

**19<sup>TH</sup>**  

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**ANNUAL REPORT**  

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**2008-2009**

**VIRAT INDUSTRIES LIMITED**

# VIRAT INDUSTRIES LIMITED

19th Annual Report 2008-2009

## BOARD OF DIRECTORS

Mr. Naozer J. Aga Chairman  
Mr. Adi F. Madan Managing Director  
Mr. Arun S. Sanghi  
Mr. Armand N. Aga  
(Alternate Director to  
Mr. Kaizad DadyBurjor)  
Mr. Madhav G. Kulkarni  
Mr. Ajit P. Walwaikar  
Mr. Kaizad DadyBurjor

## PRESIDENT (WORKS)

Mr. Nirmal G. Awtaney

## COMPANY SECRETARY

Mr. Asinkhan S. Baholu

## AUDITORS

Deloitte Haskins & Sells  
Chartered Accountants  
Mumbai.

## BANKERS

Bank of Baroda

## REGISTERED OFFICE & FACTORY

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

### 19TH ANNUAL GENERAL MEETING

on  
Friday, the 4th September, 2009  
at 11.30 a.m. at  
A-1/2, GIDC Industrial Estate,  
Kabilpore, Navsari - 396 424, Gujarat.

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

**NOTICE**

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Members of **Virat Industries Limited** will be held at the Registered Office of the Company at A-1/2, GIDC Industrial Estate, Kabilpore, Navsari - 396 424 on Friday, the 4th day of September, 2009 at 11.30 a.m. to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2009 and the Profit & Loss Account for the year ended as on that date and the Reports of the Directors and the Auditors thereon.
2. To approve interim dividend already paid as final dividend for the year 2008 - 2009.
3. To appoint a Director in place of Mr. Arun Sanghi, who retires from office by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Ajit P. Walwaikar, who retires from office by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company, and to fix their remuneration, and for that purpose, to pass the following Resolution, as an Ordinary Resolution:  
"RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, Messrs. Deloitte, Haskins and Sells, Chartered Accountants, Mumbai the retiring Auditors, be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and that the Board of Directors of the Company be and is hereby authorized to fix their remuneration for the said period and reimbursement of actual out of pocket expenses, as may be incurred in the performance of their duties."

**SPECIAL BUSINESS:**

6. To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:  
"RESOLVED THAT Mr. Adi F. Madan be and is hereby appointed Director of the Company who will not be subject to retirement by rotation."
7. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:  
"RESOLVED THAT, in terms of Regulation 166 of the Articles of Association of the Company and subject to the provisions of Sections 198, 269, 309, 310 of and Schedule XIII to and other applicable provisions of the Companies Act, 1956, Mr. Adi F. Madan be and is hereby re-appointed Managing Director of the Company with effect from 1st October, 2009 for a term of 3 years up to 30th September, 2012 on the terms and conditions mentioned in the Agreement entered into between the Managing Director and the Company containing powers, functions and duties of the Managing Director and the following remuneration:
  - (a) Salary - Rs.1,25,000 per month. The salary may be increased from time to time in such a way that overall remuneration including perquisites does not exceed Rs.2,50,000/- per month
  - (b) Commission - Commission on Net Profit of the Company computed in the manner laid down in Sections 349 and 350 of the Companies Act, 1956, as may be fixed by the Board subject to the ceiling limits laid down in Sections 198 and 309 of the Companies Act, 1956.
  - (c) Perquisites :
    - (1) Housing - 35% of the salary towards House Rent Allowance and another 20% of the salary towards expenditure on gas, electricity, water and furnishing, etc.
    - (2) Medical Reimbursement - Reimbursement, for self and family, on Actual but not exceeding one month salary
    - (3) Leave Travel Concession - For self and family, once in a year, restricted to one Month's salary.
    - (4) Club Fees - Club Fees subject to Rs.2,000 per annum which will not include admission and life membership fees.
    - (5) Personal Accident Insurance - Premium not exceeding Rs.1,000 per month.
    - (6) Performance Incentives as may be fixed by the Board from time to time.
  - (d) Provident Fund, Superannuation and Gratuity- Provident Fund, Superannuation Fund and gratuity as per the Rules of the Company, subject to the ceiling as per the guidelines for managerialia; remuneration in force from time to time. However, this shall not be included for the computation of ceiling on the remuneration.
  - (e) Car - Company's Car for the business of the Company.
  - (f) Telephone - Provision of telephone at residence will not be considered as perquisite but personal long distance call shall be billed by the Company.
  - (g) Entertainment/Travelling - Reimbursement of travelling, entertainment and other expenses as incurred by him for the business of the Company.
  - (h) Privilege Leave - One month's leave on full pay and allowance, for every eleven months of service, un-availed leave at the end of the tenure will be allowed to be encashed.
  - (i) Minimum Remuneration: Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Managing Director, the Company has made no profits or its profits are inadequate, the Company shall pay to the Managing Director, the above salary and perquisites except commission not exceeding the ceiling limits prescribed in Schedule XIII of the Companies Act, 1956 as Minimum Remuneration.

## **Virat Industries Ltd.**

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### **OTHER BENEFITS**

Apart from the aforesaid remuneration, the Managing Director shall be entitled to reimbursement of expenses incurred in connection with the business of the Company.

The Managing Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof.

### **OTHER TERMS**

Subject to the control, supervision and directions of the Board of directors and subject to the provisions of the Act, the Managing Director shall have the general conduct and management of the business and affairs of the Company as illustrated but not limited to what is stated in the Agreement between the Managing Director and the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, expedient and proper in the best interests of the Company."

### **NOTES :**

- 1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE MEETING) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
- 2) The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of the business at Item Nos. 6 and 7 is annexed hereto.
- 3) The ISIN of new Equity Shares of Rs.10/- each is INE467D01017
- 4) Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- 5) In terms of Regulation 155 of the Articles of Association of the Company, Mr. Arun Sanghi and Mr. Ajit P. Walwaikar, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Brief resume of these Directors, nature of their expertise in specific functional areas and names of Companies in which they hold directorships and memberships/chairmanships of Board Committees, as stipulated under Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited, hereafter forming part of the Annual Report along with this Notice.  
The details of Mr. Adi F. Madan who is being appointed as director not to retire by rotation and being re-appointed as Managing Director of the Company is given in the Explanatory Statement and in the Information Statement attached to this Notice.  
The Board of Directors of the Company commends their respective re-appointments/appointment.
- 6) Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
- 7) Members who hold shares in dematerialized form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting.
- 8) The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, the 25th August, 2009 to Friday, the 04th September, 2009 (both days inclusive) for the Annual General Meeting.
- 9) In order to provide protection against fraudulent encashment of dividend warrants, members are requested to intimate the Company's Registrars & Transfer Agents particulars of their Bank Account viz. Name of Bank, Name of Branch, Complete address of the Bank with Pin Code Number, Account type - whether Saving Account or Current Account and Bank Account Number.
- 10) Members are hereby informed that Dividend which remains unclaimed/un-encashed over a period of 7 years has to be transferred as per the provisions of Sec.205A of the Companies Act, 1956, by the Company to 'Investor Education & Protection Fund', constituted by the Central Government under Section 205C of the Companies Act, 1956. It may please be noted that once the unclaimed/un-encashed dividend is transferred to the "Investor Education & Protection Fund" (IEPF), no claim shall lie in respect of such amount by the shareholder. However, there is no dividend that had been declared prior to seven years. The unclaimed interim dividend may be claimed by the members as early as possible.
- 11) Members desirous of making nomination as permitted under Section 109A of the Companies Act, 1956 in respect of the physical shares held by them in the Company, can make nominations in Form 2B. The Members holding shares in demat form may contact their respective depository participants for such nominations.
- 12) Members who hold shares in physical form in multiple folios in identical names or joint accounts in the same order of names are requested to send the share certificates to the Company's Registrars and Transfer Agents, M/s. Link Intime India Pvt. Limited, for consolidation into a single folio.

By Order of the Board of Directors

### **REGISTERED OFFICE:**

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

Place : Mumbai,

Date : 26th June, 2009.

**ASINKHAN S. BAHOLU**  
Company Secretary

**ANNEXURE TO NOTICE**

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

The following Explanatory Statement sets out all the material facts relating to the SPECIAL BUSINESS mentioned under Item Nos. 6 and 7 of the accompanying Notice:

**Item Nos. 6 and 7**

Mr. Adi F. Madan (52) (B.Com, LL.B) is the Managing Director of the Company. He is sought to be appointed as Director of the Company out of the quota of 1/3rd of the directors who are not subject to retirement by rotation within the meaning of Sec.255 of the Companies Act, 1956 till he is Managing Director of the Company.

Mr. Adi F. Madan is a Director of the Company since 1994. During the period 1994 to 2004, he was Whole-time Director of the Company. He has been Managing Director of the Company since 2004. He has extensive experience of over 30 years in industry and business. His tenure as the Managing Director of the company ends on 30th September, 2009. Considering his rich and vast experience and exceptional managerial skills, the Board of Directors felt that it would be in the best interest of the Company to re-appoint him as Managing director of the Company. Accordingly, the Board of Directors, in its meeting held on 26th June, 2009, re-appointed him as Managing Director w.e.f. 1st October, 2009 and, subject to the approval of the Remuneration Committee, fixed terms and conditions as to the Remuneration payable to him as mentioned in the Item.No. 7 Resolution. An Agreement has been executed between the Managing Director and the Company containing all the terms and conditions of his re-appointment.

In terms of Schedule XIII to the Companies Act, 1956, Mr. Adi F. Madan is eligible for re-appointment as Managing Director. The total remuneration payable to Mr. Adi F. Madan shall not exceed 5% of the net profits, calculated in terms of Sec.349 and 350 of the Companies Act, 1956, during any of the financial year. It is expected that considering the progress and profitability of the Company which is likely to continue in future years also, occasion is not likely to arise for payment of remuneration to him as minimum remuneration during any of the years comprised in the renewed period of his office. However, out of abundant precautions, the provisions of Schedule XIII to the Companies Act, 1956 are being also adhered to.

In view of Para (B)(iii) of Section II of Part II of Schedule XIII to the Companies Act, 1956, Mr. Adi F. Madan can draw salary and perquisites at Rs.2,50,000/- per month subject to fulfillment of certain conditions, inter alia, such as approval of the members of the Company by Special Resolution, etc.

