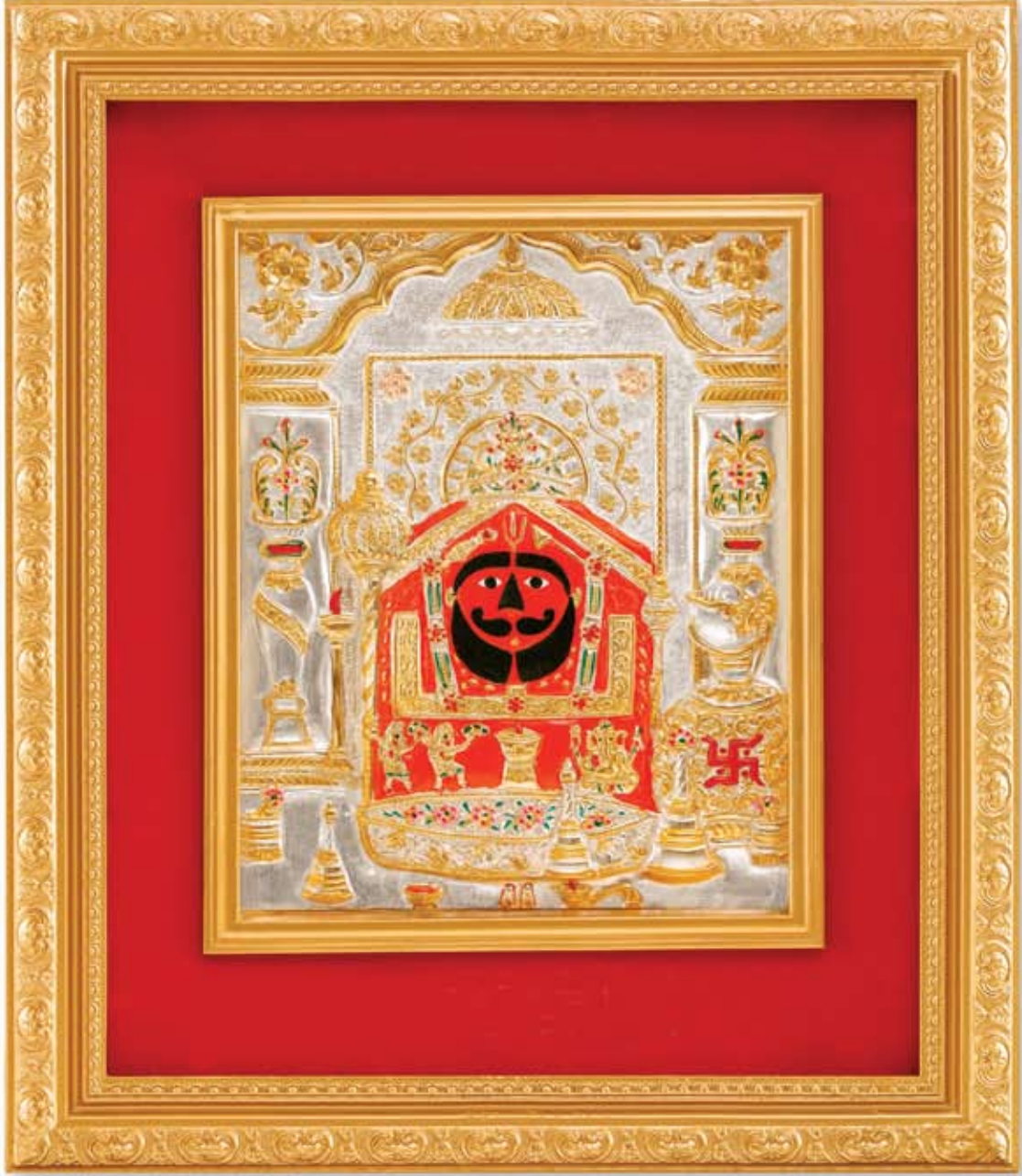




**DONEAR INDUSTRIES LTD.**

**26th Annual Report 2011-2012**



अतुलितबलधामं हेमशैलाभदेहं दनुजवनकृशानुं ज्ञानिनामग्रगण्यम् ।  
सकलगुणनिधानं वानराणामधीशं रघुपतिप्रियभक्तं वातजातं नमामि ॥





वक्रतुंड महाकाय सूर्यकोटि समप्रभः ।  
निर्विघ्नं कुरु मे देव सर्वकार्येषु सर्वदा ॥







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### 26th Annual General Meeting

on Saturday

22<sup>nd</sup> September, 2012, at 11.30 a.m.

at

Hotel Kohinoor Continental,

J.B. Nagar, Andheri Kurla Road, Andheri (East)

Mumbai - 400 059.

**Shareholders are requested to bring  
with them the Attendance Slip on Page 55  
and their copy of the Balance Sheet**

## CORPORATE INFORMATION

### DIRECTORS

<b>Shri Vishwanath L. Agarwal – (Chairman)</b>	<b>Dr. Ramesh D. Tainwala</b>
<b>Shri Rajendra V. Agarwal – ( Managing Director )</b>	<b>Shri Durga Prasad C. Agarwal</b>
<b>Shri Ajay.V. Agarwal – (Whole Time Director)</b>	<b>Shri Santkumar B. Agarwal</b>

### COMPANY SECRETARY

Shri Sreedhar H.

### AUDITORS

M. L BHUWANIA & CO.  
Chartered Accountants  
F-11, 3rd Floor, Manek Mahal,  
90, Veer Nariman Road,  
Churchgate, Mumbai – 400 020

### BANKERS

**State Bank of Hyderabad**  
Corporate Finance Branch,  
C-11, Mittal Tower, Nariman Point,  
Mumbai – 400 021

**Dena Bank**  
Industrial Finance Branch,  
Dena Bank Building 2, 1st Floor,  
17, Horniman Circle, Fort , Mumbai-400 023

**State Bank of India**  
Commercial Branch,  
N.G.N. Vaidya Marg, Bank Street  
17, Horniman Circle, Fort , Mumbai-400 023

### REGISTERED OFFICE

210, Key Tuo Industrial Estate,  
Kondivita Lane, Near M.I.D.C.,  
Andheri (E), Mumbai – 400 059

### WORKS

**Balaji Fabrics**  
Revenue Block No. 194 & 195,  
Kadodara Bardoli Road, Village Jolwa,  
Taluka Palsana, Dist.Surat, Gujarat

**Laxmi Fab**  
Government Industrial Estate, Masat,  
Silvassa, Dadra & Nagar Haveli

**Balaji Textiles**  
Dokmandi, Village Amli,  
Silvassa, Dadra & Nagar Haveli

**Balaji Industries**  
Dokmandi, Village Amli,  
Silvassa, Dadra & Nagar Haveli

**Umbergaon Unit**  
G.I.D.C., Umbergaon,  
Dist. Valsad (Gujarat)

**NOTICE** is hereby given that the Twenty Sixth Annual General Meeting of the members of DONEAR INDUSTRIES LIMITED will be held at Hotel Kohinoor Continental, J.B.Nagar, Andheri Kurla Road, Andheri (E), Mumbai – 400 059 on 22<sup>nd</sup> September, 2012 at 11.30 a.m. to transact the following business :-

### Ordinary Business :-

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2012 and Profit and Loss Account for the year ended as on that date together with Directors Report thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. Santkumar B. Agarwal who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. Rajendra V. Agarwal who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

### NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing the proxy should be deposited with the Registered Office of the company not less than 48 hours before the commencement of the meeting.
3. Members are requested to intimate any change in their address to the Registrar and Transfer Agents of the Company at the following address :

LINK INTIME INDIA PVT LTD  
C-13, PANNALAL SILK MILLS COMPOUND  
LBS MARG, BHANDUP (W)  
MUMBAI – 400 078

4. The Register of members and share Transfer Register will remain closed from 13.09.2012 to 22.09.2012 (both days inclusive).
5. Dividend, if declared, will be payable to those members whose names appear on the Register of members of the Company on **12<sup>th</sup> September, 2012**. In respect of shares held in Electronic form the dividend will be paid to the beneficial owners as per details furnished by the depositories for this purpose,
6. Shareholders are requested to inform their Bank Account Numbers, name and address of the Bank/Branch so that the same can be incorporated with their names in dividend warrants to avoid fraudulent encashment.
7. Members who hold shares in dematerialized form are requested to bring their ID & DPID numbers for easy identification of attendance at the meeting.
8. Shareholders seeking any information with regards to audited accounts are requested to write to the Company at least 10 days in advance so as to keep the information ready.
9. Members may note that the company has to transfer the dividends which remain unclaimed/unencashed over a period of 7 years to the Government U/S 205(a) and 205(c) of the Companies Act, 1956. The details of dividend paid by the company and respective due dates of transfer to the said Fund of the Central Governments, which remain unencashed.

Date of Declaration	Dividend for the year	Due date for transfer to the Government
17-09-2005	2004-05	17th October, 2012
08-07-2006	2005-06	08th August, 2013
14-09-2007	2006-07	14th October, 2014
27-09-2008	2007-08	27th October, 2015
26-09-2009	2008-09	26th October, 2016
25-09-2010	2009-10	25th October, 2017
24-09-2011	2010-11	24th October, 2018

Shareholders are advised to send the unencashed dividend warrants to the Registered Office of the company for revalidation and encash them before the due date for transfer to the Central Government.

#### 10. Reappointment of Directors :

Mr. Santkumar B. Agarwal and Mr. Rajendra V. Agarwal retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment. The information/details pertaining to the Directors in terms of clause 49 of the Listing Agreement with the Stock Exchanges are furnished as Annexure to the Notice.

#### **Annexure to item no.3 & 4 of the Notice :**

Details of Directors seeking reappointment at the forthcoming Annual General Meeting on 15<sup>th</sup> September, 2012 (in terms of Clause 49 of the Listing Agreement with Stock Exchanges).

1.	Name of the Director	Mr.Santkumar B. Agarwal	Mr. Rajendra V. Agarwal
2.	Date of Birth	07-03-1943	19.09.1962
3.	Date of Appointment on the Board	22-01-2003	29.09.1993
4.	Experience in Specific Function / Area	Stock Broker	Industrialist
5.	List of other companies in which Directorship held as on 31.03.2012 ( Excluding Private / Foreign Companies U/s 25 of the Companies Act ) under the Companies Act, 1956	Brijmohan Sagarmal Capital Services Private Limited	Samsonite India Limited

**By order of the Board of Directors of**

**Donear Industries Limited**

**Place : Mumbai**

**Sreedhar H.**

**Date : 30th May, 2012**

**(Company Secretary)**



## DIRECTORS' REPORT, MANAGEMENT DISCUSSION AND ANALYSIS

To,  
The Members  
DONEAR INDUSTRIES LIMITED

The Directors have pleasure in presenting their TWENTY SIXTH ANNUAL REPORT together with the Audited Statement of Accounts for the year ended on 31st March, 2012.

### 1. FINANCIAL RESULTS :

The salient features of the Company's Financial Results for the year under review are as follows:

	(Amount in ₹)	
Particulars	Year ended 31.03.2012	Year ended 31.03.2011
<b>Gross Revenue</b>	3,771,326,507	3,112,841,795
Net Profit for the Year	505,419	35,496,249
Add: Balance Brought Forward	175,618,685	173,890,286
<b>Add: Earlier Year Excess Proposed Dividend and Dividend Distribution Tax</b>	18,130,710	Nil
Less: Proposed Final Dividend	10,400,000	26,000,000
Less : Dividend Distribution Tax	1,687,140	4,217,850
<b>Amount Transferred to General Reserve</b>	Nil	3,550,000
Balance Carried forward	182,167,674	175,618,685

During the financial year under review the Gross Revenue from operations of the company is higher by 21.15% as compared to the previous year.

### 2. DIVIDEND :

The Directors have pleasure in recommending dividend @ Re 0.20 per share for the Financial Year 2011 2012. The dividend will absorb ₹ 12,087,140/- including corporate tax on dividend amounting to ₹ 1,687,140/-.

### 3. MANAGEMENT DISCUSSION AND ANALYSIS :

#### (a) Industrial Structure and developments :

Indian Textile Industry is one of the leading Textile Industry of the world, Though the Textile Industry in India was predominantly unorganised few years back, but the scenario started changing after the economic liberalisation of the Indian economy in the year 1991. The opening of the economy gave the much needed thrust to the Indian Textile Industry, which has successfully become one of the largest in the World. The Textile Industry plays a major role in the economy of India. India earns about 17% of its total foreign exchange through Textile Exports. Further, the Industry contributes nearly 14% of the total industrial production of the Country and also contributes around 4% of the GDP of the Country. Indian Textile is also the largest in the country in terms of Employment generation. It not only generates jobs in it's own industry but also opens up scope for other ancillary units. Indian Textile Industry currently generates employment to more than 35 Million people.

The Government of India has promoted a number of export promotion policies for the textile sector in the Union Budget 2011-2012 and Foreign Trade Policy 2009-2014. This also includes various incentives under Focus Market Scheme and Focus Product Scheme for textile products and extension of Market Linked Focus Product Scheme to increase the share of Indian Exporters in the Global Market.

It has allowed 100 Percent Foreign Direct Investment (FDI) in textiles under the automatic route.

The overall performance of the Company was satisfactory. There has been good growth in the Revenues of the company in the current year.

#### **(b) Opportunities and Threats**

Indian textiles industry is a well-established with showing strong features and a bright future. In fact, the country is the second biggest textiles manufacturer worldwide, right after China. Similar force is demonstrated in the cotton production and consumption trend where India ranks just after China and USA. The textile manufacturing business is a pioneer activity in the Indian manufacturing sector and it has a prime importance in the economic life of the country.

Indians have well understood the importance of staying one step ahead of developments in the world economic environment. The industry is now preparing itself to take share of opportunities expected to arise out of the market freed from quota restrictions and other trade barriers. Industry operators are increasingly moving towards modernisation and expansion as encouraged by the so-designated Textile Strategies and policies which are mainly targeted towards expansion and modernisation leaving more space to domestic players. Now it obviously appear that the latter have had ample freedom to strengthen them and they are now more prepared than export-oriented companies.

Your Company is also undertaking expansion plans to cash on the emerging opportunities.

Indian Textile exporters are increasingly finding it difficult to match lower prices offered by Southeast Asian companies because of relatively higher labour and operating costs.

#### **(c) Segment wise or Product wise performance**

The Company has one reportable segment i.e. Textiles (Manufacture of Man made Fabrics).

#### **(d) Outlook**

There are clear signs of recovery of the Indian textile industry which is very encouraging and the company is very bullish as regard to its performance in the future. Also India offers an attractive combination of a large domestic market, and a base for low cost production. The Company has gained a strong position in cotton based products, especially in the readymade garments, which is expected to be the key driver of growth for the industry.

Your company is doing good on the retail front which is the key driver of growth for the Industry in future.

#### **(e) Risks and Concern**

The company has to maintain its quality of products and continue to be innovative to stand against its competitors.

#### **(f) Internal Control System and its adequacy.**

The company has adequate internal control systems to run its operations efficiently and to safeguard its assets. There are proper controls in place to prevent any misuse or fraud.

**(g) Discussion on Financial performance with respect to operational performance.**

The company reported a turnover of ₹ 37,713.26 Lacs during the year 2011-2012 against a turnover of ₹ 31,312.11 Lacs in the previous year recording a growth of 21% over the previous year. The operations at Surat facility has stabilised and the retail business has done well in the year 2011-2012. We are currently operating around 235 stores in our retail chain which is doing well.

**(h) Modernisation & Capital Expansion Projects:**

The Company is planning to do some more expansion in the weaving and processing facilities. The Company is also planning to enhance the weaving capacity. The expansion plan for increase in the dyeing, weaving and processing capacities as well as other value addition machineries has been implemented successfully.

**(i) Human Resource Management**

The company continuous to employee and hire the best team of professionals in the industry. The company believe in recruiting the best available talent in the industry and maintain high standards of motivation to have a very low employee turnover ratio. The company has started picking up people from the institutes directly and provides them training at work and has created a dedicated work force..

**4. DIRECTORS:**

Mr. Santkumar B. Agarwal & Mr. Rajendra V. Agarwal retire by rotation, and, being eligible, offer themselves for reappointment. Details of Directors seeking reappointment is provided in the Notice convening the Annual General Meeting pursuant to clause 49 of the Listing Agreement with Stock Exchange.

**5. AUDITORS:**

The statutory auditors of the company M/s. M.L.Bhuwania & Co., retire at the conclusion of the ensuing Annual General Meeting. The retiring auditors have furnished a certificate that the re-appointment, if made, would be within the prescribed limit specified under Sec. 224 (1B) of the Companies Act, 1956.

