	Eurospin Industries Limited
Dharamchand Keshardeo	Mercury Gem Pvt. Ltd.

**B. KEY MANAGEMENT PERSONNEL / DIRECTORS AND RELATIVES**

Shri Gopal Patodia	Managing Director
Shri Mohan Kumar Patodia	Managing Director
Shri Vikash Patodia	Senior President
Shri Amit Patodia	Senior President

**C. RELATED PARTIES TRANSACTIONS (RS. IN LACS)**

Transactions	Associates/ Shareholders	Enterprises having Key Management Personnel	Key Management Personnel
Purchase of Goods		11.95	
Sale of Goods		540.79	
Rent		4.71	
Receiving Services & Maintenances		4.80	
Interest Payment		0	
Salary & Perks :			
Managing Directors		62.95	
Senior President		18.52	

**D. OUTSTANDING BALANCES AS ON 31.03.2009 (RS. IN LACS)**

Transactions	Associates/ Shareholders	Enterprises having Key Management Personnel	Key Management Personnel
Amount Receivable		0	
Security Deposit Given		8.00	
Security Deposit Received		0.00	
Investments		292.60	

**Signatures to Schedules I to XX**

As per our Attached Report of even date for Mahendra N. Shah & Co. Chartered Accountants

CHIRAG M. SHAH  
(Partner)

M.No. 45706  
AHMEDABAD,  
Dated : 1<sup>st</sup> August 2009

K. K. Patodia  
Gopal Patodia  
Mohan Kumar Patodia  
H. P. Siotia  
Brijbhushanlal Kabra  
Jugalkishore Todi

Vadodara  
DATED: 30<sup>th</sup> July 2009

Chairman  
Managing Director  
Managing Director  
Director  
Director  
Director

# PBM POLYTEX LIMITED

## C. Additional information pursuant to Part IV of Schedule VI to the Companies Act, 1956

### Balance Sheet Abstract and Company's General Business Profile

#### I. Registration Details:

- a) Registration No. L17110GJ1919PLC000495      b) State Code: 04  
 c) Balance Sheet Date: 31.03.2009

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

- a) Public Issue: Nil      b) Right Issue: Nil  
 c) Bonus Issue: Nil      d) Private Placement: Nil

#### III. Position of Mobilisation and Development of Funds: (Amount in Rs. Thousands)

- |                            |           |                          |           |
|----------------------------|-----------|--------------------------|-----------|
| a) Total Liabilities:      | 10,85,252 | b) Total Assets:         | 10,85,252 |
| c) Sources of funds:       |           | d) Application of Funds: |           |
| - Paid Up Capital:         | 81,296    | - Net Fixed Assets       | 6,89,368  |
| - Reserve & Surplus:       | 3,91,080  | - Investments:           | 29,260    |
| - Secured Loans            | 4,74,353  | - Net Current Assets:    | 3,60,421  |
| - Unsecured Loans:         | 0         | - Misc. Expenditure:     | 6,203     |
| - Deferred Tax. Liability: | 1,38,523  |                          |           |

#### IV. Performance of Company (Amount in Rs. Thousands):

- |                          |           |                       |           |
|--------------------------|-----------|-----------------------|-----------|
| a) Turnover (Sales):     | 14,13,551 | b) Total Expenditure: | 14,17,908 |
| c) Profit before tax:    | 4,357     | d) Profit after tax:  | 67        |
| e) Earning per share Rs. | (-) 0.01  | f) Dividend rate:     | Nil       |

#### V. Generic Names of Three Principal Products of the Company:

(as per monetary terms)

Sr.No.	Product Description	ITC Code No.
(a)	Cotton Yarn	52-05
(b)	Hard Waste	52-02

PLACE : Vadodara  
 DATED : 30<sup>th</sup> July 2009

K. K. Patodia	Chairman
Gopal Patodia	Managing Director
Mohan Kumar Patodia	Managing Director
H. P. Siotia	Director
Brijbhushanlal Kabra	Director
Jugalkishore Todi	Director



**PBM POLYTEX LIMITED**

**Regd. Office : Opposite Station, Petlad - 388 450, Dist. Anand, Gujarat**

**PROXY**

I/We ..... of .....  
being a member/members of PBM POLYTEX LIMITED hereby appoint .....  
of ..... or failing him .....  
of ..... or failing him .....  
of ..... as my/our proxy to attend and vote for me/us and on my/our behalf at the  
90<sup>th</sup> Annual General Meeting of the Company, to be held on Thursday the 24<sup>th</sup> September 2009 at 11.00 A.M. or at any  
adjournment thereof.

Signed this ..... day of ..... 2009

Member's Folio Number .....

No. of Shares held .....

Affix  
Revenue  
Stamp of  
Rs. 1/-

Signature

**NOTE:**

THE PROXY MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY AT OPPOSITE STATION, PETLAD 388 450, DIST. ANAND, GUJARAT NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING.

**PBM POLYTEX LIMITED**

**Regd. Office: Opposite Station, Petlad - 388 450, Dist. Anand, Gujarat**

**ATTENDANCE SLIP**

(TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL)

I hereby record my presence at the 90<sup>th</sup> Annual General Meeting of the Company held at the Regd. Office at Opposite Station, Petlad 388450 Dist. Anand, Gujarat on Thursday the 24<sup>th</sup> September 2009 at 11.00 A.M.

NAME OF THE ATTENDING SHAREHOLDER .....

(IN BLOCK LETTERS)

NAME OF THE PROXY .....

(To be filled in if the proxy attends instead of the shareholder)

SIGNATURE OF THE SHAREHOLDER/PROXY

Ledger Folio Number ..... No. of Shares held .....

**NOTE :**

Shareholders/Proxyholders are requested to bring the attendance slips with them duly completed when they come to the meeting and hand them over at the gate after affixing their signatures on them.

**BOOK-POST**

*If undelivered please return to :*



**PBM POLYTEX LIMITED**

Reg. Office : Opposite Station, PETLAD - 388 450.