Your Directors recommend the resolution for your approval.

Except Mr. Adi F. Madan, no other Director is concerned or interested in this Resolution. The Directors recommend your acceptance thereof in the interest of the Company. This may also be treated as an Abstract of terms and conditions and Memorandum of Interest under Section 302 of the Companies Act, 1956. The Agreement between the Company and the Managing Director is available for inspection of the members of the Company, at the registered office, between 11.00 a.m. and 1.00 p.m. on any of the working days upto the date of the previous day of the 19th AGM.

The information required to be given along with the Notice of Annual General Meeting as per proviso (iv) of Para (B) of Section II of Part II of the Schedule XIII to the Companies Act, 1956 is given as attachment to the Notice and this Explanatory Statement.

By Order of the Board of Directors

**REGISTERED OFFICE:**

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

Place : Mumbai,

Date : 26th June, 2009.

**ASINKHAN S. BAHOLU**  
Company Secretary

**THE INFORMATION AS PER PROVISIO (iv) OF PARA (B) OF SECTION II OF PART II OF SCHEDULE XIII TO THE COMPANIES ACT, 1956.**

**I. GENERAL INFORMATION**

1. Nature of the Industry - The Company is in the Textile-Hosiery- Manufacture of Socks.
2. Date of expected date of commencement of commercial production: N. A.
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus - N. A.
4. Financial Performance - (Based on the audited Accounts for the year ended 31.03.2009)

	(Rs. in Crores)
Turnover	14.02
Net Profit before Tax	1.83
<b>Total Expenditure</b>	<b>11.58</b>

## **Virat Industries Ltd.**

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5. **Export performance and net foreign exchange collections:** Exports Rs.12.60 Crores.  
Net Exchange earnings Rs.12.16 Crores.  
There is no foreign collaboration.
6. Foreign Investments or Collaborators, if any: NIL

### **II. INFORMATION ABOUT THE APPOINTEE:**

#### **1. Background details:**

Mr. Adi F. Madan is a Director of the Company since 1994. During the period 1994 to 2004, he was Whole-time Director of the Company. He has been Managing Director of the Company since 2004. He has extensive experience of over 30 years in industry and business. He is skilfully steering the Company in excelling in Socks Manufacturing and Marketing.

#### **2. Past Remuneration:**

The total remuneration paid to Mr. Adi F. Madan, during the period 1st April, 2008 to 31st March, 2009, is Rs.10,26,900/-.

#### **3. Recognition or awards:**

Mr. Adi F. Madan was instrumental in bagging Dun & Bradstreet India (D & B)/Export Credit Guarantee Corporation of India Ltd. (ECGC) - Indian Exporters Excellence Awards - "Top Exporter in the Textiles sector under the Micro exporters" category. And also the Small and Mid Sized Company Rating awards - "India's 1st SMB Top 500".

#### **4. Job profile and his suitability:**

Overall supervision and control of the Company's activities and in particular to attend to all matters concerning manufacture of socks including finance, international marketing, planning, expansion, administration and such other duties. Mr. Adi F. Madan has been performing the same since 1994.

#### **5. Remuneration proposed:**

The Abstract containing details of remuneration proposed to be paid to the Managing Director are contained in the Resolution No. 7 of the Notice of the 19th Annual General Meeting.

#### **6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and the person.**

The remuneration proposed is comparable with what is being paid to the captains of the companies, in the similar industry, operating in India taking into consideration the experience of Mr. Adi F. Madan.

#### **7. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel if any :-**

Mr. Adi F. Madan is jointly holding 2.13% shares of the Company. Apart from this, he does not have any other pecuniary transactions with the Company except by way of his contract of employment with the Company.  
There is no relative of him working in the Company.

### **III. OTHER INFORMATION :**

#### **1. Reasons of loss or inadequate profit:**

For the past two years and for the time being, the Company is earning profits in its operations. However, looking to the global meltdown and lull in the international market, there is likely to be impact on the operations of the Company bringing down margins to some extent in future till the economy recovers. As such, out of abundant precautions, the remuneration to the Managing Director is sought to be fixed also under Schedule XIII to the Companies Act, 1956.

#### **2. Steps taken for improvement:**

The question here is not improvement in the working of the Company but to keep the recession at bay and save the Company from coming into its clutches. By reasons of the quality of the product, excellent communication with the international customers and timely deliveries, the global melt down has not affected the operations of the Company. Taking risk of boasting, it may be said that because of the Company's excellent services, its international customers are buoyant in the markets they are operating.

#### **3. Expected increase in productivity and profits in measurable terms:**

Looking to the prospects of the Company, it has been decided to add to the capacity of the Company's productivity by adding more socks knitting machines and its auxiliary machines.

### **IV. DISCLOSURES:**

1. The 'Abstract' containing details of remuneration proposed to be paid to the Managing Director are being circulated among the Shareholders of the Company and is contained in the Notice convening the 19th Annual General Meeting.
2. All the relevant information pertaining to the Managing Director and other Directors required to be disclosed in the Directors' Report under the heading "Corporate Governance", are attached to the Annual Report.

By Order of the Board of Directors

Place : Mumbai,  
Date : 26th June, 2009.

**ASINKHAN S. BAHOLU**  
Company Secretary

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

Name of the Director	<b>Mr. Arun Sanghi</b>	<b>Mr. Ajit P. Walwaikar</b>
Age	66 Years	54 Years
Qualification	B.A., L.L.B.	B.A. (Economics), LL.M., F.C.S.
Date of Appointment	26.02.2004	26.02.2004
Expertise	Mr. Arun Sanghi is a well-known Businessman / Industrialist in the City of Mumbai. He is the Chairman of the SAH & SANGHI Group of Companies	Rich experience in Secretarial, Legal and Commercial Fields. Has vast experience of dealing with Company Laws, Security Laws and the laws relating to Commercial Matters. Has experience of setting a 100% E.O.U., dealing with Ministry of Industry, Development Commissioner, Stock Exchange, SEBI, etc; Has handled Public Issues.
Other Directorships	Mahindra First Choice Wheels Ltd. Suraj Sanghi Finance Ltd. Bombay Auto Ancillary and Investment Pvt. Ltd. J. D. Jones & Co. (Bombay) P. Ltd. Krishna Sanghi Investment P. Ltd. Navtech E-Solutions Pvt. Ltd. Project Automobiles (Bombay) Pvt. Ltd. Rajesh Sanghi Auto Traders Pvt. Ltd. Rama Sanghi Auto Pvt. Ltd. Sah & Sanghi Auto Agencies Pvt. Ltd. Sah & Sanghi Brands Pvt. Ltd. S. P. Sanghi Airconditioning Pvt. Ltd. Tyresoles Concessionaires P. Ltd. Vinay Leasing and Finance P. Ltd.	Parmeshvari Finstock Pvt. Ltd. Ignatius Trading Co. Pvt. Ltd. Modern India Infrastructure Pvt. Ltd.  Sarat Derivatives & Futures Limited
Chairmanship/ Membership of the Committees	<b>Mahindra First Choice Wheels Limited -</b> Chairman - <b>Audit Committee</b> Member - <b>Remuneration Committee</b> <b>Virat Industries Limited -</b> Member - <b>Audit Committee</b> Member	<b>Virat Industries Ltd. -</b> Member - <b>Audit Committee</b> Member - <b>Share Holder's Committee</b> Member - <b>Remuneration Committee</b> Member
Shareholding in the Company	NIL	11,000 Shares

## Virat Industries Ltd.

### DIRECTORS' REPORT

Your Directors take pleasure in submitting the 19th Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2009.

#### FINANCIAL RESULTS AND ACCOUNTS:

The Financial Results are as under:

(Rs. in Lacs)

	Year ended March 31, 2009	Year ended March 31, 2008
Gross Income (including other income)	1,401.61	967.15
Gross Profit (Before Interest, Depreciation & Tax)	337.04	148.76
Less: Interest (Net)	26.03	23.32
Depreciation	67.57	48.57
Provision for Tax :		
Current Tax	27.50	8.67
Deferred Tax	75.11	-
Fringe Benefit Tax	1.75	1.69
MAT Credit Entitlement	(43.96)	-
Net Profit / (Loss) After Taxes	183.04	66.51
Balance [+/-] carried from previous year's Account	14.43	(54.43)
Transition Provision for Leave Encashment as on 01.04.07 as per AS 15 (Revised)	-	2.35
Profit/(Loss) available for Appropriations:	197.47	14.43
Interim Dividend	24.62	-
Dividend Distribution Tax	4.18	-
Balance [+/-] carried to next year's Account	168.67	14.43

#### OPERATIONS:

During the year under review, your Company posted a commendable performance, registering a 37% growth in sales and 169% increase in profit after tax over last year; despite the global economic meltdown. This inspiring achievement is mainly the outcome of ever increasing affirmation of your Company's products, good communication, and timely deliveries. This meant that our customers were well serviced during the year leading to an excellent order book position.

Besides, during the year under review the foreign exchange rates were about 18% higher in case U.S. Dollars (USD) and about 3% lower in case of Great Britain Pound (GBP), compared to last year resulting in overall enhanced Rupee realization, making a positive impact on the profitability of your Company.

In August '2008 your Company received the final "Debonding Order" from the office of Development Commissioner, SEZ, Kandla and switched over from 100% Export Oriented Unit (EOU) status to a DTA unit operating under Export Promotion Capital Goods (EPCG) scheme. Since 97% sales of your Company are derived from exports, with import inputs amounting to 3 to 4% of turnover; the switch over has financially benefited the company substantially due to the receipt of Duty Drawback; even after foregoing the benefits of excise duty and central sales tax exemption granted under 100% EOU scheme.

It has been the long term strategy of your company to concentrate on the export markets because export clients offer large size orders, which result in better plant efficiency, improvement in quality and better management of raw materials inventory.

There was substantial cost escalation in respect of utilities, employees' remuneration and other inputs. But economies of scale and factors mentioned above, more than offset the negative impact of the cost rise.