**6. COST AUDITORS:**

The Company has reappointed M/s Y. R. Doshi, Cost Accountant, as Cost Auditor of the Company relating to financial year 2012-13 as required by the Central Government under Section 233B of the Companies Act, 1956.

**7. DIRECTORS' RESPONSIBILITY STATEMENT:**

In accordance with the provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors state that with respect to Directors Responsibility Statement,

- (a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures; if any;
- (b) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of profit or loss of the Company for that year;

(c) The directors have 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;

(d) The directors have prepared annual accounts on a going concern basis.

**8. PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGOINGS :**

Information as per Section 217(1) (e) read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in Annexure 1 of this report.

**9. PARTICULARS OF EMPLOYEES :**

None of the employees of the Company was in receipt of salary exceeding the amount prescribed under Section 217 (2A) of the Companies Act, 1956.

**10. CAUTIONARY STATEMENT :**

Statement in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning applicable securities laws and regulation. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other incidental factors.

**11. CORPORATE GOVERNANCE :**

Your Company has complied with all the mandatory requirements of corporate governance pursuant to clause 49 of the listing agreement. A report on Corporate Governance and Auditor's Certificate concerning compliance is also attached to the report.

**12. ACKNOWLEDGMENT :**

The Directors acknowledge the valuable support & co-operation received by the Company from the Bankers, Shareholders and Employees of the Company.

**For and on behalf of the Board of  
Donear Industries Limited**

**(VISHWANATH L. AGARWAL)  
CHAIRMAN**

**Place : Mumbai  
Date : 30th May, 2012**



## ANNEXUR E“ 1 “TO THE DIRECTORS ‘REPORT

Information U/s 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988 for the year ended 31st March, 2012.

### Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgoings.

#### A. Conservation of Energy:

(a)	Energy conservation measures taken	Regular monitoring of consumption, optimization of production facility, proper maintenance of machines
(b)	Additional investments and proposals if any, being implemented for reduction of consumption of energy	Nil
(c)	Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.	Improvement in quality and efficiency in production.
(d)	Total energy consumption in units	Total Energy Consumption of 24,005,530 Units.
(e)	Consumption per unit of production as per Form A of the Annexure in respect of industries specified in the Schedule thereto.	0.71 per unit of Fabric Production 2.21 per unit of yarn Dyeing Production 0.21 per unit of Fabric Processing

#### B. Technology absorption:

(a)	Efforts made in technology absorption as per Form B of the Annexure	At present not required.
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#### C. Foreign exchange earnings and outgoing :

(a)	Activities relating to exports, initiatives taken to increase exports, development of new export markets for production and services and export plans.	The Company is regularly developing new designer suiting and shirting fabrics as per latest trends in markets to export all over the world especially to the new markets. The Company has also taken initiative in exporting cotton fabrics.	
(b)	Total foreign exchange used and earned	<b>Used :</b>	
		C.I.F. value of imports	₹ 56,059,530
		Expenses in foreign currency	₹ 33,102,036
		<b>Earned :</b>	
		FOB	₹ 298,927,779

## FORM - A

### Form for Disclosure of Particulars with respect to Conservation of Energy

#### A) Power and fuel consumption

Sr.No	Particulars	Current Year	Previous Year
1.	<b>Electricity</b>		
	<b>a) Purchased Units</b>	11,242,313	7,460,463
	Total amount	64,765,205	33,729,979
	Rate/Unit (₹)	5.76	4.52
	<b>b) Own generation</b>		
	i) Through diesel generator		
	Unit	126,867	140,816
	Units per Liters of diesel oil	3.11	3.14
	Cost/Unit (₹)	13.67	12.90
	ii) Through steam turbine/generator		
	Unit	Nil	Nil
	Units per Ltr. of diesel oil/gas	Nil	Nil
	Cost/Unit (₹)	Nil	Nil
	iii) Through Gas Generator :		
	Units	12,636,350	13,495,281
	Units per CM3 of Gas	3.68	3.55
	Cost/Unit (₹)	6.10	5.19
2.	<b>Coal</b> (specify quality and where used)		
	Quantity ( Tones )	18,789.60	14,666.60
	Total Cost (₹)	63,555,653	49,392,953
	Average Rate per Ton (₹)	3,383	3,368
	(Imported and Lignite used in Boiler for steam Generation)		
3.	<b>Furnace Oil</b>		
	Quantity ( Tones )	Nil	Nil
	Total Cost (₹)	Nil	Nil
	Average Rate per Ton (₹)	Nil	Nil
4.	<b>Others/internal generation</b> (please give details)		
	Quantity ( Tones )	Nil	Nil
	Total Cost (₹)	Nil	Nil
	Average Rate per Ton (₹)	Nil	Nil

#### B) Consumption per Unit of Production:

Sr.No	Products	Unit	Standard (If Any)	Current Year	Previous Year
1)	Fabrics Produced	Metre	-----	21,271,499	17,527,825
	Electricity consumed for Fabrics	Units	-----	15,051,100	12,142,130
	Electricity Consumed for Fabrics	Unit/Mtr	-----	0.71	0.69
2)	Yarn Dyeing Production	Kgs	-----	1,100,741	1,601,054
	Electricity consumed for yarn dyeing	Units	-----	2,437,441	2,437,441
	Electricity consumed for yarn dyeing	Unit/Kg	-----	2.21	1.52
3)	Fabric Processing Production	Metre	-----	30,999,441	28,428,989
	Electricity consumed for Fabric processing	Units	-----	6,516,989	6,516,989
	Electricity consumed for Fabric processing	Unit/Mtr	-----	0.21	0.23
4)	Furnace Oil	-----	-----	Nil	Nil
5)	Coal	-----	-----	Nil	Nil
6)	Others	-----	-----	Nil	Nil

## FORM - B

### Form for disclosure of particulars with respect to absorption

#### A) Research and Development (R & D)

1)	Specific areas in which R & D carried out by the Company	None
2)	Benefits derived as a result of the above R & D	Not Applicable
3)	Future plan of action	To install additional capacity at surat plant.
4)	Expenditure on R & D	Not Applicable
	a. Capital	
	b. Recurring	
	c. Total	
	d. Total R & D expenditure as a percentage of Total Turnovers.	

#### B) Technology absorption, adaptation and innovation

1)	Efforts, in brief made towards technology absorption, adaptation and innovation	None
2)	Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc.	Not Applicable
3)	In case of imported technology (imported during the last five years reckoned from the beginning of the financial year),	Not Applicable
	a) Technology imported	
	b) Year of import	
	c) Has technology been fully absorbed ?	
	d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.	

## CORPORATE GOVERNANCE REPORT FOR THE YEAR 2011-2012

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

Effective Corporate Governance is must to maintain public trust and to achieve success in business. Company's formal Governance policies describe management guidelines including the requirement that a majority of the Board of Directors are independent. The Company lays great emphasis on regulatory compliances and strives to ensure that high standards of professionalism and ethical conduct are maintained throughout the organization. The Company continues to give high priority to the principles and practice of Corporate Governance and has accordingly benchmarked its practices with the existing guidelines of Corporate Governance as laid down in the Listing Agreement.

#### **Code of Conduct**

The Board has laid down a code of conduct for all the Board Members and Senior Management of the Company. Senior management includes Personnel of the core Management Team excluding Board of Directors but including all functional heads.

### 2. BOARD OF DIRECTORS :

#### **A. COMPOSITION AND CATEGORY :**

The Company is fully compliant with the Corporate Governance norms in terms of constitution of the Board with a good combination of Executive and non-executive Directors.

The Board of Directors at present comprises of 6 Directors, out of which 2 are Executive Directors and 4 are Non-Executive Directors. The Board is headed by a Non Executive Chairman – Shri Vishwanath L. Agarwal. All the members of the Board are the persons with vast experience and expertise in industry, finance, technology, marketing and law.

The Board's composition is in accordance with the requirements of Clause 49 of the Listing Agreement.

None of the Directors on the Board is a member of more than 10 (ten) committees and Chairman of more than 5 (five) committees as per Clause 49 of the Listing Agreement across all Companies in which they are Directors.

The composition of the Board of Directors, details of outside directorships and other board/committees of which the Company's Directors are members is as under :



Name of the Director's	Category of Directorship	No. of other Directorships (Refer note below)	Relationship With other Directors	No. of Board Committees other than Donear Industries Limited in which Chairman / Member
Vishwanath L. Agarwal	Promoter & Non-Executive	1	Father of Mr. Rajendra Agarwal & Mr. Ajay Agarwal	NIL
Rajendra V. Agarwal	Promoter & Executive	1	Son of Mr. Vishwanath Agarwal & brother of Mr. Ajay Agarwal	NIL
Ajay V. Agarwal	Promoter & Executive	Nil	Son of Mr. Vishwanath Agarwal & brother of Mr. Rajendra Agarwal	NIL
Dr. Ramesh Tainwala	Independent & Non-Executive	2	None	NIL
Durga Prasad Agarwal	Independent & Non-Executive	1	None	NIL
Sant Kumar B. Agarwal	Independent & Non-Executive	NIL	None	NIL

**Note:**

Number of Directorships/Memberships held in other Companies excludes Directorship/Member in Private Limited Companies, Foreign Companies and Companies under Section 25 of the Companies Act, 1956.

**An independent Director is a Director who:**

- a) Apart from receiving director's remuneration does not have any material pecuniary relationships or transactions with the Company, it's promoters, it's directors, it's senior management or it's holding company, it's subsidiaries and associates which may effect independence of the director
- b) Is not related to promoters or persons occupying management positions at the Board level or at one level below the board
- c) Has not been an executive of the company in the immediately three preceeding financial years.
- d) Is not a partner or an executive or was not partner or an executive during three preceeding years of any of the following:
  - (i) Statutory audit firm or the internal audit firm i.e. associated with the company, and
  - (ii) The legal firm (s) and consulting firm(s) that have a material association of the company
- e) Is not a material supplier, service provider or customer or a lessor or lessee of the company which may effect the independence of the Director.
- f) Is not a substantial shareholder of the company i.e. owning 2% or more of the block of voting shares
- g) Is not less than 21 years of age.

## B. APPOINTMENT/ RE-APPOINTMENT OF DIRECTORS

### Mr. Santkumar B. Agarwal

Mr. Santkumar B. Agarwal is B.E. ( Mech.) and an Independent director. He retires at the ensuing Annual General Meeting and offers for his re-appointment. Mr. Santkumar B. Agarwal is an active member of Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. He has vast experience in finance and Share broking. He is also a member of Audit Committee and Shareholders / Investors grievance Committee.

### Mr. Rajendra V. Agarwal

Mr. Rajendra V. Agarwal is a promoter director and Managing Director of the Company. Mr Rajendra V. Agarwal is a gold medalist in Textile Technology. Mr. Rajendra V. Agarwal retires at the ensuing Annual General Meeting and offers for reappointment. He has about 25 years of techno commercial experience. He has rich experience in finance, marketing and administration.

## C. REMUNERATION OF DIRECTORS :

### a) **Remuneration of Directors, Salary, Perquisite of Executive Director/ Managing Director/ Whole Time Directors:**

The Managing Director / Whole Time Director is being paid remuneration in accordance with and subject to the limits laid down in Schedule XIII of the Companies Act, 1956. The Remuneration to the Managing Director / Whole Time Director is approved by the Board of Directors and subsequently ratified by the Shareholders in their meeting.

#### (i) The Remuneration (including perquisites and benefits) paid to the Managing Director/ Whole Time Director during the year ended 31st March, 2012 is as follows:

(Amount in ₹)		
Particulars	Rajendra V Agarwal	Ajay V Agarwal
Salary	2,400,000	900,000
Contribution to Provident Fund	288,000	108,000
Gratuity	115,385	43,269
<b>TOTAL</b>	<b>2,803,385</b>	<b>1,051,269</b>

The appointment of the Managing Director and the Whole -Time Director is governed by the Articles of Association of the Company and the resolutions passed by the members of the Company. These cover the terms and conditions of such appointment. No separate service contract is entered into by the Company with the Managing Director and the Whole -Time Director.

#### (ii) Service Contracts, Severance Fees and Notice Period

The appointment of Managing Director is for a period of 3 years from 01/04/2010 to 31/03/2013 and the appointment of Whole time Director is for a period of 5 years from 01/07/2008 to 30/06/2013.

There is no provision for separate payment of severance fee under the resolution appointing the Managing Director and Whole Time Director.

(iii) Performance linked Incentive criteria:

No such performance linked incentive are given to the appointees

(iv) Employee Stock Option Scheme :

The Company does not have any stock option scheme.

**b) Remuneration of Directors, Salary, Perquisite of Non-executive Directors :**

The Non Executive Directors of the Company do not draw any remuneration from the Company other than Sitting fees for attending Board and/or Committee meeting.

The sitting fees and shareholding of Non Executive Directors are as under:

Name	No of Shares
Shri Vishwanath Agarwal	2,344,198
Shri Sant Kumar Agarwal	6,800
Shri.Durga Prasad Agarwal	NIL
Shri Ramesh D. Tainwala	NIL

**3. BOARD MEETINGS AND ANNUAL GENERAL MEETINGS :**

The meetings of the Board of Directors are held in Mumbai at the registered office of the Company. The Board meets at least once in a quarter interalia to review the quarterly performance and financial results. The Board meets atleast 4 times in a year and the gap between any two Board Meetings is not more than 4 months as per the revised clause 49 of the Listing Agreement.

The Board is appraised and informed of all important matters relating to the business of the Company including those information as prescribed in Annexure 1A of the revised Clause 49 of the Listing Agreement. The Chairman of the Board, the Managing Director and the Company Secretary finalize the items to be included in the agenda of the meeting and the same is sent to the members of the Board in advance along with the relevant details and explanatory notes wherever required.

Five Board Meetings were held during the year 2011-12 on 28/05/2011, 13/08/2011, 02/10/2011, 14/11/2011 and 14/02/2012.

The last AGM i.e. the 25th Annual General Meeting of the Company was held on 24th September, 2011.

**ATTENDANCE**

Details of attendance of each Director at the Board Meetings and at the Annual General Meeting are given below:-

Name of the Director	No. of Board Meetings Attended	Whether attended last AGM held on 24/09/2011
Vishwanath L. Agarwal	3	Yes
Rajendra V. Agarwal	5	No
Ajay V Agarwal	5	Yes
Dr. Ramesh D. Tainwala	4	No
Durga Prasad C. Agarwal	5	No
SantKumar B. Agarwal	4	No

#### 4. BOARD COMMITTEES:-

The Board had constituted the following Committees of Directors :

- A) Audit Committee
- B) Shareholder's Grievance Committee.
- C) Remuneration Committee.

##### A) AUDIT COMMITTEE

###### (a) Composition :

The Audit Committee comprises three Directors, and all of them are independent Directors including the Chairman of the Audit Committee. The details of the members are as under:

Name of the Director	Category
Durga Prasad Agarwal	Chairman Non-Executive & Independent
Sant Kumar Agarwal	Non-Executive & Independent
Dr. Ramesh Tainwala	Non-Executive & Independent

The Company Secretary acts as Secretary of the Audit committee. The members of the Audit Committee are financially literate and all the members have accounting and related financial management expertise.

The Chairman of the Audit Committee was not present in the last Annual General Meeting due to unavoidable circumstances.

###### (b) Terms of reference of Audit Committee :

The terms of reference to the Audit Committee include the matters specified under sub clause (ii) and described under sub clause (iv) of the clause 49 of the Listing Agreement.

###### (c) Power of Audit Committee :

The Audit Committee has the following powers:

- (i) To investigate any activity within its terms of reference.
- (ii) To seek information from any employee.
- (iii) To obtain outside legal or other professional advice.
- (iv) To secure attendance of outsiders with relevant expertise, if it considered necessary.

###### (d) Role of Audit Committee :

- (i) Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- (ii) Recommending the Board, the appointment, re-appointment and if required replacement or removal of Statutory Auditors, and fixation of audit fees.
- (iii) Approval of payment to Statutory Auditors for any other services rendered by them.
- (iv) Reviewing with management, the annual financial statements before submission to the board, for approval, with particular reference to:



- ❖ Matters required to be included in Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
  - ❖ Changes if any in accounting policies and practices and reasons for the same.
  - ❖ Major accounting entries involving estimates based on the exercise of judgment by management.
  - ❖ Significant adjustments made in the financial statement arising out of audit findings.
  - ❖ Compliance with Listing and other legal requirements relating to financial statements.
  - ❖ Disclosures of related party transactions.
  - ❖ Qualifications in draft Audit Report.
- (v) Reviewing, with the management, the quarterly financial statement before submission to the Board for approval.
- (vi) Reviewing, with the management the performance of statutory and internal auditors, adequacy of internal control systems.
- (vii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and the seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- (viii) Discussion with internal auditors any significant findings and follow up there on.
- (ix) 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.
- (x) Discussion with the statutory auditors before the audit commences, about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- (xi) To look into the reasons for the substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- (xii) To review the functioning of Whistle Blower Mechanism, in case if the same is existing.
- (xiii) Carrying out any other function as is mentioned in the terms of reference of Audit Committee.

**(e) Review of information by Audit Committee :**

The Audit committee reviews the following information:

- (i) The management discussion and analysis of financial condition and results of operations
- (ii) The statement of significant related party transactions (as defined by the Audit Committee) submitted by the management.
- (iii) Management letters / letters of internal control weaknesses issued by statutory auditors
- (iv) Internal audit reports relating to internal control weaknesses, if any and
- (v) The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by Audit Committee.

**(f) Details of Audit Committee Meeting and Attendance of Members :**

The committee meetings were attended by members of the Audit Committee, the Statutory Auditors, the Internal Auditors of the Company.

Audit Committee meetings were held during the year ended 2011-12 on 28/05/2011, 13/08/2011, 14/11/2011, 14/02/2012 and the gap between two meetings was less than four months.

**Details of attendance of each Director at the Audit Committee Meetings are given below:-**

<b>Name of the Director</b>	<b>No. of Meetings Attended</b>
Durga Prasad Agarwal	4
Sant Kumar Agarwal	4
Dr. Ramesh D. Tainwala	4

## **B. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE :-**

The Board of Directors had constituted the Shareholders Grievance Committee.

The Committee redresses complaints received from shareholders relating to transfer and transmission of shares, non-receipt of balance sheet, non receipt of declared dividend etc.

### **COMPOSITION OF SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE**

Shri Durga Prasad Agarwal, Non-Executive and independent Director is the Chairman of the Shareholders Grievance Committee.

The Composition of the Shareholders Grievance Committee is as under :

<b>Name of the Director</b>	<b>Executive/ Non-Executive</b>
Durga Prasad Agarwal	Non-Executive & Independent
Dr. Ramesh Tainwala	Non-Executive & Independent
Sant Kumar Agarwal	Non-Executive & Independent

No Complaint was pending in the beginning of the year and one complaint was received during the year. All the complaints were solved as on 31-03-2012.

The Company Secretary is acting as Secretary and as the Compliance Officer of the Committee.

No investor grievance remained unattended pending for more than 30 days and no request for share transfer and dematerialization received during the financial year was pending for more than two weeks.

## **C. REMUNERATION COMMITTEE :**

The Board has set up a remuneration committee to determine on their behalf and on the behalf of the Shareholders with agreed terms of reference, the Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment. Currently, Shri Durgaprasad Agarwal, Non-Executive and Independent Director is the Chairman of Remuneration Committee.

The Remuneration Committee meeting will be held as and when required.

The Composition of the Remuneration Committee is as under.

<b>Name of the Director</b>	<b>Executive/ Non-Executive</b>
Durga Prasad Agarwal	Non-Executive & Independent
Dr. Ramesh Tainwala	Non-Executive & Independent
Sant Kumar Agarwal	Non-Executive & Independent

## 5. GENERAL BODY MEETINGS :

A. Details of Previous three Annual General Meetings are as follows:

Financial Year	Date of Meeting	Time	Location
2010-2011	24-09-2011	11.30 a.m.	Hotel Kohinoor Continental, J. B. Nagar, Andheri-Kurla Road Andheri (E), Mumbai – 400 059
2009-2010	25-09-2010	11.30 a.m.	Hotel Kohinoor Continental, J. B. Nagar, Andheri-Kurla Road Andheri (E), Mumbai – 400 059
2008-2009	26-09-2009	11.00 a.m.	Hotel Kohinoor Continental, J. B. Nagar, Andheri-Kurla Road Andheri (E), Mumbai – 400 059

A Special resolution was passed at the 24th A.G.M. held on 25th September, 2010 for appointment of Managing Director.

B. No Resolutions were put through Postal Ballot in the last Year.

## 6. OTHER DISCLOSURES :

- A. There are no materially significant related party transactions i.e. transactions of the Company of material nature with its Promoters, Directors or the Management etc. that may have potential conflict with the interests of the Company at large.
- B. Related party transactions are disclosed in Note No 29 to the financial statement in the Annual report. The Audit Committee had reviewed the related party transactions as a mandatory requirement under clause 49 of the Listing Agreement and found them to be not materially significant.
- C. The Company had complied with the requirement of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital market during the last three years. No pecuniary strictures have been imposed on the Company by any of the above mentioned authorities.
- D. The Company has already put in place a system for employees to report to the management about concerns relating to unethical behavior, any fraud or violation of Company's Code of Conduct and the access has been provided upto the higher level of supervision including the Audit Committee.
- E. The Company has complied with all the mandatory requirements and has also disclosed any information relating to non mandatory requirements.

## 7. MEANS OF COMMUNICATION :

- A. Quarterly Unaudited Financial Results are published in the "Free Press Journal" and "Navshakti" newspapers. The half yearly Report is not sent separately to the Shareholders. Annual Reports are sent to each shareholder at their registered address with the Company. The Company's "Website" is **www.donear.com**.

## B. Management Discussion and Analysis Report :

The Management Discussion and Analysis Report forms part of the Director's Report. All matters relating to Industry Structures and Development, Opportunities and Threats, Segment wise or Product wise performance, Outlook, Risks and Concern, Internal Control System and its adequacy, Discussion on financial performance with respect to operational performance, material development in human resources are discussed in the Director's Report.

## 8. GENERAL SHAREHOLDER INFORMATION:

The Company is registered with the Registrar of Companies, Maharashtra, Mumbai. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L99999MH1987PLC042076.

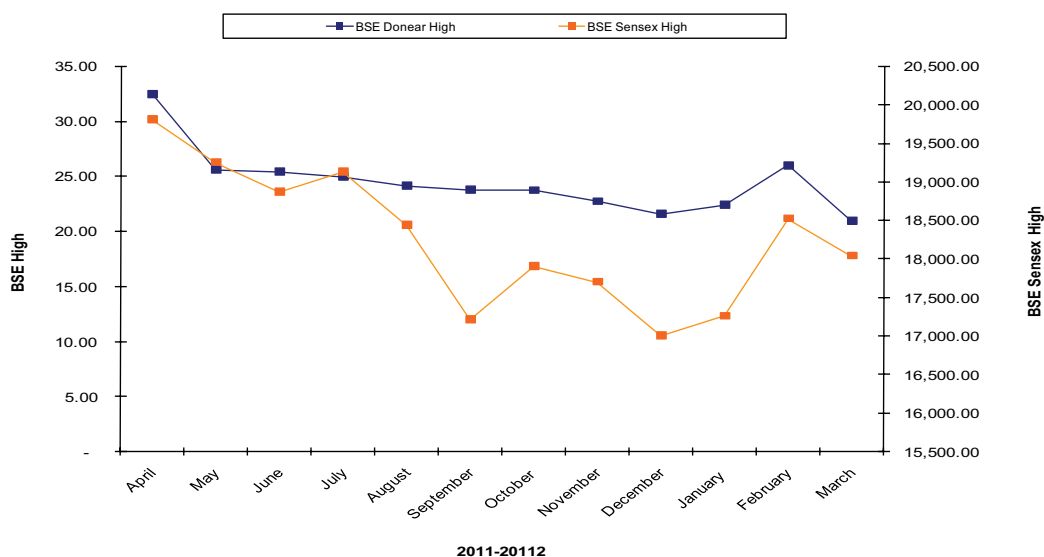
<b>A.</b>	<b>AGM</b>	Date	22nd September, 2012.
		Time	11.30 am
		Venue	Hotel Kohinoor Continental, J. B. Nagar, Andheri-Kurla Road, Andheri (E) Mumbai – 400 059.
<b>B.</b>	<b>Financial Year of the Company</b>	April to March each year	
<b>C.</b>	<b>Book Closure Date</b>	13th September, 2012 to 22nd September, 2012 (Both days inclusive)	
<b>D.</b>	<b>Listing at Stock Exchange</b>	Bombay Stock Exchange (BSE) and National Stock Exchange (NSE)	
<b>E.</b>	<b>Stock Code</b>	BSE Code : 512519 NSE Code : DONEAR NSE ISIN : INE668D01028	
<b>F.</b>	<b>Payment of Annual Listing Fees</b>	Listing fees for the Financial Year 2012-13 have been paid to the concerned stock exchanges	
<b>G.</b>	<b>Dividend Payment Date</b>	The dividend recommended by the Board of Directors, if declared in the ensuing AGM would be deposited in a separate Bank Account within 5 days of its declaration and shall be paid by 27th September, 2012 to the Shareholders	
<b>H.</b>	<b>Financial Calendar (Tentative)</b>	First Quarter	45 days from the end of the quarter
		Second Quarter	45 days from the end of the quarter
		Third Quarter	45 days from the end of the quarter
		Audited Results	60 days from the end of the Financial Year



## I. Stock Market Data :

The Performance of Company's Equity Share Price at Bombay Stock Exchange, Mumbai and the National Stock Exchange of India Ltd during 2011-12 are as below :

Month	Share Prices at BSE of Donear Industries Ltd.		BSE Sensex	Share Prices at NSE of Donear Industries Ltd.		NSE Sensex
	High (₹)	Low (₹)	High	High (₹)	Low (₹)	High
Apr-11	32.50	23.05	19811.14	32.85	23.65	5944.45
May-11	25.60	22.45	19253.87	26.45	22.00	5775.25
Jun-11	25.45	22.25	18873.39	25.35	22.40	5657.90
Jul-11	24.90	22.70	19131.70	25.50	22.00	5740.40
Aug-11	24.15	19.30	18440.07	24.20	19.00	5551.90
Sep-11	23.80	19.10	17211.80	23.25	19.05	5169.25
Oct-11	23.75	19.40	17908.13	23.50	18.05	5399.70
Nov-11	22.75	17.30	17702.26	23.25	18.05	5326.45
Dec-11	21.60	16.00	17003.71	23.80	16.00	5099.25
Jan-12	22.45	17.50	17258.97	23.00	17.10	5217.00
Feb-12	26.00	19.00	18523.78	25.50	18.20	5629.95
Mar-12	20.95	16.55	18040.69	20.90	16.25	5499.40



### (i) Share Transfer System :

Trading in Equity Shares of the Company is permitted in dematerialized form. Shares sent for transfer in physical form are registered and returned in a period of fifteen days of the receipt of the document, provided the documents are valid and complete in all respect.

### (ii) Registrar & Share Transfer Agent :

Registrar and Transfer Agent for shares held both in physical and dematerialized form:

M/S. LINK INTIME INDIA PVT LTD

C-13, PANNALAL SILK MILLS COMPOUND, L.B.S MARG, BHANDUP (W) MUMBAI – 400 078.

**J) Distribution of Shareholdings as on 31st March, 2012**

No. of Equity Shares held	No. of Shareholders	% of Shareholders	Total No. of Shares Held	% of Shares
1 – 500	4000	78.97	597,938	1.15
501 – 1000	457	9.02	384,034	0.74
1001 – 2000	246	4.86	393,191	0.76
2001 – 3000	87	1.72	224,961	0.43
3001 – 4000	43	0.85	153,874	0.30
4001 – 5000	48	0.95	229,381	0.44
5001 – 10000	75	1.48	546,076	1.05
10001 - & Above	109	2.15	49,470,545	95.13
<b>TOTAL</b>	<b>5065</b>	<b>100.00</b>	<b>52,000,000</b>	<b>100.00</b>

**K) Shareholding Pattern as on 31st March, 2012**

Category	No. of Shares Held	% of Total Capital	No. of Shareholders	% of Total Shareholders
Promoters	38,963,948	74.93	54	1.07
<b>Non-Promoters:</b>				
Public Financial Institution	NIL	NIL	NIL	NIL
Mutual Funds & UTI	234,409	0.45	1	0.02
Banks	NIL	NIL	NIL	NIL
NRI'S, OCB'S & FII'S	8,274,551	15.91	6	0.12
Private Corporate Bodies	414,512	0.80	148	2.92
Public	4,112,580	7.91	4856	95.87
<b>TOTAL</b>	<b>52,000,000</b>	<b>100.00</b>	<b>5065</b>	<b>100.00.</b>

**L) Dematerialization of Shares & Liquidity :**

The Equity Shares of the Company are dematerialized with National Security Depository Limited and Central Depository Services (India) Limited and the total number of Shares dematerialized as on 31/3/2012 is 21,606,919 i.e. 41.55%.

**M) Registered Office and Address for Correspondence :**

210, Key Tuo Industrial Estate, Kondivita Lane, Andheri (East), Mumbai – 400059.

**N) Works :**

<b>Balaji Fabrics</b> Revenue Block No. 194 & 195 Kadodara Bardoli Road, Village Jolwa, Taluka Palsana, Dist Surat. Gujarat.	<b>Balaji Textiles</b> Dokmandi, Village Amli, Silvassa, Dadra & Nagar Haveli
<b>Laxmi Fab</b> Government Industrial Estate, Masat, Silvassa, Dadra & Nagar Haveli	<b>Balaji Industries</b> Dokmandi, village Amli, Silvassa, Dadra & Nagar Haveli
<b>Umbergaon Unit</b> G.I.D.C., Umbergaon, Dist. Valsad ( Gujarat)	

**O) Compliance Certificate by Auditors:**

The Company has obtained a certificate from the Statutory Auditors regarding compliance of Corporate Governance as stipulated in clause 49 of the Listing Agreement which is annexed herewith.

**P) Compliance with Non Mandatory Requirements of Clause 49 of the Listing Agreement:**

The status of compliance with the non mandatory requirement is as under.

(i) The Company's financial statements do not carry any Audit Qualification. The Company will maintain the same in future also.

(ii) Whistle Blower Policy :

The Company has already put in system for employees to report to the management about concerns relating to unethical behavior, any fraud or violation of Company's Code of Conduct and the access has been provided up to the higher level of supervision including the Audit Committee.

(iii) Other Non Mandatory requirements :

The Company is in the process of implementation of other non mandatory requirements.

## **Certification by CEO for Compliance with Code of Conduct :**

As the Managing Director and Chief Executive Officer of the Company and as required by the clause 49 of Listing Agreement, I hereby certify that all the Board Members and senior management personnel have affirmed their compliance with the code of conduct as laid down by the Board.

For Donear Industries Limited

Place: Mumbai

Date: 30th May, 2012

Rajendra V Agarwal

Managing Director

## **Certification by Chief Executive Officer :**

As the Managing Director and the Chief Executive Officer of the Company and as required by the clause 49 of the Listing Agreement, I hereby certify the following that:

- A.** I have reviewed financial statements and the cash flow statement for the year and that to the best of my knowledge, information and belief:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- B.** There are, to the best of my knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- C.** The Company's other officers and myself are responsible for establishing and maintaining internal controls and we have evaluated the effectiveness of the internal control systems of the Company and I have disclosed to the auditors and the Audit Committee deficiencies in the design or operation of internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify those deficiencies.
- D.** I have indicated to the auditors and the Audit Committee that:
  - (i) No significant changes in internal control have taken place during the year.
  - (ii) There have been no changes in the accounting policies during the year.
  - (iii) There were no frauds during the year.

For Donear Industries Limited

Place: Mumbai

Date: 30th May, 2012

Rajendra V Agarwal

Managing Director

The above report has been adopted by the Board of Directors at it's meeting held on 30th May, 2012.

For Donear Industries Limited

Place: Mumbai

Date: 30th May, 2012

Rajendra V Agarwal

Managing Director

## AUDITORS CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of **Donear Industries Limited**,

We have examined the compliance of conditions of Corporate Governance by Donear Industries Limited, for the year ended on 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.

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 with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For and on behalf of  
**M. L. BHUWANIA & CO.**  
Chartered Accountants  
Firm Registration No. 101484W

Place : Mumbai  
Date : 30th May, 2012

J. P. BAIRAGRA  
Partner  
Membership No. 12839



## AUDITOR'S REPORT TO THE MEMBERS OF DONEAR INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of Donear Industries Limited ('the Company') as at 31st March 2012, 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 the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on 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 the 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 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'order') issued by the Central Government of India in terms of sub-section (4A) of section 227 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:
  - (i) 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;
  - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (iii) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - (v) On the basis of written representations received from the Directors, as on 31st March 2012 and taken on record by the Board of Directors, we report that no Director is disqualified as on 31st March 2012 from being appointed as a Director of the Company in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with other 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:
    - a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2012;
    - b. in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
    - c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of  
**M. L. BHUWANIA & CO.**  
Chartered Accountants  
Firm Registration No. 101484W

J. P. BAIRAGRA  
Partner  
Membership No. 12839

Place: Mumbai  
Date: 30th May, 2012.