The performance highlights for the year 2008-09 compared to 2007-08 are as under :

	Units	2008-09	2007-08	% Change
Total Income	Rs.in lac	1,401.61	967.15	45
Export Sale	Rs.in lac	1,274.19	907.82	40
Net Profit	Rs.in lac	183.04	66.51	175
Cash Profit	Rs.in lac	281.76	115.08	145
Knitting Production	Pairs in lac	38.08	32.31	18
Pairs Despatched	Pairs in lac	39.07	32.21	21
Earning Per Share	Rs.	3.72	1.35	176

The encouraging trend of export order inflow continues during the current year also. Your Company continues to maintain its reputation of being one of the leading suppliers of premium quality dress and sports socks to many reputed retail chains in Europe and the Gulf Countries. As most of our customers are high end reputed retailers who need excellent quality socks, the Company is in a position to get better prices than our competitors due to quality products and timely deliveries.

**DIVIDEND:**

The Board of Directors of the Company had declared interim dividend of Re. 0.50 paise per equity share (5%) on 29th January, 2009 which has already been paid. The same is decided to be treated as final dividend for the year 2008-2009.

**FINANCE:**

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

**WORKING CAPITAL LOAN**

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

**INSURANCE**

All the assets of the Company have been adequately insured.

**SUBSIDIARIES**

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

**DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the company, Mr. Arun Sanghi and Mr. Ajit P. Walwaikar, retire by rotation and being eligible, offer themselves for reappointment.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the company, Mr. Adi F. Madan be and is hereby re-appointed Managing Director of the Company who will not be subject to retire by rotation.

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit/ loss of the Company for the year under review;
- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the accounts for the financial year ended 31st March, 2009 on going concern basis.

**AUDITORS**

The term of office of M/s. Deloitte Haskins and Sells, Chartered Accountants, Mumbai as Auditors of the Company expires at the conclusion of the ensuing Annual General Meeting. They are eligible for re-appointment and the company has received a Certificate from them that their appointment, if made, would be within the prescribed limits, under Section 224 (1B) of the Companies Act, 1956. You are requested to re-appoint them as Auditors for the financial year 2009-2010.

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

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

**PARTICULARS OF EMPLOYEES**

As per provision of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, particulars of the employees are required to be annexed in respect of the employees of the Company who were in receipt of total remuneration of Rs.24.00 Lac per annum or Rs.2.00 Lac per month during the financial year, under review. There is no employee drawing remuneration as above.

**CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS**

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

**COMPLIANCE CERTIFICATE**

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

**ACKNOWLEDGMENT**

Your Directors wish to place on record their sincere appreciation for the co-operation and support extended to the Company by the Government of India, Gujarat State Government and by the relevant Government Authorities, Central, State and Local, Company's Bankers and Business Associates.

Your Directors also thank all the employees at every level, who, through their dedication, co-operation and support, have enabled the Company to achieve a sustained growth.

*For and on behalf of the Board of Directors*

Place : Mumbai;  
Date : 26th June, 2009.

**Arun S. Sanghi**  
Director

## Virat Industries Ltd.

### ANNEXURE TO THE DIRECTORS' REPORT

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

#### (A) CONSERVATION OF ENERGY:

##### a. Energy Conservation Measures Taken:

##### 1. Reduced the consumption of Electricity by

i) Maintaining the power factor in the range of 0.994 to 0.997, throughout the year and got rebate of Rs.117,112/- on this account in electricity bills.

ii) Reduced air leakages in both knitting and finishing departments for optimum use of compressors.

##### 2. Reduced the consumption of Light Diesel Oil/H.S. Diesel Oil by

Optimising utilisation of boiler capacity by working two boarding machines simultaneously and thereby stopping one shift per day of boiler working.

##### b. Additional Investments and Proposals being implemented in Consumption of Energy:

For conservation of energy, the existing "individual suction" is being converted to "Centralised Suction" in respect of 36 knitting machines.

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

The measures taken above have helped reduce the energy cost.

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

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

#### (B) TECHNOLOGY ABSORPTION:

Efforts made in Technology Absorption are as per Form B.

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

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

Ours is an export unit operating under Export Promotion Capital Goods (EPCG) Scheme. The Company has been exporting goods to the European and Gulf Markets. All efforts are directed towards increasing exports. In the year under review 97% of total revenues were derived from export.

##### Total Foreign Exchange Used and Earned:

	(Rs. in Lacs)
i. Total Foreign Exchange earned	1,274.19
ii Total Foreign Exchange used	
i. For import of Plant and Machinery	-
ii. For Raw Material, Spares, etc.	35.48
iii. Others	7.72

##### SUB -TOTAL

43.20

% of Import to Export

3.39%

### FORM A PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY:

#### A. Power and Fuel Consumption

	Current Year	Previous Year
1. Electricity		
a. Purchased		
Unit (Lac)	13.10	12.66
Total Amount (Rs. in Lacs)	70.49	58.68
Rate/Unit (Rs.)	5.38	4.63
b. Own Generation		
(i) Through Diesel Generator Unit	-	-
Unit per ltr. of Diesel	-	-
Cost/Unit	-	-
(ii) Through Steam Turbine/generator Units	-	-
Units per ltr. of Fuel Oil/Gas	-	-
Cost/Unit	-	-
2. Coal (specify quality and where used)		
Quantity (Tonnes)	-	-
Total Cost	-	-
Average Rate	-	-
3. Furnace Oil		
Quantity (K.Ltrs.)	-	-
Total Cost	-	-
Average Cost	-	-
4. Others - Light Diesel Oil		
Quantity (K. Ltrs.)	64.10	48.20
Total Cost (Rs. in Lacs)	24.00	14.41
Rate/Unit (Rs.)	39.28	29.89

**B. Consumption per Unit of Production**

	Standards (if any)	Current Year	Previous Year
		No. of Pairs	
Product: Knitted Cotton Socks		2,725,525	2,761,358
Electricity (KWH/pair of Socks)	-	0.481	0.458
Furnace Oil	-	-	-
Coal (specify quality)	-	-	-
Others-LDO (ltrs/per pair of Socks)	-	0.020	0.017

**FORM B PARTICULARS WITH RESPECT TO ABSORPTION**

**Research and Development (R&D)**

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

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

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

-

**3. Future plan of action:**

To be planned

**4. Expenditure on R & D:**

Not ascertainable

(a) Capital

-

(b) Recurring

-

(c) Total

-

(d) Total R & D Expenditure as a percentage of total turnover.

-

**Technology absorption, adaptation and innovation :**

**1. Efforts in brief, made towards technology absorption, adaptation and innovation:**

The Company has not imported any technology. It has imported major plant and machinery.

**2. Benefits, derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.:**

-

**3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:**

(a) Technology imported

-

(b) Year of Import

-

(c) Has technology been fully absorbed

-

**Information as per Section 217(2A) read with Companies, (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the Year ended 31st March, 2009.**

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

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

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

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

**Note:** Gross Remuneration includes Salary, Company's Contribution to Provident Fund, provision for Gratuity, house rent allowance, medical allowance and leave travel allowance.

**REPORT ON CORPORATE GOVERNANCE**

**1. A brief statement on Company's philosophy on code of Corporate Governance**

The revised code of Corporate Governance introduced by the Securities and Exchange Board of India (SEBI) has been implemented in terms of the Listing Agreement with the Stock Exchanges by Virat Industries Limited (VIL). VIL is committed to good Corporate Governance and has taken initiatives to comply with the revised Code of Corporate Governance. Virat's philosophy on Corporate Governance envisages attainment of the highest levels of transparency, accountability and equity in all facets of its operations and in all its interactions with its stakeholders, including shareholders, employees, lenders and the

## Virat Industries Ltd.

Government. We believe that "learning is a continuous exercise" and will enshrine ideals and values, which have been guiding force of Company's philosophy on corporate governance in all activities of the Company.

### 2. Board of Directors

#### a) The composition of the Board of Directors is as follows:

In line with the revised Clause 49 of the Listing Agreement on Composition of Board of Directors, the Board has an optimum mix of Executive, Non-Executive and Independent Directors. The Managing Director manages the day to day affairs of the Company. The Board met 6 times during the year 2008-09 i.e. on 9th April, 2008, 26th June, 2008, 29th July, 2008, 05th September, 2008, 24th October, 2008 and 29th January 2009.

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

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

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

Sr. No.	Name of Director	Directorship held in Other Companies (including Private Companies)	Position held as Chairperson of Board Committee	Position held as Board Committee Member
1	Mr. Naozer J. Aga	3	1	-
2	Mr. Adi F. Madan	-	-	-
3	Mr. Arun S. Sanghi	14	-	-
4	Mr. Armand N. Aga	5	-	-
5	Mr. Madhav G. Kulkarni	-	-	-
6	Mr. Ajit P. Walwaikar	3	-	-
7	Mr. Kaizad DadyBurjor	-	-	-

#### c) No. of Shares held by the Directors:

Sr. No.	Designation	Name of Director	Position	No. of Shares held	%
1	Director/Chairman	Mr. Naozer J. Aga	Promoter Non-Executive	408,153	8.291
2	Managing Director	Mr. Adi F Madan (Joint Holder)	Executive	104,752	2.128
3	Director	Mr. Arun S. Sanghi	Non-Executive Independent	NIL	-
4	Director	Mr. Armand N. Aga	Promoter Non-Executive	16,423	0.334
5	Director	Mr. Ajit P. Walwaikar	Non-Executive Independent	11,000	0.220
6	Director	Mr. Madhav G. Kulkarni	Non-Executive Independent	NIL	-
7	Director	Mr. Kaizad DadyBurjor	Non-Independent Non-Executive	NIL	-

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

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

### 3. Audit Committee

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

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - \* Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
  - \* Changes, if any, in accounting policies and practices and reasons for the same.
  - \* Major accounting entries involving estimates based on the exercise of judgement by management

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- \* Significant adjustments made in the financial statements arising out of audit findings
  - \* Compliance with listing and other legal requirements relating to financial statements
  - \* Disclosure of any related party transactions
  - \* Qualifications in the draft audit report.
- a. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
  - b. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
  - c. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  - d. Discussion with internal auditors any significant findings and follow up there on.
  - e. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
  - f. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
  - g. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
  - h. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
  - i. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- b. Composition, name of members and chairperson.  
The committee consists of the following Non-Executive Independent Directors:
- i) Mr. Madhav G. Kulkarni - Chairman
  - ii) Mr. Arun S. Sanghi
  - iii) Mr. Ajit P. Walwaikar
- At the Annual General Meeting held on 5th September 08, the Chairman of the Audit Committee, Mr. Madhav G. Kulkarni was present.
- c. Audit Committee Meetings were held on 26th June, 2008, 29th July 2008, 24th October 2008 and 29th January, 2009. The attendances of the members are as follows :-

Sr. No.	Date of Audit Committee Meeting	Attendance of Directors		
		Mr. Madhav G. Kulkarni	Mr. Arun S. Sanghi	Mr. Ajit P. Walwaikar
1	26.06.2008	Y	Y	Y
2	29.07.2008	N	Y	Y
3	24.10.2008	Y	Y	Y
4	29.01.2009	Y	Y	Y

Y - Attended. N - Not Attended.

#### 4. Remuneration Committee:

- a) Brief description of terms of references of the Remuneration Committee includes:  
To determine the remuneration package for its Executive Directors and part time Professional Directors, including pension right, any compensation payment, advisory fees, technical fees, sitting fees, extra work fees etc.
- b) Remuneration Policy :  
The remuneration policy of the Company is directed towards rewarding performance based on review of achievements on a periodic basis and is in consonance with the existing industry practice.
- c) The Committee consists of the following Directors:
  - i) Mr. Madhav G. Kulkarni - Chairman.
  - ii) Mr. Arun S. Sanghi
  - iii) Mr. Ajit P. Walwaikar

All of them are Non-Executive Independent Directors of the Company. During the year under review, one meeting of the Committee was held on 05th September, 2008. The attendance of the members are as under:

Sr. No.	Date of Meeting	Attendance of Directors		
		Mr. Madhav G. Kulkarni	Mr. Arun S. Sanghi	Mr. Ajit P. Walwaikar
1.	05.09.2008	Y	N	Y

Y - Attended. N - Not Attended.

- d) Details of fixed remuneration paid to the Managing Director for the Financial Year 2008-2009:

Name of Director	Designation	Salary (Rs.)	Perks (Rs.)	Technical Fees (Rs.)	TOTAL Rs.
Mr. Adi F. Madan	Managing Director	638,400	388,500	-	1,026,900

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

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e) **Details of sitting fees paid to Non-Executive Directors for the Financial Year 2008-2009:**

Name of Director	Total Sitting Fees paid for attending Board Meetings (Rs.)	Total Sitting Fees paid for attending Committee Meetings (Rs.)
Mr. Naozer J. Aga	40,000	NIL
Mr. Adi F. Madan	NIL	NIL
Mr. Arun S. Sanghi	50,000	20,000
Mr. Armand N. Aga	20,000	NIL
Mr. Madhav G. Kulkarni	50,000	17,000
Mr. Ajit P. Walwaikar	60,000	40,000
Mr. Kaizad DadyBurjor	NIL	NIL

5. **Shareholders / Investors Grievance Committee**

The purpose of forming this Committee is to mainly focus on the basic rights of the shareholders including, Transfer of Shares, Transmission / Transposition of Shares, Issue of Duplicate / Split Certificates, Sub Division / Consolidation of Shares, Consolidation of Folios, De-materialization / Re-materialization of Shares and such other issues relating to shares. One meeting was held during 2008-09.

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

Mr. Madhav G. Kulkarni – Chairman  
Mr. Adi F. Madan  
Mr. Ajit P. Walwaikar

b. **Name and designation of Compliance Officer:**

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

c. **Details of complaints received and redressed during the year 2008-09:**

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

6. **General Body Meetings**

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

Date	Meeting	Location	Time	Details of any Special Resolution
01.09.2006	A. G. M.	Registered Office, Navsari	11.30 A.M	Nil
05.09.2007	A. G. M.	Registered Office, Navsari	11.30 A.M	Nil
05.09.2008	A. G. M.	Registered Office, Navsari	11.30 A.M	Nil

b. **Postal Ballots:**

There were no special resolutions passed in the last year through postal ballot.  
There is no proposal for any special resolution to be passed through postal ballot.

7. **Disclosures:**

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

**8. Secretarial Audit**

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

**9. Adoption of Non-Mandatory requirements of Clause 49**

**Whistle Blower Policy**

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

**10. Means of Communication**

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

SEBI EDIFAR:- Quarterly results and Shareholding pattern of the company are also posted on the SEBI Edifar Website- [www.sebidifar.nic.in](http://www.sebidifar.nic.in)

**11. MANAGEMENT DISCUSSION AND ANALYSIS**

**Overview:**

In 2008 - 2009, the global economy faced a severe down turn, leading to a significant slow down in the Indian economy. There was substantial reduction in exports from India in the third and fourth quarter of the financial year 2008 - 2009. This has dampened domestic momentum which was earlier the key growth driver of the Indian economy.

Still however, in case of your Company, the inflow of orders remained encouraging throughout the year, and export despatches in turn of quantity of pairs of socks were 22 % higher, compared to last year.

Your Company's decision to switch over from 100% Export Oriented Unit status to a DTA unit under EPCG has proved financially beneficial, due to entitlement to Duty Drawback on export despatches. Moreover your Company has already completed 10 years of income tax holiday period, granted under 100% EOU scheme.

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

Your Company is committed to enhancing scale, enriching product mix, improving quality and reducing cost of production.

Your Company is also committed to increase export sales by expanding business with existing customers and exploring new markets. To achieve this, your Company is endeavoring to develop new and diverse styles of socks from time to time. As already mentioned, inflow of export orders has been progressively increasing.

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

	United Kingdom	Switzerland	India	Rest of the World	Total
Revenues (in Rs.)	35,724,131	74,919,660	2,035,197	16,775,576	129,454,564

**Industry Structure and Development**

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

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

**Opportunities**

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

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

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

Most of the customers of your Company have been purchasing Virat socks over the years and with every passing year, their quantities have been increasing, indicating their confidence in the quality of products and services provided by your Company.

After debonding, your Company has been availing of notification no. 30/2004 CE dt. 09.07.2004; whereby the socks dispatched in local markets are exempted from payment of excise duty. Under 100% EOU scheme, the duties payable were 14.34% ad valorem. This benefit has placed your Company on level playing field with other local socks manufacturers.

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

**Threats and Risks:**

The prices of utilities, raw materials and other cost inputs have already increased. Due to recessionary trends in international markets, there is a pressure on prices. This may squeeze the profits in the coming years.

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Your Company derives over 96 to 97% of its revenue from the export market and is potentially exposed to any risk of significant impact due to change in exchange rates, tariff, quota system and Government policies of the countries which purchase our product.

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

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

### Internal Control System and their Adequacy

The Company has proper and adequate systems of internal controls to provide reasonable assurance that all assets are safeguarded, transactions are authorized, recorded and reported correctly and to ensure compliance with policies and statutes. The well documented policy guidelines, authorization and approval procedures are in the process of implementation stage. The Company's Audit Committee comprising of Company's Directors is at the foundation of the system. The Audit Committee members meet regularly and review the quarterly report submitted by the Internal Auditor.

### Human Resources and Industrial Relations

Industrial relations continue to remain cordial and peaceful at the manufacturing unit at Navsari. There are 118 employees working at the manufacturing unit for a common objective of Profit, Growth and Excellence.

## 12. General Shareholder Information

1. Number of Annual General Meeting : Nineteen
2. Date : 04th September, 2009
3. Day : Friday
4. Time : 11.30 a.m.
5. Venue : Registered Office: Virat Industries Ltd.,  
A-1/2, GIDC Industrial Estate,  
Kabilpore, Navsari - 396 424, Gujarat.
6. Financial Calendar:
  - i. Quarterly un-audited Results for June, 2009 : On or before 31st July, 2009
  - ii. Quarterly un-audited Results for September, 2009 : On or before 31st October, 2009
  - iii. Quarterly un-audited Results for December, 2009 : On or before 31st January, 2010
  - iv. Quarterly un-audited Results for March, 2010 : On or before 30th April, 2010
  - v. Financial Result for the year ending 31st March, 2010 : On or before 30th June, 2010
7. Book Closure Date : 25.08.2009 to 04.09.2009 (both dates included)
8. Dividend Payment Date : Not applicable
9. Listing on Stock Exchanges : The Bombay Stock Exchange Ltd., (BSE)  
1st Floor, New Trading Ring, Rotunda Bldg.,  
P. J. Towers, Dalal Street, Fort, Mumbai - 400 023.  
Stock Code : 530521  
ISIN No. for Dematerialized Shares : INE467D01017

Listing fees for the financial year 2008-2009 have been paid to the Bombay Stock Exchange Ltd. (BSE) where the Company's shares are listed.

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

Sr. No.	Month	High Rs. P.	Low Rs. P.	BSE SENSEX Highest	BSE SENSEX Lowest
1	April 2008	10.54	8.92	17480.74	15297.96
2	May 2008	11.40	8.25	17735.70	16196.02
3	June 2008	11.30	7.60	16632.72	13405.54
4	July 2008	10.50	8.10	15130.09	12514.02
5	August 2008	10.30	8.50	15579.78	14002.43
6	September 2008	11.45	9.00	15107.01	12153.55
7	October 2008	10.40	7.95	13203.86	7697.39
8	November 2008	9.95	8.11	10945.41	8316.39
9	December 2008	10.70	8.75	10188.54	8467.43
10	January 2009	9.50	8.00	10469.72	8631.60
11	February 2009	11.02	9.35	9724.87	8619.22
12	March 2009	9.87	7.66	10127.09	8047.17

**13. Registrar and Share Transfer Agents:**

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

**14. Share Transfer System:**

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

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

**15. Shareholding Pattern as on 31.03.2009:**

Particulars	Total Shares	Percentage (%)
Promoters and persons acting in concert	2,176,771	44.2133
Mutual Fund	3000	0.0609
Financial Institution	200	0.0041
FII's	-	-
Insurance Companies	-	-
Unit Trust of India	-	-
Foreign Nationals	492,340	10.0000
NRIs / OCBs	27,066	0.5498
Banks	-	-
Bodies Corporate	163,838	3.3278
Indian Public	2,052,497	41.6892
Clearing Members	7,628	0.1549
<b>Total</b>	<b>4,923,340</b>	<b>100.00</b>

**16. Distribution of Shareholding as of 31.03.2009:**

Distribution of Shares	No. of Shareholders	Percentage to Total No. of Shareholders	No. of Shares held	Percentage to Total Share
1-500	1866	78.7670	432,747	8.7900
501-1000	232	9.7930	192,470	3.9090
1001-2000	121	5.1080	189,736	3.8540
2001-3000	37	1.5620	94,799	1.9260
3001-4000	28	1.1820	99,782	2.0270
4001-5000	14	0.5910	65,608	1.3330
5001-10000	34	1.4350	245,637	4.9890
10001 & Above	37	1.5620	3,602,561	73.1730
<b>Total</b>	<b>2369</b>	<b>100.00</b>	<b>4,923,340</b>	<b>100.000</b>

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### 17. Dematerialization of Shares and Liquidity

4,435,800 equity shares of the Company have been dematerialized as on 31.03.2009.