## Annexure referred to in paragraph 3 of Auditor's report to the members of Donear Industries Limited for the year ended 31st March 2012

On the Basis of the records produced to us for our verification / perusal, such checks as we considered appropriate, and in terms of information and explanation given to us on our enquiries, we state that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets of the Company are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and discrepancies noticed between the book records and the physical verification was not material and has been properly dealt with in the accounts.
- (c) In our opinion and according to the information and explanation given to us, there was no substantial disposal of fixed assets during the year.
- (ii) (a) During the year, the inventories have been physically verified by the management. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of inventories, we are of the opinion that the Company is maintaining proper records of inventories. The discrepancies noticed on physical verification of inventories as compared to the book records were not material and have been properly dealt with in the books of account.
- (iii) (a) The Company has taken unsecured loans from parties covered in the register maintained under Section 301 of the Companies Act, 1956. The rate of interest and other terms and conditions are prima facie not prejudicial to the interest of the company. The company is regular in the repayment of principal amount and the payment of interest. The details of the loan are as under:

Number of parties	Amount (₹)	Maximum Amount outstanding during the year (₹)	Outstanding balance as on 31.03.2012 (₹)
20	272,626,782	465,691,658	330,657,519

- (b) The Company has not granted any loan to Companies, Firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls.
- (v) (a) According to the information and explanation given to us, we are of the opinion that during the year, the particulars of the contracts/arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.

- (b) According to the information and explanation given to us, transactions made in pursuant of contracts and arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has accepted deposits from the public during the year. In our opinion, the company has complied with the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA of the Companies Act, 1956 and the rules framed there under. To the best of our knowledge and according to the information and explanations given to us, no order has been passed by the Company Law Board, National Company Law Tribunal, Reserve Bank of India or any other Court or Tribunal.
- (vii) *The Company does not have any formal internal audit system.*
- (viii) We have broadly reviewed the books of accounts relating to the manufacture of textile (Man Made Fabrics) pursuant to the rules made by the Central Government for maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been prepared and maintained. However, we have not made a detailed examination of the records maintained by the company.
- (ix) According to the records of the Company, the Company is generally 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, Excise Duty, Customs Duty, Cess and other Statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable were outstanding at the year end for a period of more than six months from the date they became payable.

According to the records of the Company, there are no dues of Sales Tax, Wealth Tax, Service Tax, Excise Duty, Customs Duty and Cess, which have not been deposited on account of any dispute.

The disputed amounts that have not been deposited in respect of Income Tax are as under :

Name of the Statute	Nature of Dues	Amount (₹)	Period to which it relates	Forum where dispute is pending
Income Tax Act. 1961	Income Tax Dues	21,430,343	2006-2007	Income Tax Appellate Tribunal

- (x) The Company does not have accumulated losses at the end of the financial year March 31, 2012. Further, the Company has not incurred any cash losses during the financial year ended March 31, 2012 and in the immediately preceding financial year ended March 31, 2011.
- (xi) According to the records of the Company examined by us and the information and explanation given to us, the Company has not generally defaulted in repayment of dues to banks during the year, except in some cases, there were delay in repayment. The total amount involved was ₹ 81,575,000 and the delay ranged between 2 days to 76 days. The Company has not taken any loans from financial institutions and has not issued debentures during the year.
- (xii) In our opinion and according to the information and explanation given to us, the Company has not granted any loans and advances during the year on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4 (xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi / mutual benefit fund / societies. Accordingly, clause 4 (xiii) of the Order is not applicable to the Company.

- (xiv) In our opinion and according to the information and explanation given to us, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, clause 4 (xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, clause 4 (xv) of the Order is not applicable to the Company.
- (xvi) In our opinion and according to the information and explanation given to us, term loans have been applied for the purposes for which they were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit for the year ended March 31, 2012.

For and on behalf of  
**M. L. BHUWANIA & CO.**  
 Chartered Accountants  
 Firm Registration No. 101484W

J.P Bairagra  
 Partner  
 Membership No. 12839

Place: Mumbai  
 Date: 30th May, 2012.

**BALANCE SHEET AS AT 31ST MARCH, 2012**
**(Amount in ₹)**

Particulars	Note No.	As at 31.03.2012		As at 31.03.2011	
<b>I EQUITY AND LIABILITIES</b>					
<b>1) Shareholder's Fund</b>					
a) Share Capital	1	104,000,000		104,000,000	
b) Reserves and Surplus	2	535,328,025	639,328,025	528,779,037	632,779,037
<b>2) Non-current liabilities</b>					
a) Long-term borrowings	3	780,133,165		779,983,590	
b) Other Long term liabilities	4	177,441,277	957,574,442	178,756,445	958,740,035
<b>3) Current liabilities</b>					
a) Short-term borrowings	5	1,786,537,436		1,413,361,979	
b) Trade payables	6	221,006,264		331,174,717	
c) Other current liabilities	7	273,843,483		280,140,862	
d) Short-term provisions	8	17,752,498	2,299,139,681	33,149,085	2,057,826,643
<b>TOTAL</b>			<b>3,896,042,148</b>		<b>3,649,345,715</b>
<b>II ASSETS</b>					
<b>1) Non - current assets</b>					
a) Fixed assets	9				
(i) Tangible assets		1,129,767,845		1,199,392,947	
(ii) Intangible assets		8,988,909		7,269,423	
(iii) Capital work-in-progress		172,924,496		206,661,321	
<b>Total Net Fixed Assets</b>		<b>1,311,681,250</b>		<b>1,413,323,691</b>	
b) Non-current investment	10	9,950,000		8,990,000	
c) Deferred tax assets	11	78,061,517		61,622,784	
d) Long-term loans and advances	12	104,806,982	1,504,499,749	103,570,389	1,587,506,864
<b>2) Current assets</b>					
a) Inventories	13	1,304,331,231		1,090,988,675	
b) Trade receivables	14	854,354,884		734,038,756	
c) Cash and bank balances	15	47,300,196		39,552,986	
d) Short -term loans and advances	16	58,740,075		71,093,241	
e) Other current assets	17	126,816,013	2,391,542,399	126,165,193	2,061,838,851
<b>TOTAL</b>			<b>3,896,042,148</b>		<b>3,649,345,715</b>

**Contingent Liabilities and Commitments 18**
**Significant Accounting Policies & Notes to Accounts 1 to 39**

The notes referred above form an integral part of the Balance Sheet

**As per our report of attached even date**
**For M .L. BHUWANIA & CO.**
**For DONEAR INDUSTRIES LIMITED**
**CHARTERED ACCOUNTANTS**

Firm Registration Number : 101484W

**J. P. BAIRAGRA**
*Partner*
**Membership No.12839**
**Vishwanath L. Agarwal**  
Chairman

**Rajendra V. Agarwal**  
Managing Director

Place : Mumbai

Date : 30th May, 2012

**Sreedhar H.**  
Company secretary

**Durga Prasad Agarwal**  
Director

**Ajay V. Agarwal**  
Whole time Director



**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012**

(Amount in ₹)

Particulars	Note No.	Year ended 31.03.2012	Year ended 31.03.2011
Revenue from operations	19	3,771,326,507	3,112,841,795
Other income	20	62,517,609	36,318,585
<b>TOTAL REVENUE</b>		<b>3,833,844,116</b>	<b>3,149,160,380</b>
Cost of materials consumed	21	1,668,498,287	1,277,373,606
Purchases of Stock-in-Trade	22	307,863,788	390,795,245
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	23	(222,600,177)	(250,502,214)
Employees benefits expense	24	328,749,558	245,240,634
Finance costs	25	227,163,229	150,273,031
Depreciation and Amortisation expense	9	250,792,321	311,894,393
Other expenses	26	1,289,310,425	1,023,134,261
<b>TOTAL EXPENSES</b>		<b>3,849,777,431</b>	<b>3,148,208,956</b>
Profit before exceptional and extraordinary items and tax		(15,933,315)	951,424
Exceptional items		-	-
<b>Profit before extraordinary items and tax</b>		<b>(15,933,314)</b>	<b>951,424</b>
Extraordinary items		-	-
<b>Profit before tax</b>		<b>(15,933,314)</b>	<b>951,424</b>
Less: <u>Tax Expenses</u>			
Current tax		-	874,005
Deferred tax		(16,438,733)	(34,544,825)
MAT credit entitlement		-	(874,005)
<b>Profit / (Loss) for the period</b>		<b>505,418</b>	<b>35,496,249</b>
<b>Earning per equity share :</b>	27		
(1) Basic		0.01	0.68
(2) Diluted		0.01	0.68

**Significant Accounting Policies and Notes to Accounts****1 to 39**

The notes referred above form an integral part of the Statement of Profit and Loss

*As per our report of attached even date***For M .L. BHUWANIA & CO.****For DONEAR INDUSTRIES LIMITED****CHARTERED ACCOUNTANTS**

Firm Registration Number : 101484W

**J. P. BAIRAGRA***Partner***Membership No.12839****Vishwanath L. Agarwal****Chairman****Rajendra V. Agarwal****Managing Director**

Place : Mumbai

Date : 30th May, 2012

**Sreedhar H.**  
**Company secretary****Durga Prasad Agarwal**  
**Director****Ajay V. Agarwal**  
**Whole time Director**

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(Amount in ₹)

Particulars	2011-2012	2010-2011
<b>I CASH FLOW FROM OPERATING ACTIVITIES</b>		
1) Net Profit before tax as per Statement of Profit & Loss	(15,933,314)	951,424
Adjustment for :		
a) Depreciation	250,792,321	311,894,393
b) Interest Expenses	213,908,424	140,983,961
c) Interest Received	(28,603,345)	(16,999,859)
d) (Profit) / Loss on sale of fixed assets	(6,484,611)	93,956
e) Fixed Assets Written Off	499,333	-
f) Provision no longer required	(6,581,210)	-
g) Unrealised Foreign Exchange rate difference (net)	1,382,687	727,416
h) Sundry Balances written off / (back)	(5,227,382)	188,302
i) Leave salary provision	2,748,233	682,077
	<b>422,434,450</b>	<b>437,570,246</b>
<b>2) Operating Profit Before Working Capital Changes</b>	<b>406,501,135</b>	<b>438,521,670</b>
Adjustment For ;		
a) Trade and Other Receivables	(113,063,389)	(95,326,648)
b) Inventories	(213,342,556)	(321,492,472)
c) Trade and Other Payables	(128,893,293)	107,606,816
	<b>(455,299,239)</b>	<b>(309,212,304)</b>
	<b>(48,798,103)</b>	<b>129,309,366</b>
<b>3) Cash Generated From Operations</b>		
a) Direct Tax Paid	(4,694,333)	(6,714,400)
<b>Net Cash from / (used in) Operating Activities</b>	<b>(53,492,436)</b>	<b>122,594,966</b>
<b>II CASH FLOW FROM INVESTING ACTIVITIES</b>		
1) Purchase of Fixed Assets (including Advance for Capital Goods)	(146,933,808)	(167,363,317)
2) Purchase of Investments	(960,000)	-
3) Sale of Fixed Assets	7,850,000	64,761
4) Interest received	30,420,105	1,615,929
<b>Net Cash from / (used in) Investing Activities</b>	<b>(109,623,703)</b>	<b>(165,682,627)</b>
<b>III CASH FLOW FROM FINANCING ACTIVITIES</b>		
1) Net (Decrease) / Increase in Borrowings	388,821,071	221,130,409
2) Interest Paid	(211,570,134)	(144,021,324)
3) Dividend Paid (Including dividend distribution tax)	(12,090,462)	(30,196,457)
<b>Net Cash from / (used in) Financing Activities</b>	<b>165,160,475</b>	<b>46,912,628</b>
<b>Net Increase/(decrease) in Cash and Cash Equivalents (I+II+III)</b>	<b>2,044,336</b>	<b>3,824,967</b>
<b>OPENING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>30,065,322</b>	<b>26,240,355</b>
<b>CLOSING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>32,109,658</b>	<b>30,065,322</b>
<b>Total</b>	<b>2,044,336</b>	<b>3,824,967</b>
<b>Notes :</b>		
1) Cash and cash equivalents include:		
a) Cash in hand	7,940,228	1,916,577
b) Cheque in Hand	20,055,954	228,79,752
c) <u>Balance with Scheduled Banks</u> in Current Accounts	4,140,611	5,377,439
d) Unrealised translation gain/(loss)	(27,135)	(108,446)
<b>Total</b>	<b>32,109,658</b>	<b>30,065,322</b>

2) Interest on received delayed payments from Customers ₹ 26,974,294/- (Previous Year ₹ 16,246,931/-) has been considered as cash flow from Operating Activities.

3) Previous year figures have been regrouped/restated wherever considered necessary to make them comparable with those of the current year.

**As per our report of attached even date**

**For M .L. BHUWANIA & CO.**

**CHARTERED ACCOUNTANTS**

Firm Registration Number : 101484W

**J. P. BAIRAGRA**

Partner

**Membership No.12839**

Place : Mumbai

Date : 30th May, 2012

**Sreedhar H.**

Company secretary

**Vishwanath L. Agarwal**

Chairman

**Durga Prasad Agarwal**

Director

**For DONEAR INDUSTRIES LIMITED**

**Rajendra V. Agarwal**

Managing Director

**Ajay V. Agarwal**

Whole time Director

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2012

## 1 SHARE CAPITAL

(Amount in ₹)

Particulars	As at 31.03.2012	As at 31.03.2011
<b>a) Authorised Shares</b>		
100,000,000 Equity Shares, ₹ 2/- par value (Previous Year 100,000,000, ₹ 2/- par value)	200,000,000	200,000,000
<b>b) Issued, Subscribed and Fully Paid Up Shares</b>		
52,000,000 Equity Shares, ₹ 2/- par value (Previous Year 52,000,000, ₹ 2/- par value)	104,000,000	104,000,000
<b>Total</b>	<b>104,000,000</b>	<b>104,000,000</b>

Note No 1.1: The reconciliation of the number of shares outstanding at the beginning and at the end of reporting period 31-03-2012:

Particulars	As at 31.03.2012	As at 31.03.2011
	No. of shares	No. of shares
a) Number of shares at the beginning	52,000,000	52,000,000
b) Add : Shares issued during the year	-	-
c) Less : Shares bought back (if any)	-	-
d) Number of shares at the end	<b>52,000,000</b>	<b>52,000,000</b>

Note No 1.2 : Terms/rights attached to equity shares :

- The company has only one class of equity shares having a par value of ₹ 2/-. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.
- The amount of per share dividend of ₹ 0.20 (Previous Year ₹ 0.50) has been proposed to be distributed to equity shareholders for the year ended 31/03/2012. The total amount of dividend shall be ₹ 12,087,140/- (including dividend distribution tax ₹ 1,687,140/-) (Previous Year ₹ 30,217,850/- including dividend distribution tax ₹ 4,217,850/-). Also refer Note No.2.1 below for previous year adjustment.
- In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Note No 1.3 : The details of shareholders holding more than 5% shares in the company :

Sr. No.	Name of the shareholders	As at 31.03.2012		As at 31.03.2011	
		No. of shares held	% of shares held	No. of shares held	% of shares held
1.	Rahul R. Agarwal	4,596,000	8.84%	4,596,000	8.84%
2.	Merrill Lynch Capital Markets ESPANA S. A. S. V.	3,965,000	7.63%	3,965,000	7.63%
3.	Rajendra Agarwal	3,846,000	7.40%	3,846,000	7.40%
4.	Ajay Agarwal	3,729,500	7.17%	3,729,500	7.17%
5.	Neena Agarwal	2,917,750	5.61%	2,917,750	5.61%
6.	Master Surya A. Agarwal	2,840,000	5.46%	2,840,000	5.46%
7.	Bhavar Devi Agarwal	2,768,000	5.32%	2,768,000	5.32%
	<b>Total</b>	<b>24,662,250</b>	<b>47.43%</b>	<b>24,662,250</b>	<b>47.43%</b>

## 2 RESERVES & SURPLUS

(Amount in ₹ )

Particulars	As at 31.03.2012		As at 31.03.2011	
<b>a) General Reserve</b>				
Opening Balance	353,160,352		349,610,352	
Add: Transferred from surplus	-	353,160,352	3,550,000	353,160,352
<b>b) Surplus</b>				
Opening Balance - Surplus	175,618,685		173,890,286	
Add: Earlier year excess proposed dividend and dividend distribution tax(Refer Note No 2.1)	18,130,710		-	
Add: Net Profit/(Loss) after tax transferred from statement of Profit / (Loss)	505,418		35,496,249	
Amount available for appropriation	194,254,813		209,386,535	
Less : Appropriations				
Proposed Dividend	10,400,000		26,000,000	
Dividend Distribution Tax	1,687,140		4,217,850	
Amount Transferred to General Reserve	-		3,550,000	
<b>Total Appropriations</b>	<b>12,087,140</b>		<b>33,767,850</b>	
Closing Balance - Surplus		182,167,673		175,618,685
<b>Total</b>		<b>535,328,025</b>		<b>528,779,037</b>

### Note No 2.1 :

As against the proposed Dividend for the previous year @ Re.0.50 per share, the AGM approved the same for Re.0.20 per share. The excess provision of Re.0.30 per share amounting to ₹ 18,130,710/- (including Dividend Distribution Tax of ₹ 2,530,710/-) has been reversed and added to the surplus in the current year.

## 3 LONG TERM BORROWINGS

(Amount in ₹ )

Particulars	As at 31.03.2012		As at 31.03.2011	
<b><u>Secured Loans</u></b>				
Term Loans (Refer Note No 3.1, 3.2,3.3)				
<b><u>From Bank</u></b>				
Indian Rupee		780,133,165		779,983,590
<b>Total</b>		<b>780,133,165</b>		<b>779,983,590</b>

### Note No 3.1 : Nature of Securities

#### **Term Loan from State Bank of Hyderabad, Dena Bank and State Bank of India :**

Secured by way of first pari passu basis in favour of Banks over all the fixed assets of the Company, both present & future including but not limited to Fixed Assets pertaining to the Capital Expansion project of the Company at Unit Balaji Fabrics, Revenue Block No.194 & 195 Kadodara, Bardoli Road, Village Jolwa , Taluka Palsana, District Surat, Gujarat except Land & Building at Plot No A-49 & A-50 Marol, MIDC Andheri (East) Mumbai and are also personally guaranteed by the directors Shri V. L. Agarwal and Shri R. V. Agarwal for the balance outstanding at the year end.

Term loans from State Bank of Hyderabad, Dena Bank and State Bank of India are further secured by second charge on the current assets of the company.

**Note No 3.2 : Terms of Repayment**

Sr. No.	Term Loan taken from (Bank's Name)	Loan taken in the year	Loan installment starting from	"Interest Rate (In %)"	No of installments (Quarterly)
1	State Bank of Hyderabad	2006-2007	30-09-2008	8 - 12	30
2	Dena Bank	2006-2007	30-09-2008	8 - 14	30
3	State Bank of India	2006-2007	30-09-2008	8 - 16	29
4	State Bank of Indore	2007-2008	30-06-2009	11 - 16	32
5	State Bank of Hyderabad	2003-2004	30-04-2006	11 - 13	28
6	State Bank of Hyderabad	2011-2012	30-09-2013	13 - 14	32

**Note No 3.3 : Defaults in repayment of dues to Bank**

Sr. No.	Term Loan taken from (Bank's Name)	Nature of Payment	Default Amount (in ₹)	Days of Default	Remarks
1	Dena Bank	Principal	7,693,716	3	Bank debited the cash credit account on 3rd April, 2012. However there is no continuous default
2	State Bank of India	Principal	3,300,000	23	Bank debited the current account on 23rd & 24th April, 2012. However there is no continuous default
		Principal	4,700,000	24	

**4 OTHER LONG TERM LIABILITIES**

(Amount in ₹)

Particulars	As at 31.03.2012	As at 31.03.2011
<u>Others</u>		
Deposits	177,441,277	178,756,445
<b>Total</b>	<b>177,441,277</b>	<b>178,756,445</b>

**5 SHORT TERM BORROWINGS**

(Amount in ₹)

Particulars	As at 31.03.2012	As at 31.03.2011
<b><u>Secured Loans</u></b> (Refer Note No 5.1)		
<b>a) Loans repayable on demand</b>		
<u>From Banks</u>		
Working Capital Loans	794,962,751	725,621,911
<b>b) Other loans and advances</b>		
<u>From Banks</u>		
Cash Credit	618,524,602	298,441,525
Export Packing Credit	42,392,564	58,760,667
357,202,192	660,917,166	357,202,192
<b><u>Unsecured Loans</u></b>		
<u>From Others</u>		
From Directors	282,085,000	288,965,000
From Other Body Corporates	48,572,519	41,572,876
330,537,876	330,657,519	330,537,876
<b>Total</b>	<b>1,786,537,436</b>	<b>1,413,361,979</b>



#### Note No 5.1: Nature of Securities

##### Credit facilities from State Bank of Hyderabad and Dena Bank

Secured by way of first charge on pari passu basis on all the current assets of the Company, and also secured by way of second and subsequent charge on pari passu basis on the fixed assets of the company (Present and future) except Land & Building at Plot No A-49 & A-50 Marol, MIDC Andheri (East) Mumbai .The above loans and facilities are guaranteed by the Directors, Shri. V. L. Agarwal and Shri R. V. Agarwal for the balance outstanding at the year end.

## 6 TRADE PAYABLES

(Amount in ₹ )

Particulars	As at 31.03.2012	As at 31.03.2011
Sundry Creditors for Goods (Refer Note No 6.1)	35,393,802	111,886,703
Sundry Creditors for Expenses (Refer Note No 6.1)	185,612,462	219,288,014
<b>Total</b>	<b>221,006,264</b>	<b>331,174,717</b>

#### Note No 6.1 :

The Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act,2006 and hence disclosures relating to amounts unpaid as at the year end together with interest paid/payable under this Act, have not been given. The same has been relied upon by the Auditors.

## 7 OTHER CURRENT LIABILITIES

(Amount in ₹ )

Particulars	As at 31.03.2012	As at 31.03.2011
a) Current maturities of long-term debts [Refer note no. 3.1]	182,956,000	167,459,962
b) Interest Accrued but not due on borrowings	58,345	20,362
c) Interest Accrued and due on borrowings	6,184,980	3,884,673
d) Unpaid Dividend	533,693	537,015
e) <u>Other Payable</u>		
Sundry Creditors for Capital Goods	12,057,936	13,027,320
Advance from Customers	33,892,609	60,169,068
Deposits	196,473	50,000
Statutory Liabilities	12,299,338	8,593,426
Employee Benefits Payable	25,664,110	84,110,465
f) Miscellaneous Liabilities	-	2,525,000
<b>Total</b>	<b>273,843,483</b>	<b>280,140,862</b>

## 8 SHORT TERM PROVISIONS

(Amount in ₹ )

Particulars	As at 31.03.2012	As at 31.03.2011
a) <u>Provision for Employee Benefits</u>		
Leave Encashment	5,524,238	2,776,005
b) <u>Other</u>		
Provision for Income Taxation	141,120	155,230
Provision for Proposed Dividend	10,400,000	26,000,000
Provision for Dividend Tax	1,687,140	4,217,850
<b>Total</b>	<b>17,752,498</b>	<b>33,149,085</b>

## 9. “FIXED ASSETS”

Sr. No.	Particulars of Assets	GROSS BLOCK (At Cost)				DEPRECIATION/AMORTISATION			NET BLOCK		
		As at 01.04.2011	Additions during the year	Deduction/Adjustment during the Year	As at 31.03.2012	As at 01.04.2011	For the Year	Deduction/Adjustment during the year	Up to 31.03.2012	As at 31.03.2012	As at 31.03.2011
(Amount in ₹ )											
(i)	TANGIBLE ASSETS										
1.	Freehold Land	68,635,109	-	300,730	68,334,379	-	-	-	-	68,334,379	68,635,109
2.	Factory Land & Building	500,847,453	60,520,950	-	561,368,403	146,295,408	35,597,843	-	181,893,251	379,475,152	354,552,045
3.	Office Premises	875,481	-	-	875,481	406,230	23,463	-	429,693	445,788	469,251
4.	Residential Building	3,805,526	-	-	3,805,526	774,043	151,574	-	925,617	2,879,909	3,031,483
5.	Plant & Machinery	1,680,191,704	111,529,480	-	1,791,721,184	981,052,753	195,983,926	-	1,177,036,679	614,684,505	699,138,951
6.	Electrical Installation	25,013,429	2,345,494	-	27,358,923	11,705,747	1,866,253	-	13,572,000	13,786,923	13,307,682
7.	Furniture & Fixtures	48,607,459	587,253	201,372	48,993,340	20,920,833	5,265,126	-	26,185,959	22,807,381	27,686,626
8.	Computer	38,049,928	3881,208	-	41,931,136	26,340,750	5,412,278	-	31,753,028	10,178,108	11,709,178
9.	Vehicle	25,615,274	-	1,350,774	24,264,500	13,890,118	2,895,356	286,115	16,499,359	7,765,141	11,725,156
10.	Air Conditioner	8,624,741	185,320	-	8,810,061	3,759,782	692,000	-	4,451,782	4,358,279	4,864,959
11.	Office Equipment	7,002,447	1,719,406	-	8,721,853	2,729,940	939,633	-	3,669,573	5,052,280	4,272,507
	Total Tangible Assets	2,407,268,551	180,769,111	1,852,876	2,586,184,786	1,207,875,604	248,827,452	286,115	1,456,416,941	1,129,767,845	1,199,392,947
(ii)	INTANGIBLE ASSETS										
1.	Computer Software	10,426,010	4,183,688	869,269	13,740,429	3,156,587	1,964,869	369,936	4,751,520	8,988,909	7,269,423
	Total Tangible Assets	10,426,010	4,183,688	869,269	13,740,429	3,156,587	1,964,869	369,936	4,751,520	8,988,909	7,269,423
	Total Current Year	2,417,694,561	184,952,799	2,722,145	2,599,925,215	1,211,032,191	250,792,321	656,051	1,461,168,461	1,138,756,754	1,206,662,370
	Total Previous Year	2,335,506,606	82,593,745	405,790	2,417,694,561	899,384,871	311,894,393	247,073	1,211,032,191	1,206,662,370	-
(iii)	CAPITAL WORK-IN-PROGRESS										
	[A] TANGIBLE CWIP										
1.	Factory Land & Building	54,261,202	6,259,748	60,520,950	-	-	-	-	-	-	54,261,202
2.	Office Premises	85,922,946	50,946,930	-	136,869,876	-	-	-	-	136,869,876	85,922,946
3.	Plant & Machinery	66,477,173	80,644,084	111,066,637	36,054,620	-	-	-	-	36,054,620	66,477,173
	Total Tangible CWIP Assets	206,661,321	137,850,762	171,587,587	172,924,496	-	-	-	-	172,924,496	206,661,321

## Notes :

## 9.1 Accounting Policy of Fixed Assets &amp; Depreciation / Amortisation

(a) All Fixed Assets are stated at Cost less Accumulated Depreciation. Computer software is capitalised where it is expected to provide future enduring economic benefits. Capitalisation costs include licence fees and costs of implementation / system integration services. The costs are capitalised in the year in which the relevant software is implemented for use.

(b) Depreciation is provided on Fixed Assets on Written Down Value Method (WDV) at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956. Software is amortised over a period of 5 years on straight-line method.

## 9.2 Depreciation for the year of Plant and Machinery is net of ₹ Nil (Previous Year ₹ 1,187,595/-) being depreciation for earlier year.

## 9.3 Depreciation for the year of Furniture and Fixtures is net of ₹ 22,967/- (Previous Year ₹ Nil) being depreciation for earlier year.

## 9.4 Depreciation of Capital Work in progress - Plant &amp; Machinery includes ₹ 2,55,968 (Previous Year ₹ Nil) being amount written off as these were small expenses incurred for which the project not started / scrapped off.

## 10 NON CURRENT INVESTMENT

(Amount in ₹)

Particulars	As at 31.03.2012	As at 31.03.2011
<b>Unquoted</b>		
(a) <u>Non-Trade Investments</u>		
Equity Instruments		
11,000 (Previous Year 11,000) Equity Shares of R. Ajay Kumar Investment Co. Pvt. Ltd., ₹ 10 par Value full paid up	110,000	110,000
(b) <u>Trade Investments</u>		
Equity Instruments		
72,000 (Previous Year 67,200) Equity Shares of Palsana Enviro Protection Ltd., ₹ 100 par Value full paid up	9,840,000	8,880,000
<b>Total</b>	<b>9,950,000</b>	<b>8,990,000</b>

### Note No 10.1: Accounting Policy of Investments

- (a) Long Term Investments are stated at cost. Provision for diminution in the value of Long Term Investment is made only if such a decline is other than temporary, in the opinion of the Management.
- (b) Short Term Investments are valued at lower of cost and market value compared on a scrip wise basis.

## 11 DEFERRED TAX ASSETS

(Amount in ₹)

Particulars	As at 31.03.2012	As at 31.03.2011
<b><u>On account of</u></b>		
(i) Difference in Depreciation as per books and as per Income Tax Act ,1961	65,765,678	50,128,079
(ii) Provision for Doubtful Debts / Advances	6,573,983	7,786,764
(iii) Expenses Allowable under Income Tax on payment basis	5,721,856	3,707,941
<b>Total</b>	<b>78,061,517</b>	<b>61,622,784</b>

### Note No 11.1: Accounting Policy of Deferred Tax

The deferred tax for timing differences between the book profits and tax profits for the year is accounted for using the tax rates and laws that have been enacted or substantially enacted as of the balance sheet date. Deferred tax assets arising from timing differences are recognized to the extent there is virtual certainty that these would be realized in future and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

**12 LONG-TERM LOANS & ADVANCES****(Amount in ₹ )**

Particulars	As at 31.03.2012		As at 31.03.2011	
<b>(Unsecured, considered good, unless otherwise stated)</b>				
(a) Capital Advances				
(i) Considered Good	30,118,260		35,168,439	
(ii) Considered Doubtful	2,460,635		2,074,703	
	32,578,895		37,243,142	
Less : Allowance for bad and doubtful advances	2,460,635	30,118,260	2,074,703	35,168,439
(b) Deposits given		21,529,461		12,828,004
(c) <u>Other loans and advances</u>				
(i) Advance recoverable in cash or in kind or for value to be received	45,266		72,024	
(ii) Advance Taxation [Net of provision for taxation ₹ 1,174,236/- (Previous Year ₹ 3,214,444/-)]	12,055,137		12,480,835	
(iii) MAT Credit Entitlement	36,235,638		37,882,039	
(iv) Loan to Staff	4,823,220	53,159,261	5,139,048	55,573,946
<b>Total</b>		<b>104,806,982</b>		<b>103,570,389</b>

**13 INVENTORIES****(Amount in ₹ )**

Particulars	As at 31.03.2012		As at 31.03.2011	
(a) Raw Material		206,196,820		258,835,783
(b) Semi Finished Goods		390,475,716		257,951,925
(c) Finished Goods		383,652,205		306,677,968
(d) Traded Finished Goods		213,527,568		199,516,357
(e) Stores & Tools		54,877,593		43,192,467
(f) Packing Material		55,601,328		24,814,175
<b>Total</b>		<b>1,304,331,231</b>		<b>1,090,988,675</b>

**Note No 13.1: Accounting Policy of Inventories Valuation**

- (a) Inventories are valued at lower of cost or net realizable value.
- (b) Cost of Raw Material excluding Dyes and Chemicals , Traded Finished Goods, Stores & Spares, Packing Material and Garments are determined on weighted average cost basis.
- (c) Cost of Finished Goods and Work-in-Progress are determined on estimated cost basis.
- (d) Cost of Dyes and Chemicals included in the cost of Raw Material are determined on first-in-first-out (FIFO) basis.

#### 14 TRADE RECEIVABLES

(Amount in ₹)

Particulars	As at 31.03.2012		As at 31.03.2011	
(Unsecured)				
(a) Outstanding for more than six months				
(i) Considered Good	54,730,631		48,440,640	
(ii) Considered Doubtful	14,938,427		19,190,575	
	69,669,058		67,631,215	
Less: Allowance for bad and doubtful debts	14,938,427	54,730,631	19,190,575	48,440,640
(b) Other than above (Considered Good)		799,624,253		685,598,116
<b>Total</b>		<b>854,354,884</b>		<b>734,038,756</b>

#### 15 CASH AND BANK BALANCES

(Amount in ₹)

Particulars	As at 31.03.2012		As at 31.03.2011	
(a) Cash & Cash Equivalents				
(i) Balance with banks				
- In Current Account	4,107,629		5,266,031	
(ii) Cheques, Drafts in Hand	20,055,954		22,879,752	
(iii) Cash In Hand	7,946,075	32,109,658	1,919,539	30,065,322
(b) Other Balance with banks				
In Unpaid Dividend Account (Refer Note No 15.1)	533,693		535,359	
In Margin Money Deposits (Refer Note No 15.2)	14,656,846	15,190,539	8,952,305	9,487,664
<b>Total</b>		<b>47,300,196</b>		<b>39,552,986</b>

**Note No 15.1** The Company can utilise these balances towards settlement of unpaid dividend only.

**Note No 15.2** Margin money deposits amounting to ₹ 14,646,846 (Previous Year ₹ 8,952,305/-) are lying with bank against Bank Guarantees and Letter of Credit.