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

For and On Behalf of the Board of Directors

Place : Mumbai,  
Dated : 26th June, 2009.

**Arun Sanghi**  
Director

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

To  
The Members of  
**VIRAT INDUSTRIES LIMITED**

We have examined the compliance of conditions of Corporate Governance by **Virat Industries Limited** for the year ended on 31st March 2009, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchange.

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

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

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

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

For **Deloitte Haskins & Sells**  
Chartered Accountants

Place : Mumbai,  
Dated : 26th June, 2009.

**A. B. Jani**  
Partner

Membership No. 46488

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**AUDITORS' REPORT**

To,  
The Shareholders of  
**VIRAT INDUSTRIES LIMITED**

1. We have audited the attached Balance Sheet of Virat Industries Limited, as at 31st March, 2009, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
  - c) The Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - e) On the basis of the written representations received from the directors as on 31st March, 2009 and taken on record by the 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 sub-section (1) of Section 274 of the Companies Act, 1956;
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read along with the significant accounting policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i) in the case of the balance sheet, of the state of affairs of the Company as at 31st March, 2009;
    - ii) in the case of the profit and loss account, of the profit for the year ended on that date; and
    - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **Deloitte Haskins & Sells**  
*Chartered Accountants*

Place : Mumbai,  
Dated : 26th June, 2009.

**A. B. Jani**  
*Partner*  
**Membership No. 46488**

**ANNEXURE TO THE AUDITORS' REPORT**

Re: VIRAT INDUSTRIES LIMITED

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

- i) The nature of the Company's business /activities during the year have been such that clauses (xiii) and (xiv) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company for the year.
- ii) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
b) As per information and explanations given to us, physical verification of fixed assets was carried out by the management during the year and no material discrepancies were noticed by the management on such verification. In our opinion, the frequency of verification is reasonable.  
c) The Company has not disposed off a substantial part of fixed assets during the year.
- iii) a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.  
b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iv) a) The Company has not granted any loans to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956 during the year under review. Accordingly sub clauses (b), (c) and (d) of clause (iii) of Paragraph - b of the Companies (Auditors Report) Order, 2003 are not applicable to the company.  
b) The Company has taken loans from one party covered in the Register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 16,549,098/- and the year-end balance outstanding with respect to that party was Rs. 12,466,652/-.  
c) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from the company listed in the register maintained under section 301 of the Companies Act, 1956 are not prima facie, prejudicial to the interest of the Company.  
d) The company is generally regular in repaying the principal amounts as stipulated and has been regular in the payment of interest.
- v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and with regard to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control.
- vi) a) According to the information and 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 Companies Act, 1956 have been so entered.  
b) According to the information and explanations given to us, there are no transactions, which are in excess of Rs. 5 lakhs in respect of each party covered under section 301 of the Companies Act, 1956 [excluding loans reported under paragraph (iv) above]. Hence, clause (v) (b) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 is not applicable.
- vii) The Company has not accepted any deposits from the public.
- viii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- ix) According to the information and explanations given to us the Central Government has not prescribed maintenance of Cost Records under Section 209 (1) (d) of the Companies Act, 1956, in respect of products manufactured by the Company.

## 19th Annual Report

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- x) a) In our opinion and according to the information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Custom duty, Excise duty, Cess and any other statutory dues with the appropriate authorities during the year, where applicable. According to the information and explanations given to us, no arrears of statutory dues as at March 31, 2009 were outstanding for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, there are no cases of non-deposit with the appropriate authorities of disputed dues of Income tax / Sales tax / Wealth tax / Service tax / Custom duty / Excise duty / Cess.
- xi) The Company has no accumulated losses at the end of the financial year. The Company has not incurred cash losses in the current year as well as in the immediately preceding financial year.
- xii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. There are no dues to financial institutions/debentureholders.
- xiii) According to the information and explanations given to us, the Company has not given any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- xv) To the best of our knowledge and belief, and according to the information and explanations given to us, the Company has not obtained any term loan during the year and hence the question of applying term loans for the purpose for which the loans were obtained does not arise.
- xvi) According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, funds raised on short-term basis have, prima facie, not been used for long term investment.
- xvii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- xviii) The Company has not issued any debentures during the year.
- xix) The Company has not raised any money by way of public issues during the year.
- xx) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

For **Deloitte Haskins & Sells**  
Chartered Accountants

Place : Mumbai,  
Dated : 26th June, 2009.

**A. B. Jani**  
Partner

Membership No. 46488

**Virat Industries Ltd.**

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

	SCHEDULE	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Capital	1	49,233,400	49,233,400
Reserves & Surplus Profit and Loss Account		16,867,007	1,443,048
<b>Loan Funds</b>			
Secured Loans	2	5,515,214	10,898,731
Unsecured Loans	3	12,466,652	14,949,987
		17,981,866	25,848,718
Deferred Tax Liability		7,511,301	-
<b>Total</b>		<b>91,593,574</b>	<b>76,525,166</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	4	108,588,050	107,885,453
Less: Depreciation		(51,354,973)	(44,650,208)
Net Block		57,233,077	63,235,245
Capital Work in progress		232,400	-
		57,465,477	63,235,245
<b>Current Assets, Loans &amp; Advances:</b>			
Inventories	5	18,782,734	16,471,680
Sundry Debtors	6	9,647,835	8,455,267
Cash and Bank Balances	7	8,487,178	769,824
Loans and Advances	8	7,979,693	1,998,853
		44,897,440	27,695,624
<b>(Less) : Current Liabilities &amp; Provisions:</b>			
Current Liabilities	9	(8,487,270)	(12,599,355)
Provisions	10	(2,282,073)	(1,806,348)
		(10,769,343)	(14,405,703)
<b>Net Current Assets</b>		<b>34,128,097</b>	<b>13,289,921</b>
<b>Total</b>		<b>91,593,574</b>	<b>76,525,166</b>
Significant Accounting Policies and Notes on Accounts	15		

As per our attached Report of even date

For **Deloitte Haskins & Sells**  
Chartered Accountants

**A. B. Jani**  
Partner

Mumbai,  
Dated: 26th June, 2009.

**Asinkhan S. Baholu**  
Company Secretary

For **Virat Industries Limited**  
**Adi F. Madan** Managing Director

**Arun S. Sanghi**  
**Ajit P. Walwaikar** } Directors

Mumbai,  
Dated: 26th June, 2009.

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

	SCHEDULE	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
<b>INCOME:</b>			
Sales (Including Customs Duty)		129,454,564	94,547,547
Other Income	11	12,070,244	1,344,350
(Decrease)/Increase in stocks of finished goods and Work-in-progress	12	(1,364,226)	823,457
<b>Total</b>		<b>140,160,582</b>	<b>96,715,354</b>
<b>EXPENDITURE:</b>			
Manufacturing and Other Expenses	13	106,237,559	81,406,693
Customs Duty		219,263	432,671
Depreciation		6,756,570	4,857,269
Interest	14	2,602,773	2,332,166
<b>Total</b>		<b>115,816,165</b>	<b>89,028,799</b>
Profit Before Tax		24,344,417	7,686,555
<b>Provision For Tax:</b>			
Current Tax		2,750,000	867,000
Deferred Tax		7,511,301	-
Fringe Benefits Tax		175,000	169,000
MAT Credit Entitlement		(4,396,000)	-
<b>Profit for the year</b>		<b>18,304,116</b>	<b>6,650,555</b>
Balance brought forward from previous year		1,443,048	(5,442,666)
Add: Charge on account of the transitional provision of Accounting Standard 15 (Revised) on Employee Benefits		-	235,159
Balance available for appropriation		19,747,164	1,443,048
Interim Dividend		(2,461,714)	-
Dividend Tax		(418,443)	-
<b>Balance Carried Forward to Balance Sheet</b>		<b>16,867,007</b>	<b>1,443,048</b>
Earnings per Share (Refer Note 11 of Schedule 15) :			
- Basic and Diluted		3.72	1.35
Significant Accounting Policies and Notes on Accounts	15		

As per our attached Report of even date

For **Deloitte Haskins & Sells**  
Chartered Accountants

**A. B. Jani**  
Partner

**Asinkhan S. Baholu**  
Company Secretary

Mumbai,  
Dated: 26th June, 2009.

For **Virat Industries Limited**  
**Adi F. Madan** Managing Director

**Arun S. Sanghi**  
**Ajit P. Walwaikar** } Directors

Mumbai,  
Dated: 26th June, 2009.