#### 16 SHORT-TERM LOANS & ADVANCES

(Amount in ₹)

Particulars	As at 31.03.2012		As at 31.03.2011	
(Unsecured, considered good, unless otherwise stated)				
(a) Deposits		18,500		2,760,612
(b) <u>Other loans and advances</u>				
Advance recoverable in cash or in kind or for value to be received	6,219,869		6,234,841	
Advance Taxation [Net of provision for taxation ₹ 43,438,206/- (Previous Year ₹ 42,741,585/-)]	17,920,569		11,168,247	
Balance with Central Excise	518,678	24,659,116	684,924	18,088,011
(c) <u>Loans to Staff</u>				
(i) Considered Good	10,770,536		6,087,521	
(ii) Considered Doubtful	378,934		-	
	11,149,470		6,087,521	
Less: Allowance for bad and doubtful advances	378,934	10,770,536	-	6,087,521
(d) Trade Advances				
(i) Considered Good	23,291,923		44,157,097	
(ii) Considered Doubtful	2,483,932		2,860,893	
	25,775,855		47,017,990	
Less: Allowance for bad and doubtful advances	2,483,932	23,291,923	2,860,893	44,157,097
<b>Total</b>		<b>58,740,075</b>		<b>71,093,241</b>

**17 OTHER CURRENT ASSETS**

(Amount in ₹)

Particulars	As at 31.03.2012	As at 31.03.2011
(a) Export Incentive Receivable	48,930,554	58,307,754
(b) Interest Receivable	54,685,083	56,501,843
(c) Sales Tax Refund Receivable	4,646,550	4,558,078
(d) Others	18,553,827	6,797,519
<b>Total</b>	<b>126,816,013</b>	<b>126,165,193</b>

**18 CONTINGENT LIABILITIES AND COMMITMENTS**

(Amount in ₹)

Particulars	As at 31.03.2012	As at 31.03.2011
(a) Contingent Liability no provided for in respect of		
(i) Disputed Income Tax Liability where Company is in appeal	21,430,343	22,529,953
(ii) Bank Guarantees executed under EPCG Schemes to Customs Authorities	895,000	895,000
(iii) Bank Guarantees executed in favour of Government Department	10,973,205	2,062,500
(iv) Bonds executed under EPCG Schemes to Customs Authorities	356,906,005	317,517,730
(v) Bonds executed in favour of the excise department towards concessional custom duty availed	3,740,229	3,740,229
(vi) Claims against the Company no acknowledged as debt	159,780	394,104,562
159,780		159,780
346,905,192		
(b) Commitments not provided for in respect of		
(i) Estimated amount of contracts remaining to be executed on capital account (net of advances)	36,961,617	39,331,242
<b>Total</b>	<b>431,066,179</b>	<b>386,236,434</b>

**19 REVENUE FROM OPERATIONS**

(Amount in ₹)

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
(a) Sale of Products (Refer Note No 19.2)	3,598,435,333	2,939,436,988
(b) Sale of Services (Refer Note No 19.3)	132,073,129	141,850,321
(c) Other Operating Revenue		
Sale of Scrap	9,998,871	9,959,836
Export Incentives	30,819,174	40,818,045
21,594,650		31,554,486
<b>Total</b>	<b>3,771,326,507</b>	<b>3,112,841,795</b>

**Note No 19.1: Accounting policies of Revenue Recognition**

Sales are recognised when the significant risks and rewards of ownership of the goods are passed to the customer and with regard to services, when services are rendered. Sales are accounted net of volume discount.

**Note No 19.2: Sale of products**

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
(a) Sales of Fabrics (Local)	2,754,501,002	2,189,528,263
(b) Sales of Fabrics (Export)	303,501,623	214,046,199
(c) Sales of Yarn (Local)	85,158,754	81,099,945
(d) Sale of Garments (Local)	455,273,954	454,762,581
2,939,436,988		



**Note No 19.3: Sale of services**

Particulars	Year ended 31.03.2012		Year ended 31.03.2011	
(a) Process Job Sales	129,806,215		136,396,039	
(b) Yarn Job Sales	2,120,097		4,677,427	
(c) Packing Job Sales	146,817	132,073,129	776,855	141,850,321

**20 OTHER INCOME**

(Amount in ₹)

Particulars	Year ended 31.03.2012		Year ended 31.03.2011	
(a) Interest income				
Interest Income on Deposit with Bank	1,484,995		601,111	
Interest Income on Deposit with Others	144,056		151,817	
Interest on delayed payments from Customers	26,974,294	28,603,345	16,246,931	16,999,859
(b) Other non-operating income				
Compensation Received	2,500,000		15,000,000	
Profit on Sale of Fixed Asset	6,484,611		-	
Provision no longer required	6,581,210		-	
Gain on Foreign Currency Transactions (Net)	3,108,233		-	
Sundry balance written back	5,227,382		-	
Commission Received	760,091		326,475	
Franchisee Registration Fees	2,700,000		1,880,000	
Rent Received	572,000		378,000	
Miscellaneous Income	5,980,737	33,914,264	1,734,251	19,318,726
<b>Total</b>		<b>62,517,609</b>		<b>36,318,585</b>

**21 COST OF MATERIAL CONSUMED**

(Amount in ₹)

Particulars	Year ended 31.03.2012		Year ended 31.03.2011	
<u>Raw Material Consumed</u> (Refer Note No 21.1)				
Opening Stock of Raw Material	258,835,783		208,583,657	
Add : Purchases of Raw Material	1,616,571,926		1,327,625,732	
Less : Closing Stock of Raw Material	206,909,422	1,668,498,287	258,835,783	1,277,373,606
<b>Total</b>		<b>1,668,498,287</b>		<b>1,277,373,606</b>

**Note No 21.1 Details and Value of Imported and Indigenous Raw Material Consumed**

Particulars	Year ended 31.03.2012		Year ended 31.03.2011	
(a) <u>Yarn Consumed</u>				
(i) Indigenous	1,479,307,367	88.66%	1,136,729,323	88.99%
(ii) Imported	12,992,809	0.78%	2,426,340	0.19%
<b>Total Yarn Consumed</b>	<b>1,492,300,176</b>	<b>89.44%</b>	<b>1,139,155,663</b>	<b>89.18%</b>
(b) <u>Dyes &amp; Chemicals Consumed</u>				
(i) Indigenous	175,632,879	10.53%	138,217,943	10.82%
(ii) Imported	565,232	0.03%	-	0.00%
<b>Total Dyes &amp; Chemicals Consumed</b>	<b>176,198,111</b>	<b>10.56%</b>	<b>138,217,943</b>	<b>10.82%</b>
<b>Total of Raw Material Consumed</b>	<b>1,668,498,287</b>	<b>100.00%</b>	<b>1,277,373,606</b>	<b>100.00%</b>

**22 PURCHASES OF STOCK IN TRADE**

(Amount in ₹)

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
(a) Finish Fabric Purchases	120,124,654	99,390,144
(b) Grey Fabric Purchases	157,316,906	132,627,996
(c) Garment Purchases	30,422,228	158,777,105
<b>Total</b>	<b>307,863,788</b>	<b>390,795,245</b>

**23 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE**

(Amount in ₹)

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
<b>(a) Finished Goods</b>		
Opening Stock of Finished Fabrics	306,677,968	132,052,012
Closing Stock of Finished Fabrics	383,455,744 (76,777,777)	306,677,968 (174,625,956)
<b>(b) Work in Progress</b>		
Opening Stock of Grey Fabrics	257,951,925	209,276,302
Closing Stock of Grey Fabrics	389,763,114 (131,811,189)	257,951,925 (48,675,623)
<b>(c) Stock-in-Trade</b>		
Opening Stock of Garments	199,516,357	172,315,722
Closing Stock of Garments	213,527,568 (14,011,211)	199,516,357 (27,200,635)
<b>Total</b>	<b>(222,600,177)</b>	<b>(250,502,214)</b>

**24 EMPLOYEES BENEFITS EXPENSES**

(Amount in ₹)

Particulars	As at 31.03.2012	As at 31.03.2011
a) Salaries, Wages & Other Benefits	313,466,639	230,859,104
b) Contribution to Provident Fund and Other Funds	9,098,575	7,673,923
c) Staff Welfare Expenses	6,184,344	6,707,607
<b>Total</b>	<b>328,749,558</b>	<b>245,240,634</b>

**Note No 24.1 : Accounting Policy of Employees benefits expense**

- Short term employee benefits are recognized as an expense at the undiscounted amounts in the Statement of Profit and Loss of the year in which the related service is rendered.
- Contribution payable to the Recognised Employees Provident Fund which is Defined Contribution Scheme is charged to Statement of Profit and Loss .
- Liabilities in respect of defined benefit plans are determined based on actuarial valuation made by an independent actuary as at the balance sheet date. The actuarial gains or losses are recognized immediately in the Statement of Profit and Loss.

**25 FINANCE COSTS**

(Amount in ₹)

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
<b>(a) Interest expenses</b>		
(i) Interest on Term Loan	81,565,483	66,483,659
(ii) Interest on Other Bank Loan	132,202,826	74,470,390
(iii) Interest on Others	140,115 213,908,424	29,912 140,983,961
<b>(b) Other Borrowing Cost</b>		
(i) Processing Charges	3,340,365	1,311,805
(ii) Premium on Forward Contract	6,317,233	7,923,055
(iii) Net Loss/(Gain) on Foreign Currency Transactions	3,597,207 13,254,805	54,210 9,289,070
<b>Total</b>	<b>227,163,229</b>	<b>150,273,031</b>

## 26 OTHER EXPENSES

(Amount in ₹)

Particulars	Year ended 31.03.2012		Year ended 31.03.2011	
Consumption of Stores & Spares (Refer Note No 26.1)		49,387,558		46,441,869
Processing Charges		41,151,020		28,774,274
Weaving Charges		37,567,894		45,581,703
Other Labour Charges		164,886,411		78,981,032
Power and Fuel		249,290,759		186,287,148
Repairs and Maintenance				
On Building	3,146,875		2,991,605	
On Machinery	5,924,069		5,009,229	
On Others	13,694,231	22,765,175	10,147,685	18,148,519
Security Charges		2,311,203		2,225,286
Brokerage on purchase		4,267,334		3,966,717
Legal & Professional Expenses		11,040,846		8,249,380
Directors Remuneration		3,300,000		3,300,000
Travelling & Conveyance		39,374,723		30,434,504
Net Loss / (Gain) on Foreign Currency Transactions		-		3,957,864
Insurance Charges		6,594,768		5,684,124
Packing Material Consumed		146,164,565		148,704,525
Rent, Rates & Taxes		16,380,001		18,972,922
Interest Expenses		9,706,568		7,865,698
Printing & Stationery		7,915,009		6,191,959
Postage, Telegram & Telephone		13,672,525		11,766,984
Auditors Remuneration (Refer Note No 26.2)		796,116		664,558
Sundry Balance W/off (net)		-		188,302
Loss on Sale of Asset		-		93,956
Fixed Assets Written Off		499,333		-
Allowance for bad and doubtful debts		2,329,062		513,296
Allowance for bad and doubtful advances	2,467,024		1,018,106	
Less : Allowance for bad and doubtful advances written back	1,176,509	1,290,515	-	1,018,106
Bad debts		344,374		-
Allowance for bad and doubtful advances against Capital Goods		400,182		1,747,213
Bank Charges		5,869,283		2,826,453
Transportation Expenses		36,563,535		32,918,883
Sample Expenses		10,296,728		7,205,608
Advertisement & Sales Promotion		217,323,646		150,596,348
Sales Commision		126,117,881		117,710,578
Discount, Rebate & Claims		49,103,353		43,646,709
Miscellaneous Expenses		12,600,059		8,469,743
<b>Total</b>		<b>1,289,310,425</b>		<b>1,023,134,261</b>

**Note No. 26.1 - Value of imported and indigenous Stores & Spares consumed**

Particulars	Year ended 31.03.2012		Year ended 31.03.2011	
	₹	Percentage	₹	Percentage
<b><u>Stores &amp; Spares Consumed</u></b>				
(i) Indigenous	38,640,874	78.24%	29,030,123	62.51%
(ii) Imported	10,746,684	21.76%	17,411,746	37.49%
<b>Total Stores &amp; Tools Consumed</b>	<b>49,387,558</b>	<b>100.00%</b>	<b>46,441,869</b>	<b>100.00%</b>

**Note No. 26.2 - Auditors Remuneration:**

Particulars	Year ended 31.03.2012		Year ended 31.03.2011	
<u>Statutory Auditors Remuneration</u>				
<u>As an auditor</u>				
- Audit Fees (including Limited Review)	435,000		435,000	
- Tax Audit Fees	105,000		105,000	
- Towards Service Tax	65,199	605,199	55,620	595,620
<u>Other capacity</u>				
- Certification	109,000		-	
- Other Services	2,500		2,500	
- Towards Service Tax	12,001	123,501	258	2,758
<u>Cost Auditors Remuneration</u>				
- Audit Fees	60,000		60,000	
- Towards Service Tax	7,416	67,416	6,180	66,180
<b>Total Auditors Remuneration</b>		<b>796,116</b>		<b>664,558</b>

**27 EARNING PER SHARE**

Earning Per Share (EPS) the numerators and denominators used to calculate Basic and Diluted earning per share :

(Amount in ₹ )

Particulars	Year ended 31.03.2012		Year ended 31.03.2011	
	Description	Value	Description	Value
(a) Profit attributable to Equity Shareholders	(In ₹ )	<b>505,419</b>	(In ₹ )	35,496,249
(b) Number of Equity Shares outstanding during the year	(In Nos.)	<b>52,000,000</b>	(In Nos.)	52,000,000
(c) Face Value of each Equity Share	(In ₹ )	<b>2.00</b>	(In ₹ )	2.00
(d) Basic & Diluted earning per share (a) / (b)	(In ₹ )	<b>0.01</b>	(In ₹ )	0.68

**28 SEGMENT REPORTING**

The Company has one business segment viz. Manufacturing and Dealing in Textiles (Man Made Fabrics) However, since the sales outside India was more than 10% of the total sales in the previous year, geographical segment is reported as the secondary segment.

(Amount in ₹ )

Particulars	2011-2012		2010-2011	
	Within India	Outside India	Within India	Outside India
(a) Segment Revenue	3,530,342,493	303,501,623	2,935,114,181	214,046,199
(b) Segment Assets	3,830,296,445	65,745,703	3,598,872,121	50,473,594
(c) Addition to Fixed Assets	184,952,799	-	82,593,745	-

## 29 RELATED PARTY DISCLOSURES

The following related parties have been identified by the management and relied upon by the Auditors.