**Virat Industries Ltd.**

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2009**

	Rupees	Current Year Rupees	Previous Year Rupees
<b>A Cash Flow from Operating Activities:</b>			
Net Profit before tax	24,344,417		7,686,555
Adjustments for:			
Depreciation	6,756,570		4,857,269
Loss on sale of fixed assets	10,313		115
Exchange Difference	17,992		247,179
Interest	2,602,773		2,332,166
Provision for Bad and Doubtful Debts	-		7,877
Interest Income	(73,142)		(52,776)
Operating Profit before Working Capital Changes	33,658,923		15,078,385
Adjustments for:			
Trade and other receivables	(2,760,470)		(503,920)
Inventories	(2,311,054)		1,537,761
Trade and other payables	(3,661,360)		(6,251,863)
	(8,732,884)		(5,218,022)
Cash generated from operations	24,926,039		9,860,363
Direct Taxes (Net)	(2,921,007)		(1,875,067)
<b>Net Cash from operating activities</b>		<b>22,005,032</b>	<b>7,985,296</b>
<b>B Cash Flow from Investing Activities:</b>			
Additions to fixed assets (including capital advances)	(1,003,295)		(2,261,666)
Sale of fixed assets	6,180		1,885
Interest Income	73,142		25,867
<b>Net Cash used in Investing Activities</b>		<b>(923,973)</b>	<b>(2,233,914)</b>
<b>C Cash Flow from Financing Activities:</b>			
Repayment of long term and other borrowings	(7,866,852)		(4,570,131)
Interim Dividend (Including dividend distribution tax)	(2,880,157)		(2,332,166)
Interest Payments	(2,602,773)		
<b>Net cash from financing activities</b>		<b>(13,349,782)</b>	<b>(6,902,297)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>7,731,277</b>	<b>(1,150,915)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>773,893</b>	<b>1,924,808</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>8,505,170</b>	<b>773,893</b>

**Notes:**

- Components of cash and cash equivalents includes cash, bank balances in current and deposit accounts as disclosed under Schedule 7 of the Balance Sheet.
- Purchase of Fixed Assets is considered as part of the investing activities.
- Cash and Cash Equivalents includes margin deposits of Rs.81,547/- (previous year Rs.129,773/-), which are under lien.
- Cash and Cash equivalents:**

	<b>March 31, 2009</b>	<b>March 31, 2008</b>
Cash and Bank balances	8,487,178	769,824
Unrealised (Gain)/Loss on foreign currency cash and cash equivalents	17,992	4,069
<b>Total Cash and Cash equivalents</b>	<b>8,505,170</b>	<b>773,893</b>
- The Cash Flow Statement has been prepared in accordance with the requirements of Accounting Standard 3 on "Cash Flow Statement" (AS 3).

As per our attached Report of even date

For **Deloitte Haskins & Sells**  
Chartered Accountants

**A. B. Jani**  
Partner

Mumbai,  
Dated: 26th June, 2009.

**Asinkhan S. Baholu**  
Company Secretary

For **Virat Industries Limited**  
**Adi F. Madan** Managing Director

**Arun S. Sanghi**  
**Ajit P. Walwaikar** } Directors

Mumbai,  
Dated: 26th June, 2009.

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

SCHEDULE 1 : SHARE CAPITAL		As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
<b>Authorised:</b> 5,000,000 Equity Shares of Rs. 10/- each		50,000,000	50,000,000
<b>Issued, Subscribed and Paid up:</b> 4,923,340 Equity Shares of Rs. 10/- each fully paid-up		49,233,400	49,233,400
<b>Total</b>		49,233,400	49,233,400
<b>Note :</b> Of the above shares 140,560 shares were allotted as fully paid-up bonus shares, by capitalisation of reserve created on revaluation of assets.			
SCHEDULE 2 : SECURED LOANS		As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
	Notes		
<b>Loans and Advances from Banks:</b>			
Working Capital Loans	1	4,775,015	9,493,767
Vehicle Loan	2	740,199	1,404,964
<b>Total</b>		5,515,214	10,898,731
<b>Note :</b> 1. Working Capital loans from a bank have been secured by deposit of title deeds of leasehold land and by a charge on buildings, structures, fixture and fittings, immoveable plant and machinery thereon. Such loans are further secured by a charge on the Company's stocks, book debts, other receivables, moveable properties and assets etc. both present and future and also by the personal guarantee of a director of the Company. 2. Vehicle loan is secured by hypothecation of the concerned vehicle purchased.			
SCHEDULE 3 : UNSECURED LOANS		As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
<b>Other Loans and Advances:</b>			
- From Others (from a Company)		12,466,652	14,949,987
<b>Total</b>		12,466,652	14,949,987

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

**SCHEDULE 4 : FIXED ASSETS**

*(In Rupees)*

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01-04-2008	Additions	Deductions/ Adjustments	As at 31-03-2009	Upto 01-04-2008	For the year	Deductions/ Adjustments	Upto 31-03-2009	As at 31-03-2009	As at 31-03-2008
Leasehold Land	687,100	-	-	687,100	120,365	8,458	-	128,823	558,277	566,735
Buildings	28,569,810	-	-	28,569,810	11,588,758	962,478	-	12,551,236	16,018,574	16,981,052
Plant and Machinery (Refer Note 5 of Schedule 15)	72,359,681	552,724	-	72,912,405	30,905,766	5,282,509	-	36,188,275	36,724,130	41,453,915
Furniture and Fixtures	1,037,111	53,930	-	1,091,041	696,582	39,746	-	736,328	354,713	340,529
Office Equipments	1,164,888	116,348	68,298	1,212,938	740,654	75,911	51,805	764,760	448,178	424,234
Vehicles	4,066,863	47,893	-	4,114,756	598,083	387,468	-	985,551	3,129,205	3,468,780
<b>TOTAL</b>	107,885,453	770,895	68,298	108,588,050	44,650,208	6,756,570	51,805	51,354,973	57,233,077	63,235,245
Previous year	105,662,367	2,261,666	38,580	107,885,453	39,829,519	4,857,269	36,580	44,650,208		
Capital work in progress (Capital Advance)									232,400	-
									57,465,477	63,235,245

**Note :**

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

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

	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
<b>SCHEDULE 5 : INVENTORIES</b>		
Stores and Spares	2,578,650	2,176,877
Packing Materials	629,441	476,737
Stock-in-trade		
Raw Materials (includes Goods in Transit Rs. 662,033/-, previous year NIL)	8,666,182	5,545,379
Work-in-progress	1,264,153	1,945,737
Finished goods	5,644,308	6,326,950
	<b>15,574,643</b>	<b>13,818,066</b>
<b>Total</b>	<b>18,782,734</b>	<b>16,471,680</b>
<b>SCHEDULE 6 : SUNDRY DEBTORS</b>		
(Unsecured)		
Outstanding for a period exceeding six months	-	7,877
Other debts	9,647,835	8,455,267
	<b>9,647,835</b>	<b>8,463,144</b>
Less: Provision for Doubtful Debts	-	(7,877)
<b>Total</b>	<b>9,647,835</b>	<b>8,455,267</b>
<b>Note:</b>		
Considered Good	9,647,835	8,455,267
Considered Doubtful	-	7,877
	<b>9,647,835</b>	<b>8,463,144</b>
<b>SCHEDULE 7 : CASH AND BANK BALANCES</b>		
Cash on Hand	-	22,560
Bank Balances:		
In Current Accounts	8,355,602	617,491
In Deposit Accounts (including interest accrued Rs.24,576/-, previous year Rs.22,773/-)	131,576	129,773
<b>Note :</b>		
Current Accounts include Rs.1,717,098/- (previous year Rs.65,750/-) in Exchange Earners' Foreign Currency account.		
<b>Total</b>	<b>8,487,178</b>	<b>769,824</b>
<b>SCHEDULE 8 : LOANS AND ADVANCES</b>		
(Unsecured, Considered Good)		
Advances recoverable in cash or in kind, or for value to be received [including Rs.20,000/- (previous year Rs.20,000/-) security deposit for premises]	3,543,073	1,965,247
Balance with Customs and Excise	-	9,924
MAT Credit Entitlement	4,396,000	-
Advance payment of taxes (net of Provision)	26,544	9,606
Advance payment of FBT (net of Provision)	14,076	14,076
<b>Total</b>	<b>7,979,693</b>	<b>1,998,853</b>

## Virat Industries Ltd.

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

	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
<b>SCHEDULE 9 : CURRENT LIABILITIES</b>		
<b>Sundry Creditors : (Refer Note 24 of Schedule 15)</b>		
(i) Total outstanding dues of Micro Enterprises and Small Enterprises	-	-
(ii) Total outstanding dues of Creditors other than Micro Enterprise and Small Enterprise	8,414,533	12,456,473
(iii) Other Liabilities	72,737	142,882
<b>Total</b>	<b>8,487,270</b>	<b>12,599,355</b>
<b>SCHEDULE 10 : PROVISIONS</b>		
For Gratuity	1,614,292	1,324,837
For Leave Encashment	632,800	471,530
For Taxation (net of advance tax)	34,981	9,981
<b>Total</b>	<b>2,282,073</b>	<b>1,806,348</b>
<b>SCHEDULE 11 : OTHER INCOME</b>		
Interest (Gross)		
- Fixed Deposits	27,568	7,203
- Others (Tax deducted at source Rs:16,938/-; Previous Year-Rs:7,019/-)	45,574	45,573
Export Incentives (Duty Drawback)	8,536,741	-
Exchange difference (Net)	2,835,316	-
Sales tax refund	-	491,104
Provision for doubtful debts written back	7,877	-
Miscellaneous income	617,168	800,470
<b>Total</b>	<b>12,070,244</b>	<b>1,344,350</b>
<b>SCHEDULE 12 : (DECREASE)/INCREASE IN STOCKS OF FINISHED GOODS AND WORK-IN-PROGRESS</b>		
Stocks as at March 31, 2009		
Finished goods	5,644,308	6,326,950
Work-in-progress	1,264,153	1,945,737
	<b>6,908,461</b>	<b>8,272,687</b>
Less: Stocks as at April 1, 2008		
Finished goods	(6,326,950)	(5,183,469)
Work-in-progress	(1,945,737)	(2,265,761)
	<b>(8,272,687)</b>	<b>(7,449,230)</b>
<b>Total</b>	<b>(1,364,226)</b>	<b>823,457</b>

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

	As at March 31, 2009 Rupees	As at March 31, 2008 Rupees
<b>SCHEDULE 13 : MANUFACTURING AND OTHER EXPENSES</b>		
Raw Material Consumed (Refer Note 5 of Schedule 15)	48,384,715	40,364,531
Processing Charges	11,112,254	3,854,025
Payments to and provisions for employees:		
Salaries and wages	8,980,746	8,500,314
Contribution to Provident and other funds	948,991	874,648
Gratuity	365,807	342,834
Staff Welfare Expenses	801,331	730,962
	<b>11,096,875</b>	<b>10,448,758</b>
Stores and spares consumed (Refer Note 5 of Schedule 15)	5,534,498	4,994,133
Packing Materials consumed	5,337,629	3,978,912
Utilities	9,608,804	7,468,174
Rates and taxes	190,789	289,214
Rent	219,000	99,600
Insurance	478,476	437,544
Repairs:		
- To Buildings	68,894	-
- To Machinery	420,052	381,649
- To Others	181,495	72,776
Travelling and Conveyance Expenses	1,364,562	1,401,368
Communication Expenses	333,146	286,885
Sales Expenses	5,981,529	3,328,408
Bank charges	606,321	627,083
Legal and Professional Fees	744,515	214,115
Bad debts/Advances written off	22,819	-
Loss on Sale/disposal of Fixed Assets (Net)	10,313	115
Provision for doubtful debts and advances	-	7,877
Exchange difference (Net)	-	243,110
Miscellaneous Expenses (includes payment to auditors, advertisement expenses, office expenses, directors sitting fees etc.)	4,540,873	2,908,416
<b>Total</b>	<b>106,237,559</b>	<b>81,406,693</b>
<b>SCHEDULE 14 : INTEREST</b>		
On Working Capital Loans	883,487	938,998
On Others	1,719,286	1,393,168
<b>Total</b>	<b>2,602,773</b>	<b>2,332,166</b>

## Virat Industries Ltd.

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### SCHEDULE - 15

#### SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS:

##### 1. Significant Accounting Policies:

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

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

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

##### **Depreciation:**

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

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

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

##### **Inventories:**

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

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

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

##### **Employee Benefits:**

- a. The Company contributes towards Provident fund and Family Pension fund which are defined contribution schemes. Liability in respect thereof is determined on the basis of contribution as required under the statute/ rules.
- b. Gratuity liability, a defined benefit scheme and provision for leave encashment is accrued and provided for on the basis of actuarial valuations made at the year end.

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

**Income Taxes:** Tax expense comprises of current tax, deferred tax and fringe benefit tax. Current tax is measured at the amount expected to be paid to recover from the tax authorities, using the applicable tax rates. Deferred tax assets and liabilities are recognised for future tax consequences attributable to timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent years and are measured using relevant enacted tax rates. The carrying amount of deferred tax assets at each Balance sheet date is reduced to the extent that it is no longer virtually certain that sufficient future taxable income will be available against which the deferred tax asset can be realized. Fringe benefits tax is recognized in accordance with the relevant provisions of the Income-tax Act, 1961 and the Guidance Note on Fringe Benefits Tax issued by the Institute of Chartered Accountants of India. Tax on distributed profits payable in accordance with the provision of Income-tax Act, 1961 is disclosed in accordance with the Guidance Note on Accounting for Corporate Dividend Tax issued by the Institute of Chartered Accountants of India. Credit available in respect of Minimum Alternative Tax under the Income-tax Act, 1961 has been recognised in accordance with the Guidance Note on Accounting for Credit available in respect of Minimum Alternative Tax under the Income-tax Act, 1961.

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

##### 2. Capital Commitments:

The estimated amounts of contracts remaining to be executed on capital account, and not provided for (net of advance) as at March 31, 2009 Rs.348,660/- (Previous year: Rs. NIL)

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

4. Depreciation

- a) Depreciation on fixed assets has been provided on Written Down Value basis in accordance with the provisions of section 205(2)(a) of the Companies Act, 1956, in respect of the assets acquired/ purchased upto March 31, 1995.
- b) Depreciation on assets acquired/ purchased since April 1, 1995, has been provided on Straight Line Basis in accordance with the provisions of section 205(2)(b) of the Companies Act, 1956.
- c) The depreciation under sections 205(2)(a) and 205(2)(b), as stated above, has been provided at the rates specified in Schedule XIV of the Companies Act, 1956, and has been provided on pro-rata basis according to the period each asset was put to use during the period.
5. During the year, the Company received authorisation from the regional office of the Director General of Foreign Trade, Mumbai to change its status from a '100% Export Oriented Unit (EOU)' to a unit covered under the 'Export Promotion Capital Goods (EPCG)' scheme. Accordingly for the purpose of debonding, the Company paid Custom/Excise Duty aggregating to Rs. 1,454,595/- on the capital goods, raw materials and stores and spares in stock as on the valuation date of 18th June, 2008. Out of the above, amounts aggregating to Rs. 492,058/- have been capitalised as the same pertain to fixed assets and the balance amounts aggregating to Rs. 669,672/- have been debited to raw material consumed and Rs. 292,865/- have been debited to stores and spares consumed.

6. Contributions are made to Provident Fund and Family Pension Fund which covers all regular employees. Amount recognized as expense in respect of these defined contribution plans, aggregate to Rs.7,18,917/- (previous year Rs. 648,565/-).

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

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

Particulars	Current Year Rs.	Previous Year Rs.
<b>Change in Defined Benefit Obligation</b>		
Opening Net Liability	1,324,837	1,099,054
Current Service Cost	165,969	149,662
Interest Cost	116,210	95,215
Actuarial Losses / (Gain)	7,276	97,957
Closing Defined Benefit Obligation	1,614,292	1,441,888
Employer's Contribution	-	(117,051)
<b>Amount Recognized in the Balance</b>	1,614,292	1,324,837

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

Particulars	Current Year Rs.	Previous Year Rs.
Current Service Cost	165,969	149,662
Interest Cost	116,210	95,215
Net Actuarial Losses / (Gains) Recognised in year	83,628	97,957
Expense Recognised in the Profit & Loss Account	365,807	342,834

**Assumptions:**

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

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

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

	Current Year		Previous Year	
	Foreign Currency	Rupees	Foreign Currency	Rupees
Export of goods	GBP	36,971	GBP	40,529
	USD	133,814	USD	125,594
Cash/Bank Balances	GBP	353	GBP	380.21
	USD	33,376	USD	882.78
		2,678,899		3,239,058
		6,781,704		5,031,288
		25,594		30,386
		1,691,505		35,364

## Virat Industries Ltd.

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

	Current Year		Previous Year	
	Foreign Currency	Rupees	Foreign Currency	Rupees
Import of Goods and Services	GBP 153	11,194	GBP 5,049	403,527
	-	-	EUR 201	12,710
Capital Imports	GBP 26,601	1,950,112	GBP 62,962	5,031,899
	-	-	EUR 15,942	1,009,527

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

Particulars	Current Year	Previous Year
Export Sales	2,658,911	(645,365)
Other	175,405	402,256

The disclosures made above have been made consequent to an announcement by the Institute of Chartered Accountants of India in December, 2005, which is applicable to the financial periods ending on or after 31st March, 2006.

**8. Managerial Remuneration: (Under Section 198 of the Companies Act, 1956)**

To the Managing Director	Current Year Rupees	Previous Year Rupees
a) Salary	570,000	510,000
b) Contribution to Provident and Other Funds	68,400	61,200
c) Perquisites	388,500	450,500
<b>Total</b>	<b>1,026,900</b>	<b>1,021,700</b>

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

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

**9. Payments to Auditors:**

	Current Year Rupees	Previous Year Rupees
a) As Auditors	400,000	400,000
b) For Tax Audit	30,000	30,000
c) As adviser, or in any other capacity, in respect of : - Taxation matters	150,000	-
d) In any other manner/certification work, etc.	20,000	20,000
e) Service Tax	74,160	-
f) As Expenses	1,003	-
<b>Total</b>	<b>675,163</b>	<b>450,000</b>

**10. Provision for current income tax has been made in accordance with the provisions of section 115JB of the Income-tax Act, 1961. The tax effect of significant timing differences during the year that have resulted in net deferred tax assets and liabilities are given below:**

Particulars	Current Year Rupees	Previous Year Rupees
Deferred Tax Liabilities :		
Depreciation	10,872,533	11,783,693
Total deferred Tax Liabilities	10,872,533	11,783,693
Deferred Tax Assets:		
Other timing differences	885,599	708,435
Carry forward loss and unabsorbed depreciation as per tax laws	2,475,633	11,632,069
Total Deferred Tax Assets	3,361,232	12,340,504
Deferred tax (Liabilities) / Assets (Net)	(7,511,301)	556,811

**11. Earnings per Share is calculated as follows:**

	Current Year Rupees	Previous Year Rupees
a. Profit for the year (Rupees)	18,304,116	6,650,555
b. Weighted average number of Equity Shares Basic and Diluted	4,923,340	4,923,340
c. Basic and Diluted Earnings per share (Rs.) (Equity Share of face value of Rs. 10 each)	3.72	1.35

## 19th Annual Report

12. The principal business of the Company is of manufacturing socks. All other activities of the Company revolve around its main business. Hence, there is only one primary reportable business segment as defined by Accounting Standard 17 - "Segment Reporting" (AS 17). The Secondary Segments are identified based on the geographical location of customers. The secondary geographical segments of the company consist of regions of United Kingdom, Switzerland, India and Rest of the World.

Secondary segments information is as follows -

(In Rupees)

	United Kingdom	Switzerland	India	Rest of the World	Total
<b>Revenues</b>	<b>35,724,131</b>	<b>74,919,660</b>	<b>2,035,197</b>	<b>16,775,576</b>	<b>129,454,564</b>
	(30,354,432)	(45,299,377)	(3,765,564)	(15,128,174)	(94,547,547)
<b>Segment Assets</b>					
Sundry Debtors	<b>2,678,899</b>	<b>6,781,704</b>	<b>187,232</b>	-	<b>9,647,835</b>
	(3,239,058)	(5,031,288)	(192,798)	(-)	(8,463,144)

Previous year figures are given in brackets.

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

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

(a) Names of related parties and description of relationship

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

(b) Transactions with Related Parties

Transactions with Related Parties	Promoter Company	Others	Key Management Personnel
<b>(a) Loans:</b>			
1. Shapoorjee Chandabhoy Finvest Pvt. Ltd.			
Opening balance	14,949,987		
	(22,246,991)		
Add: Interest	1,599,111		
	(1,221,011)		
Less: Repaid	4,082,446		
	(8,518,015)		
Closing Balance	12,466,652		
	(14,949,987)		
<b>(b) Payment of Interest on Unsecured Loan:</b>			
Shapoorjee Chandabhoy Finvest Pvt. Ltd.	1,599,111		
	(1,221,011)		
<b>(c) Purchases of services and Reimbursement of Costs:</b>			
Shapoorjee Chandabhoy Finvest Pvt. Ltd.	99,600	-	-
	(99,600)	-	-
Armayesh Consultancy and Agencies Pvt. Ltd.	-	142,716	-
	-	(142,910)	-
Mr. Adi F. Madan - Managing Director (Remuneration)	-	-	1,026,900
	-	-	(1,021,700)
<b>(d) Deposits:</b>			
Armayesh Consultancy and Agencies Pvt. Ltd. (for premises)			
Opening balance	-	20,000	-
Closing balance	-	20,000	-
<b>(e) Repayment on account of import of Machinery:</b>			
Indijack Limited - Opening Balance		1,009,527	
		(1,552,751)	
Less : Payment		1,009,527	
		(543,224)	
Closing Balance		-	
		(1,009,527)	

Previous year figures are given in brackets.