Related Parties		Nature of Relationship
(a) (i)	Shri Vishwanath L. Agarwal	Individual having control / significant influence
(b) (i)	Mrs. Kesari Devi Jajodia (Mother of Shri Vishwanath L. Agarwal and grandmother of Shri Rajendra V. Agarwal and Shri Ajay V. Agarwal)	Relative of Individual having control / Significant influence and Key Management Personnel
(ii)	Mrs. Bhavardevi Agarwal ( Wife of Shri Vishwanath L. Agarwal and mother of Shri Rajendra V. Agarwal and Shri Ajay V. Agarwal)	Relative of Individual having control / Significant influence and Key Management Personnel
(c) (i)	Shri Rajendra V. Agarwal	Key Management Personnel
(ii)	Shri Ajay V. Agarwal	Key Management Personnel
(d) (i)	Mrs. Uma Agarwal (Wife of Shri Rajendra V. Agarwal)	Relative of Key Management Personnel
(ii)	Mrs. Neena Agarwal (Wife of Shri Ajay V. Agarwal)	Relative of Key Management Personnel
(iii)	Mr. Rahul R. Agarwal (Son of Shri Rajendra V. Agarwal)	Relative of Key Management Personnel
(iv)	Miss. Ruchi R. Agarwal (Daughter of Shri Rajendra V. Agarwal)	Relative of Key Management Personnel
(v)	Mr. Surya Agarwal (Son of Shri Ajay V. Agarwal)	Relative of Key Management Personnel
(vi)	Miss. Sonia Agarwal (Daughter of Shri Ajay V. Agarwal)	Relative of Key Management Personnel
(e) (i)	Donear Synthetics Limited	Entities where individual having control / significant influence or key management personnel or their relatives are able to exercise significant influence
(ii)	Lav Kush Traders Pvt. Limited	
(iii)	Vishwanath L. Agarwal (HUF)	
(iv)	Rajendra Agarwal (HUF)	
(v)	Ajay Agarwal (HUF)	
(vi)	Laxmi Synthetics [Proprietary concern of Shri Ajay V. Agarwal]	
(vii)	Rajendra Synthetics [Proprietary concern of Ajay Agarwal (HUF)]	
(viii)	Sonia Synthetics Pvt. Limited	
(ix)	Donear Retail Pvt. Limited	
(x)	R. Ajay Kumar Investment Co. Pvt. Limited	
(xi)	Rajendra Synthetics Pvt. Limited	
(xii)	U.N. Reality Pvt. Limited	
(xiii)	V.R.A. Reality Pvt. Limited	
(xiv)	Neptune Fabs	
(xv)	Venus Textiles	
(xvi)	Lotus Fabrics	
(xvii)	Mercury Industries	
(xviii)	Donear Fashion Link Pvt. Limited	

**Disclosure of related party transaction during the year.****(Amount in ₹ )**

Nature of Transaction & Name of the Related Party		Year ended 31.03.2012		Year ended 31.03.2011	
<b>(a) <u>Purchase of Goods &amp; Other Services</u></b>					
(i)	Donear Fashion Link Pvt. Ltd. (Purchase of Goods)	2,146,433		194,552	
(ii)	Neptune Fabs	1,857,880		Nil	
(iii)	Venus Textiles	2,298,665		Nil	
(iv)	Lotus Fabrics	1,256,187		Nil	
(v)	Mercury Industries	2,595,162	10,154,327	Nil	194,552
<b>(b) <u>Sale of Goods) / Goods Return</u></b>					
(i)	Donear Fashion Link Pvt. Ltd. (Sale of Goods)	Nil		(4,167,039)	
(ii)	Neptune Fabs	514,189		( 514,189)	
(iii)	Venus Textiles	504,285		( 504,285)	
(iv)	Lotus Fabrics	513,838		( 513,838)	
(v)	Mercury Industries	504,218	2,036,530	( 504,218)	(2,036,530)
<b>(c) <u>Director's Sitting Fees</u></b>					
(i)	Shri Vishwanath L. Agarwal		Nil		4,000
<b>(d) <u>Remuneration Paid</u></b>					
(i)	Shri Rajendra V. Agarwal	2,803,385		2,803,385	
(ii)	Shri Ajay V. Agarwal	1,051,269	3,854,654	1,235,269	4,038,654
<b>(e) <u>Salary Paid</u></b>					
(i)	Miss Ruchi R. Agarwal		Nil		220,000
<b>(f) <u>Deposit Taken</u></b>					
(i)	Neptune Fabs	1,120,000		1,880,000	
(ii)	Venus Textiles	Nil		3,000,000	
(iii)	Lotus Fabrics	Nil		3,000,000	
(iv)	Mercury Industries	Nil	1,120,000	3,000,000	10,880,000
<b>(g) <u>Rent Received</u></b>					
(i)	Neptune Fabs	1,241,883		50,000	
(ii)	Venus Textiles	1,654,575		50,000	
(iii)	Lotus Fabrics	966,740		50,000	
(iv)	Mercury Industries	1,740,310	5,603,508	50,000	200,000



(Amount in ₹ )

Nature of Transaction & Name of the Related Party		Year ended 31.03.2012		Year ended 31.03.2011	
<b>(h) Loans Received</b>					
(i)	Shri Vishwanath L. Agarwal	36,100,000		29,700,000	
(ii)	Mrs. Bhavardevi Agarwal	15,479,000		23,700,000	
(iii)	Smt. Uma R. Agarwal	6,314,000		12,350,000	
(iv)	Shri Ajay V. Agarwal	30,310,000		88,080,000	
(v)	Mrs. Neena A. Agarwal	11,735,000		10,700,000	
(vi)	Mr. Rahul R. Agarwal	25,140,000		45,300,000	
(vii)	Shri Rajendra V. Agarwal	10,435,000		38,350,000	
(viii)	Mr. Surya A. Agarwal	2,135,000		2,820,000	
(ix)	Miss Ruchi R. Agarwal	855,000		16,500,000	
(x)	Donear Synthetics Ltd	3,003,782		10,650,000	
(xi)	Lav- Kush Traders Pvt. Ltd	110,000		310,000	
(xii)	Shri Vishwanath Agarwal HUF	215,000		3,450,000	
(xiii)	Shri Rajendra Agarwal HUF	4,005,000		1,350,000	
(xiv)	Shri Ajay V. Agarwal HUF	3,130,000		1,220,000	
(xv)	Donear Retail Pvt. Ltd.	2,805,000		910,000	
(xvi)	Sonia Synthetics Pvt. Ltd	3,025,000		180,000	
(xvii)	R.Ajaykumar Invest. Pvt. Ltd	10,775,000		4,490,000	
(xviii)	Rajendra Synthetics Pvt. Ltd	1,765,000		5,160,000	
(xix)	U.N.Reality Pvt.Ltd.	50,065,000		28,360,000	
(xx)	V.R.A. Reality Pvt.Ltd.	55,225,000	272,626,782	5,200,000	328,780,000
<b>(i) Loans Repaid</b>					
(i)	Shri Vishwanath L. Agarwal	28,605,000		15,850,000	
(ii)	Mrs. Bhavardevi Agarwal	15,479,000		23,700,000	
(iii)	Shri Rajendra V. Agarwal	13,000,000		11,550,000	
(iv)	Shri Ajay V. Agarwal	42,120,000		46,170,000	
(v)	Smt. Uma R. Agarwal	6,314,000		12,350,000	
(vi)	Mrs. Neena A. Agarwal	11,735,000		10,700,000	
(vii)	Mr. Rahul R. Agarwal	25,140,000		45,300,000	
(viii)	Mr. Surya A. Agarwal	2,135,000		2,820,000	
(ix)	Miss Ruchi R. Agarwal	855,000		16,500,000	
(x)	Shri Vishwanath Agarwal HUF	215,000		3,450,000	
(xi)	Shri Rajendra Agarwal HUF	4,005,000		1,350,000	
(xii)	Shri Ajay V. Agarwal HUF	3,130,000		1,220,000	
(xiii)	Donear Synthetics Ltd	728,513		9,820,000	
(xiv)	Sonia Synthetics Pvt. Ltd	217,513		54,124	
(xv)	Lav- Kush Traders Pvt. Ltd	32,100		Nil	
(xvi)	R.Ajaykumar Invest. Pvt. Ltd	12,042,000		9,510,000	
(xvii)	Rajendra Synthetics Pvt. Ltd	299,513		2,705,000	
(xviii)	Donear Retail Pvt. Ltd.	164,500		230,000	
(xix)	U.N.Reality Pvt.Ltd.	51,065,000		27,360,000	
(xx)	V.R.A. Reality Pvt.Ltd.	55,225,000	272,507,139	5,200,000	245,839,124

Disclosure of related party transaction outstanding at the end of the year.

(Amount in ₹ )

Particulars	As at 31.03.2012		As at 31.03.2011	
<b>(a) Outstanding Net Payable / (Receivable)</b>				
(i) Donear Fashion Link Pvt. Ltd.		(11,648,869)		(14,494,768)
<b>(b) Deposit Taken</b>				
(i) Neptune Fabs	3,000,000		1,880,000	
(ii) Venus Textiles	3,000,000		3,000,000	
(iii) Lotus Fabrics	3,000,000		2,671,162	
(iv) Mercury Industries	3,000,000	12,000,000	3,185,782	10,736,944
<b>(c) Other Payable</b>				
(i) Venus Textiles	Nil		1,650,000	
(ii) Lotus Fabrics	Nil		185,000	
(iii) Mercury Industries	Nil	Nil	690,000	2,525,000
<b>(d) Loans Outstanding</b>				
(i) Shri Vishwanath L. Agarwal	64,865,000		57,370,000	
(ii) Shri Rajendra Agarwal	64,420,000		66,985,000	
(iii) Shri Ajay V. Agarwal	152,800,000		164,610,000	
(iv) Donear Synthetics Ltd	17,220,269		14,945,000	
(v) Sonia Synthetics Pvt. Ltd	6,386,363		3,578,876	
(vi) Lav- Kush Traders Pvt. Ltd	387,900		310,000	
(vii) R.Ajaykumar Invest. Pvt. Ltd	Nil		1,267,000	
(viii) Rajendra Synthetics Pvt. Ltd	14,169,487		12,704,000	
(ix) Donear Retail Pvt. Ltd.	10,408,500		7,768,000	
(x) U.N.Reality Pvt.Ltd.	Nil	330,657,519	1,000,000	330,537,876

**Note :** Related party relationship is as identified by the company and relied upon by the Auditors.

### 30 EMPLOYEE BENEFIT

The Company has schemes for long term benefits such as Provident Fund and Gratuity. The Company's "Defined Contribution Plan" includes Contribution to Employees Provident Fund and "Defined Benefit Plan" include Gratuity. Related disclosures are given as under:

(Amount in ₹ )

Particulars	As at 31.03.2012	As at 31.03.2011
<b>(a) Defined Contribution Plan</b>		
Employees Provident Fund	5,152,119	3,881,831
<b>(b) Defined Benefit Plan</b>		
Gratuity	Funded	Funded
<b>(i) Assumptions</b>	As on 31/03/2012	As on 31/03/2011
Discount Rate	8%	8%
Salary Escalation	4%	4%

(Amount in ₹)

Particulars	As at 31.03.2012	As at 31.03.2011
<b>(ii) Table showing changes in present value of obligations</b>		
Present value of obligations as at beginning of year	6,082,872	4,537,257
Interest cost	486,630	362,981
Current Service cost	1,669,060	1,325,277
Benefits paid	(555,420)	(474,915)
Actuarial (gain)/Loss on obligations	(228,856)	332,272
Present value of obligations as at end of year	7,454,286	6,082,872
<b>(iii) Table showing changes in the fair value of plan assets</b>		
Fair value of plan assets at beginning of year	8,238,377	5,797,868
Expected return on plan assets	725,177	510,059
Contributions	1,292,573	2,405,465
Benefits paid	(555,420)	(474,915)
Actuarial Gain / (Loss) on Plan assets	Nil	Nil
Fair value of plan assets at the end of year	9,700,707	8,238,377
<b>(vi) Table showing fair value of plan assets</b>		
Fair value of plan assets at beginning of year	8,238,377	5,797,768
Actual return on plan assets	725,177	510,059
Contributions	1,292,573	2,405,465
Benefits Paid	(555,420)	(474,915)
Fair value of plan assets at the end of year	9,700,707	8,238,377
Funded Status	2,246,421	2,155,505
Excess of Actual over estimated return on plan assets	Nil	Nil
(Actual rate of return=Estimated rate of return as ARD falls on 31st March)		
<b>(v) Actuarial Gain/Loss recognized</b>		
Actuarial( gain) / Loss for the year Obligation	228,856	(332,272)
Actuarial(gain)/Loss for the year - Plan Assets	Nil	Nil
Total (gain) / Loss for the year	228,856	(332,272)
Actuarial (gain) / Loss recognized in the year	228,856	(332,272)
<b>(vi) The amounts to be recognized in the Balance Sheet and Statements of Profit and Loss</b>		
Present value of obligations as at the end of year	7,454,286	6,082,872
Fair value of plan assets as at the end of the year	9,700,707	8,238,377
Funded status	2,246,421	2,155,505
Net Asset / (Liability) recognized in balance sheet	(2,246,421)	(2,155,505)
<b>(vii) Expenses Recognised in statement of Profit &amp; Loss</b>		
Current Service cost	1,669,060	1,325,277
Interest Cost	486,630	362,981
Expected return on plan assets	(725,177)	(510,059)
Net Actuarial (gain)/Loss recognised in the year	(228,856)	332,272
Expenses recognised in statement of Profit & Loss	1,201,657	1,510,471

### 31 LEASE

#### (a) Assets given on Lease (Refer Note No. 31.1)

The Company's major leasing arrangements are in respect of office premises given on leave and licence basis. These leasing arrangements, which are cancellable, is for the period of 3 years and are usually renewable by mutual consent at mutually agreed terms and conditions.

(Amount in ₹)

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
The aggregate lease rentals collected as Lease Rent and shown under Note No. 20 "Other Income"	572,000	378,000

#### (b) Assets taken on Lease (Refer Note No. 31.1)

The Company's major leasing arrangements are in respect of residential / godowns / office premises (including furniture and fitting therein, wherever applicable) taken on leave and licence basis. These leasing arrangements, which are cancellable, range between 11 months and 5 years generally, or longer, and are usually renewable by mutual consent at mutually agreed terms and conditions.

(Amount in ₹)

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
The aggregate lease rentals charged as Rent and shown under Note No. 26 "Other Expenses"	14,748,995	17,346,391

#### **Note No : 31.1 Accounting Policy of lease**

Lease rentals in respect of assets acquired under operating leases are charged off to the Statement of Profits and Loss.

### 32 C.I.F. VALUE OF IMPORTS

(Amount in ₹)

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
(a) Raw Material	13,558,041	2,426,340
(b) Components and Spare parts	16,398,190	26,568,300
(c) Capital Goods	26,103,299	33,671,861
<b>Total</b>	<b>56,059,530</b>	<b>62,666,501</b>

### 33 EARNINGS IN FOREIGN EXCHANGE

(Amount in ₹)

Particulars	Year ended 31.03.2012	Year ended 31.03.2012
(a) F.O.B. Value of Exports	298,927,779	210,990,131
(b) Freight	4,445,876	2,975,389
(c) Insurance	127,968	80,679
<b>Total</b>	<b>303,501,623</b>	<b>214,046,199</b>

### 34 EXPENDITURE IN FOREIGN CURRENCY

(Amount in ₹)

Particulars	As at 31.03.2012		As at 31.03.2011	
(a) Travelling		5,684,670		7,258,570
(b) Advertisement and Sales Promotion		2,820,494		1,158,580
(c) Interest		12,242,823		15,469,190
(d) Book & Periodicals		1,350,105		488,846
(e) Sales Promotion		Nil		4,501
(f) Commission		11,003,944		8,534,184
<b>Total</b>		<b>33,102,036</b>		<b>32,913,871</b>

### 35 DERIVATIVES HEDGED :

The Company has entered into forward hedged exchange contracts, being derivative instruments hedge purpose and not intended for trading or speculation purposes, to establish the amount of currency in Indian Rupees required or available at the settlement date of certain payables and receivables. The following are the outstanding Forward Exchange Contracts entered into by the Company.

Currency	Buy or Sell	As at 31.03.2012		As at 31.03.2011	
		Foreign Currency Amount	₹	Foreign Currency Amount	₹
GBP	BUY	3,330,579	272,216,551	Nil	Nil

### UNHEDGED :

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as under :

#### (a) Amount Receivable in Foreign Currency on account of the following :

Particulars and Currency	As at 31.03.2012		As at 31.03.2011	
	Foreign Currency Amount	₹	Foreign Currency Amount	₹
<b>(a) Receivables</b>				
US \$	986,281	51,366,302	998,361	45,322,922
Euro	3,793	263,495	Nil	Nil

#### (b) Amount Payable in Foreign Currency on account of the following :

Particulars and Currency	As at 31.03.2012		As at 31.03.2011	
	Foreign Currency Amount	₹	Foreign Currency Amount	₹
<b>(a) Payables</b>				
US \$	221,170	11,518,604	560,721	25,433,938
GBP	15,113	1,258,534	4,500	327,557
Euro	103,810	7,211,991	53,506	3,424,752

### 36 Other significant Accounting Policies

#### (a) Basis of Accounting

The financial statements are prepared under the historical cost convention on an accrual basis and in accordance with applicable Accounting Standards and provisions of the Companies Act, 1956.

#### (b) Foreign Exchange Transactions

- (i) Foreign exchange transactions are recorded at the exchange rates prevailing on the date of the transaction.
- (ii) Foreign currency monetary assets and liabilities are translated at year end exchange rates. Exchange difference arising on settlement of transactions and translation of monetary items are recognized as income or expense in the year in which they arise.
- (iii) In respect of transactions covered by forward exchange contracts, the difference between forward rate and exchange rate at the inception of the contract is recognized over the life of the contract.