## Virat Industries Ltd.

### 14. Capacity and Production:

Product	Licensed Capacity* No. of Pairs	Installed Capacity* No. of Pairs	Actual Production** No. of Pairs
Socks - Knitted	3,524,000 (3,524,000)	4,699,000 (4,699,000)	2,722,525 (2,761,358)

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

\*\*Actual production excludes 1,085,535 pairs (previous year 469,964 pairs) manufactured by the job workers.

### 15. Turnover:

Product	Current Year		Previous Year	
	No. of Pairs*	Rupees	No. of Pairs*	Rupees
Socks - Knitted	3,906,567	129,454,564	3,221,217	94,547,547

\* inclusive of samples.

### 16. Raw Materials Consumed:

	Current Year		Previous Year	
	Kgs.	Rupees	Kgs.	Rupees
Yarn	164,808	48,384,715	140,791	40,364,531

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

	Current Year		Previous Year	
	No. of Pairs	Rupees	No. of Pairs	Rupees
Opening Stock Socks - Knitted	372,614	6,326,950	264,694	5,183,469
Closing Stock Socks - Knitted	274,107	5,644,308	372,614	6,326,950

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

	Current Year Rupees	Previous Year Rupees
Raw Materials	417,388	12,431
Stores and Spares	3,130,717	2,135,091
<b>Total</b>	<b>3,548,105</b>	<b>2,147,522</b>

### 19. Earnings in Foreign Exchange:

	Current Year Rupees	Previous Year Rupees
Export of Goods on FOB basis	125,520,213	89,944,497
Samples Development Charges	436,802	623,251

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

	Current Year Rupees	Previous Year Rupees
Other Matters (Foreign Traveling, Bank Charges, etc.)	772,115	869,152

## 19th Annual Report

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

	Current Year		Previous Year	
	Rupees	% to Total Consumption	Rupees	% to Total Consumption
<b>Raw Materials:</b>				
Imported	468,487	0.98	319,301	0.79
Indigenous	47,916,228	99.02	40,045,230	99.21
<b>Total</b>	<b>48,384,715</b>	<b>100.00</b>	40,364,531	100.00
<b>Stores and Spares:</b>				
Imported	3,545,400	64.06	3,439,667	69.09
Indigenous	1,989,098	35.94	1,538,784	30.91
<b>Total</b>	<b>5,534,498</b>	<b>100.00</b>	4,978,451	100.00
<b>Packing Materials:</b>				
Imported	-	-	40,686	1.02
Indigenous	5,337,629	100.00	3,953,908	98.98
<b>Total</b>	<b>5,337,629</b>	<b>100.00</b>	3,994,594	100.00

### 22. Assets acquired on Lease

The Company has acquired premises on lease for a period ranging between two to four years, which are in the nature of Operating lease as defined in Accounting Standard 19 "Leases". The future lease obligations payable within one year aggregate to Rs. 127,700/- (Previous Year Rs. 4,150/-) and for period later than one year and not later than five years aggregates to Rs. NIL (Previous Year Rs. NIL).

The lease rent paid and accounted during the year was Rs. 219,000/- (Previous Year Rs. 99,600/-) as per the terms and conditions of the lease agreements and is charged to the profit and loss account.

23. The Company has not granted any loans / advances in the nature of loans as stipulated in the Clause 32 of the Listing Agreement with the Stock Exchanges. For this purpose, the loans to employees as per the Company's policy and security deposits paid towards premises taken on leave and license basis have not been considered.
24. The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, as required under the said Act have been given accordingly.
25. Figures of the previous year have been regrouped wherever necessary to correspond with those of the current year.

Signatures to Schedules 1 to 15

As per our attached Report of even date

For **Deloitte Haskins & Sells**  
Chartered Accountants

**A. B. Jani**  
Partner

Mumbai,  
Dated: 26th June, 2009.

**Asinkhan S. Baholu**  
Company Secretary

For **Virat Industries Limited**  
**Adi F. Madan** Managing Director

**Arun S. Sanghi**  
**Ajit P. Walwaikar** } Directors

Mumbai,  
Dated: 26th June, 2009.

# Virat Industries Ltd.

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

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

#### I. Registration Details

Registration No. 

L	2	9	1	9	9	G	J	1	9	9	0	P	L	C	0	1	4	5	1	4
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 State Code 

0	4
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Balance Sheet Date 

3	1	0	3	2	0	0	9
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Date Month Year

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

Public Issue	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L	Rights Issue	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L	
N	I	L								
N	I	L								
Bonus Issue	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table>	N	I	L	Private Placement	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>4</td><td>9</td><td>2</td><td>3</td></tr></table>	4	9	2	3
N	I	L								
4	9	2	3							

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

Total Liabilities	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td>9</td><td>1</td><td>5</td><td>9</td><td>4</td></tr></table>				9	1	5	9	4	Total Assets	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td>9</td><td>1</td><td>5</td><td>9</td><td>4</td></tr></table>				9	1	5	9	4	
			9	1	5	9	4													
			9	1	5	9	4													
<b>Sources of Funds</b>																				
Paid-up Capital	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td>4</td><td>9</td><td>2</td><td>3</td><td>3</td></tr></table>				4	9	2	3	3	Reserves & Surplus	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td>1</td><td>6</td><td>8</td><td>6</td><td>7</td></tr></table>				1	6	8	6	7	
			4	9	2	3	3													
			1	6	8	6	7													
Secured Loans	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td>5</td><td>5</td><td>1</td><td>5</td></tr></table>				5	5	1	5	Unsecured Loans	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td>1</td><td>2</td><td>4</td><td>6</td><td>7</td></tr></table>				1	2	4	6	7		
			5	5	1	5														
			1	2	4	6	7													
<b>Application of Funds</b>																				
Net Fixed Assets	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td>5</td><td>7</td><td>4</td><td>6</td><td>5</td></tr></table>				5	7	4	6	5	Investments	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L
			5	7	4	6	5													
						N	I	L												
Net Current Assets	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td>3</td><td>4</td><td>1</td><td>2</td><td>8</td></tr></table>				3	4	1	2	8	Misc. Expenditure	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L
			3	4	1	2	8													
						N	I	L												
Accumulated Loss	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L										
						N	I	L												

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

Turnover	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td>1</td><td>2</td><td>9</td><td>4</td><td>5</td><td>5</td></tr></table>				1	2	9	4	5	5	Total Expenditure	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td>1</td><td>1</td><td>5</td><td>8</td><td>1</td><td>6</td></tr></table>				1	1	5	8	1	6
			1	2	9	4	5	5													
			1	1	5	8	1	6													
Profit before Tax	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td>2</td><td>4</td><td>3</td><td>4</td><td>4</td></tr></table>				2	4	3	4	4	Profit after Tax	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td>1</td><td>8</td><td>3</td><td>0</td><td>4</td></tr></table>				1	8	3	0	4		
			2	4	3	4	4														
			1	8	3	0	4														
Earning per Share in Rs. (Refer Note No. 9 above)	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td>3</td><td>.</td><td>7</td><td>2</td></tr></table>				3	.	7	2	Dividend Rate (%)	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L		
			3	.	7	2															
						N	I	L													

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

Item Code No. (ITC Code) 

			6	1	1	5	9	9	9	0
--	--	--	---	---	---	---	---	---	---	---

Product Description 

						S	O	C	K	S
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Signatures to Schedules 1 to 15

As per our attached Report of even date

For Deloitte Haskins & Sells  
Chartered Accountants

A. B. Jani  
Partner

Mumbai.  
Dated: 26th June, 2009.

Asinkhan S. Baholu  
Company Secretary

For Virat Industries Limited  
Adi F. Madan Managing Director

Arun S. Sanghi }  
Ajit P. Walwaikar } Directors

Mumbai,  
Dated: 26th June, 2009.

**ATTENDANCE SLIP**

**VIRAT INDUSTRIES LIMITED**

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

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

DP Id\* \_\_\_\_\_ Master Folio No. \_\_\_\_\_  
Client Id\* \_\_\_\_\_ No. of Shares \_\_\_\_\_  
Name and Address of the Shareholder \_\_\_\_\_

I hereby record my presence at the 19th Annual General Meeting of the Company held at the Registered Office situated at A-1/2, GIDC Industrial Estate, Kabilpore, Navsari 396 424 on Friday, 4th September, 2009 at 11.30 a.m.

Signature of the Shareholder/s or Proxy \_\_\_\_\_

\* Applicable for investors holding shares in dematerialized form.

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

**FORM OF PROXY**

**VIRAT INDUSTRIES LIMITED**

DP Id\* \_\_\_\_\_ Master Folio No. \_\_\_\_\_  
Client Id\* \_\_\_\_\_ No. of Shares \_\_\_\_\_

I/We \_\_\_\_\_  
of \_\_\_\_\_

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

\_\_\_\_\_ of \_\_\_\_\_

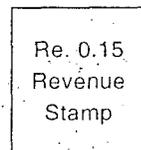
\_\_\_\_\_ (or failing him/her \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_ or failing him/her

\_\_\_\_\_ of \_\_\_\_\_) as

my / our Proxy to attend and vote for me / us and on my / our behalf at the 19th Annual General Meeting of the Company to be held on 4th September, 2009 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009.



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

\* Applicable for investors holding shares in dematerialized form.

**BOOK - POST**

To,

*If undelivered, please return to :*

**VIRAT INDUSTRIES LIMITED**

A-1/2, GIDC Industrial Estate,

Kabilpore, Navsari - 396 424.

Gujarat.

SDP E-mail: [sdpprinters@yahoo.co.in](mailto:sdpprinters@yahoo.co.in)