#### (c) Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying Fixed Assets are capitalized up to the date when such Assets are ready for its intended use. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss.

#### (d) Provision for Taxation

Provision for Income tax is made on the basis of the estimated taxable income for the current accounting period in accordance with the Income- tax Act, 1961.

#### (e) Impairment of Assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

#### (f) Provision & Contingent Liabilities

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

- 37 In the opinion of the Board, the current assets, loans & advances have a value realisation, in the ordinary course of business at least equal to the amount at which they are stated.
- 38 The balances of Trade Receivables, Trade Payables and Loans and Advances are subject to confirmation and consequential adjustment, if any.
- 39 Till the year ended 31 March 2011, the company was using pre-revised schedule VI to the companies act 1956. for preparation and presentation of its financial statements. During the year ended 31 March 2012, the revised Schedule notified under the Companies Act 1956, has become applicable to the company. The company has reclassified previous year figures to conform to this year's classification. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of the financial statements. However, it significantly impacts presentation and disclosures made in the financial statements, particularly presentation of balance sheet.

*As per our report of attached even date*

For M. L. BHUWANIA & CO.

CHARTERED ACCOUNTANTS

Firm Registration Number : 101484W

J. P. BAIRAGRA

Partner

Membership No.12839

For DONEAR INDUSTRIES LIMITED

Vishwanath L. Agarwal  
Chairman

Rajendra V. Agarwal  
Managing Director

Place : Mumbai

Date : 30th May, 2012

Sreedhar H.  
Company secretary

Durga Prasad Agarwal  
Director

Ajay V. Agarwal  
Whole time Director



## BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

### I. Registration Details

Registration No. 

					4	2	0	7	6
--	--	--	--	--	---	---	---	---	---

 State Code 

1	1
---	---

Balance Sheet Date 

3	1
---	---

0	3
---	---

2	0	1	2
---	---	---	---

  
Date/Month/Year

### II. Capital Raised during the Year (Amount in ₹ Thousands)

#### Public Issue

						N	I	L
--	--	--	--	--	--	---	---	---

#### Bonus Issue

						N	I	L
--	--	--	--	--	--	---	---	---

#### Rights Issue

						N	I	L
--	--	--	--	--	--	---	---	---

#### Private Placement

						N	I	L
--	--	--	--	--	--	---	---	---

### III. Position of Mobilisation And Deployment of Fund (Amount in ₹ Thousands)

#### Total Assets

		3	2	0	5	9	9	9
--	--	---	---	---	---	---	---	---

#### Source of Funds

##### Paid – up Capital

			1	0	4	0	0	0
--	--	--	---	---	---	---	---	---

##### Secured Loans

		2	2	3	6	0	1	3
--	--	---	---	---	---	---	---	---

#### Application of Funds

##### Net Fixed Assets

		1	3	1	1	6	8	1
--	--	---	---	---	---	---	---	---

##### Net Current Assets

		1	8	0	6	3	0	6
--	--	---	---	---	---	---	---	---

##### Deferred Tax Assets (Net)

				7	8	0	6	2
--	--	--	--	---	---	---	---	---

#### Total Liabilities

		3	2	0	5	9	9	9
--	--	---	---	---	---	---	---	---

#### Reserves & Surplus

			5	3	5	3	2	8
--	--	--	---	---	---	---	---	---

##### Unsecured Loans

			3	3	0	6	5	8
--	--	--	---	---	---	---	---	---

#### Investments

					9	9	5	0
--	--	--	--	--	---	---	---	---

##### Misc. Expenditure

						N	I	L
--	--	--	--	--	--	---	---	---

### IV. Performance of Company (Amount in ₹ Thousands)

#### Turnover \*

		3	8	3	3	8	4	4
--	--	---	---	---	---	---	---	---

+ - Profit / (Loss) Before Tax

	√					1	5	9	3	3
--	---	--	--	--	--	---	---	---	---	---

#### Earning Per Share in ₹

					0	.	0	1
--	--	--	--	--	---	---	---	---

\* Including Other Income

#### Total Expenditure

		3	8	4	9	7	7	7
--	--	---	---	---	---	---	---	---

+ - Profit / (Loss) After Tax

√						5	0	5
---	--	--	--	--	--	---	---	---

#### Dividend Rate %

							1	0
--	--	--	--	--	--	--	---	---

### V Generic Names of Three Principal Products / Services of the Company (As per monetary terms)

#### Item Code No. (ITC Code)

	5	5	1	4	-	2	2
--	---	---	---	---	---	---	---

#### Product Description

M	A	N		M	A	D	E		F	A	B	R	I	C	S
---	---	---	--	---	---	---	---	--	---	---	---	---	---	---	---

**For DONEAR INDUSTRIES LIMITED**

**Vishwanath L. Agarwal**  
Chairman

**Rajendra V. Agarwal**  
Managing Director

Place : Mumbai  
Date : 30th May, 2012

**Sreedhar H.**  
Company secretary

**Durga Prasad Agarwal**  
Director

**Ajay V. Agarwal**  
Whole time Director

**DONEAR INDUSTRIES LIMITED**

Registered office : 210, Key Tuo Industrial Estate, Kondivita Lane, Near M.I.D.C., Andheri (East), Mumbai - 400 059.

**PROXY FORM****TWENTY SIXTH ANNUAL GENERAL MEETING ON SATURDAY 22nd SEPTEMBER, 2012**

Reg. Folio No. ....

I/We.....

of ..... in the district of .....

being a member / of the above named company hereby appoint .....

..... of .....

in the district of ..... or failing of .....

as my / our proxy to vote for me / us on my / our behalf at the TWENTY SIXTH ANNUAL GENERAL MEETING of the company to be held on Saturday 22nd September, 2012 and at the adjournment thereof.

Signed this ..... Day of ..... 2012.

Signature.....

Note : This form duly completed and signed must be deposited at the Registered office of the company, not less than 48 hours before the meeting.

**DONEAR INDUSTRIES LIMITED**

Registered office : 210, Key Tuo Industrial Estate, Kondivita Lane, Near M.I.D.C., Andheri (East), Mumbai - 400 059.

**ATTENDANCE SLIP****TWENTY SIXTH ANNUAL GENERAL MEETING ON SATURDAY 22nd SEPTEMBER, 2012**

Reg. Folio No. ....

I certify that I am a registered shareholder / proxy for the registered shareholder of the Company.

I hereby record my presence at the TWENTY SIXTH ANNUAL GENERAL MEETING on Saturday, 22nd September, 2012 at Hotel Kohinoor Continental, Andheri Kurla Road, J.B. Road, Andheri (E), Mumbai - 400 059.

.....  
Member / Proxy name in BLOCK letters.....  
Member / Proxy Signature**Note : Please fill this attendance slip and hand it over at the Entrance of the Meeting Hall**



Dear Member,

The Ministry of Corporate Affairs ("MCA") has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliance by companies and has issued Circulars No. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011. The Circulars provide that a company will be in compliance with the provisions of Sections 53 and 219 of the Companies Act, 1956, in case documents like notices, annual report and all other communications are sent in electronic mode to its members.

In view of the above, we propose to send the documents like the notices, annual report and all other communications, in electronic form, to your E-mail ID registered with the Company. We therefore, request all the members to be a part of this Green initiative, by filing up the 'E-communication Registration Form' and send it back to us at our registered office address.

As a member of the Company you are always entitled to receive all such communications, free of cost, on a request made to the Company in this behalf.

Note :This form duly completed and signed must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting

Yours Faithfully  
FOR DONEAR INDUSTRIES LTD

Sreedhar .H  
Company Secretary

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## **DONEAR INDUSTRIES LIMITED**

Registered Office : 210, Key Tuo Industrial Estate, Kondivita Lane, Andheri (E), Mumbai - 400 059.

Link Intime India Private Limited  
Unit : Donear Industries Limited  
C-13, Pannalal Silk Mills Compound, LBS Marg,  
Bhandup (West),  
Mumbai - 400078

Dear Sir / Madam,

### **RE : Green Initiative in Corporate Governance**

I/We, agree to receive all communication from Donear Industries Limited (the Company) in electronic mode. Please register my E-mail ID in your records, for sending communication through e-mail.

Registered Folio No. / DP ID / Client ID No : .....

Pan : .....

Name of the 1st Registered Holders : .....

Name of the Joint Holder(s) : .....

E-mail ID : .....

Date : ..... Signature of the 1st Registered holder : .....

### **Important Notes :**

- (i) Investors can also forward the scanned copy of this Registration Form to [info@donear.com](mailto:info@donear.com)
- (ii) On registration, all the communication from the Company will be sent to the E-mail ID registered with the Company.
- (iii) The members are requested to keep the Company informed as and when there is any change in the E-mail ID else, the communication will be sent only to the E-mail ID registered with the Company. The E-communication Registration Form' can also be downloaded from the Company's website [www.donear.com](http://www.donear.com)

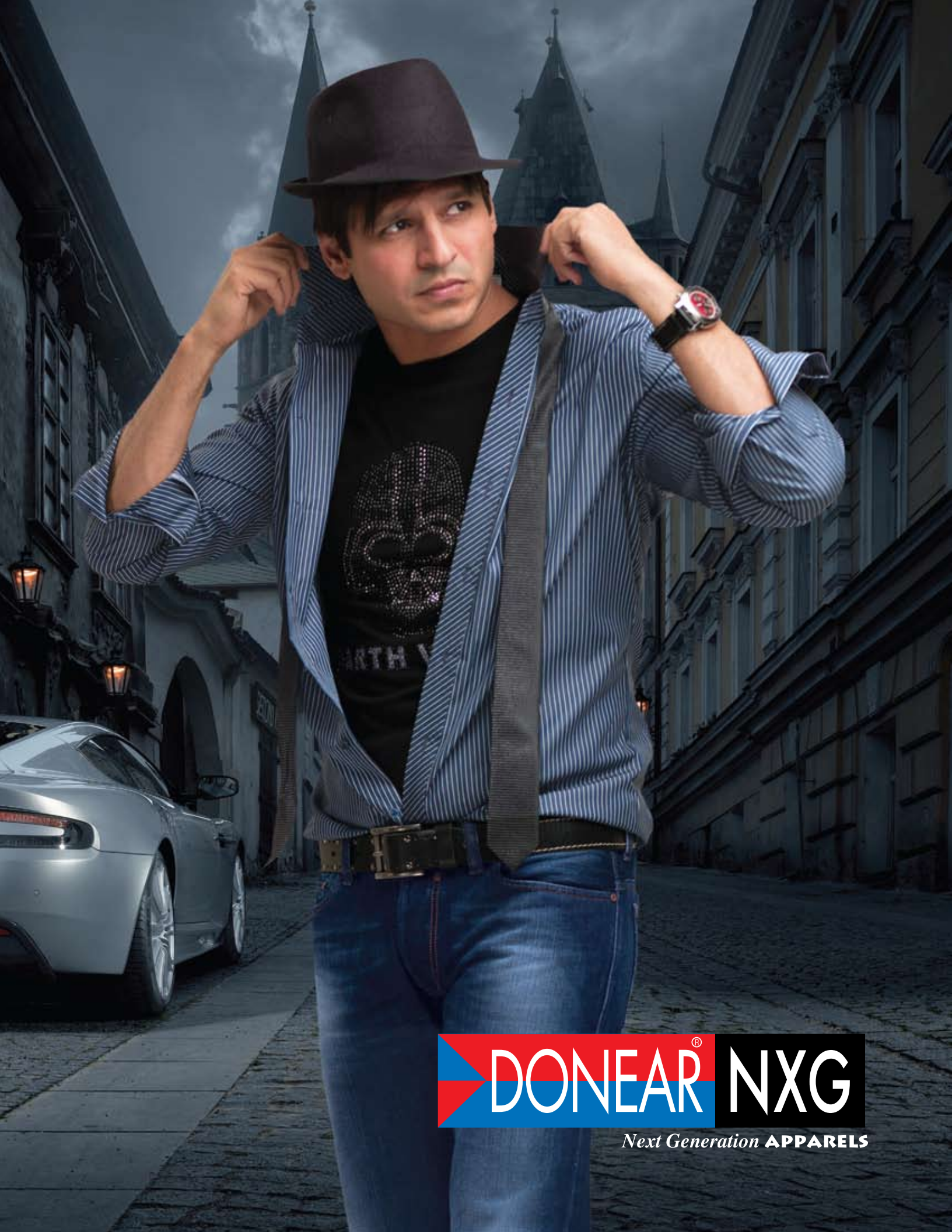


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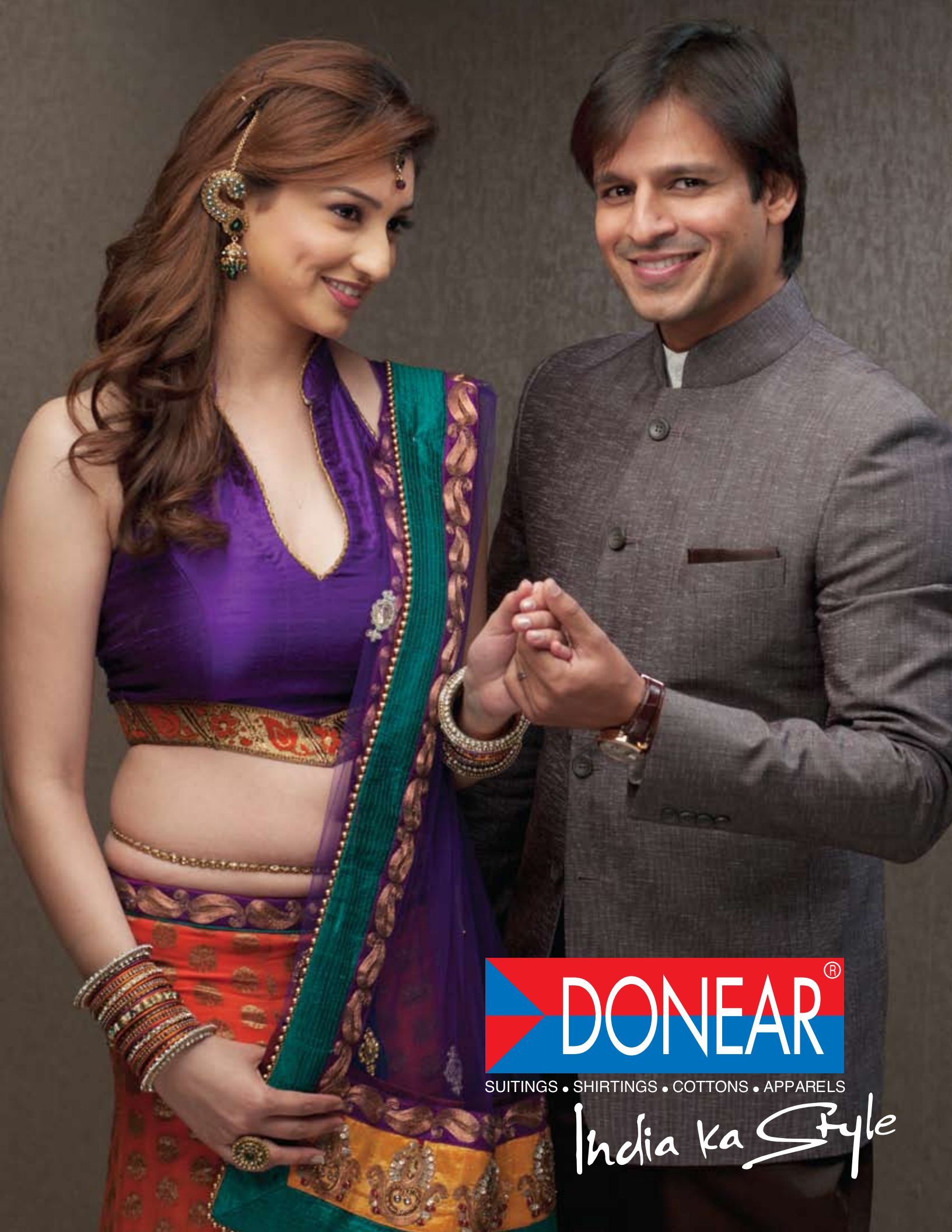
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 **DONEAR<sup>®</sup> NXG**

*Next Generation* **APPARELS**





**DONEAR**<sup>®</sup>

SUITINGS • SHIRTINGS • COTTONS • APPARELS

India ka Style



**Donear Industries Ltd**

Regd. Off. : 210, Key Tuo Industrial Estate, Kondivita Lane, Near M.I.D.C., Andheri (E), Mumbai - 400 059.  
Customer Care : +91.22.3081 3591 • E-mail : [sales@donear.com](mailto:sales@donear.com) • Website : [www.donear.com](http://www.donear.com)