



DAMODAR THREADS LIMITED

23rd Annual Report 2010 - 11

*"Tomorrow's Creativity
Brought Today"*



WEAVING

WEAVING

YARN DYEING

WEAVING

YARN DYEING

SPINNING

SPINNING

SPINNING

SPINNING

YARN DYEING

AIR TEXTURIZING

WEAVING

WEAVING

SPINNING

WEAVING



DAMODAR THREADS LIMITED

5 YEAR SNAP SHOT:

	(Rs. in Cr.)				
	2010-11	2009-10	2008-09	2007-08	2006-07
Turnover	384.74	242.58	202.78	175.28	63.03
Total Income	385.21	242.74	202.96	176.84	63.92
Total Expenses	354.76	219.13	181.69	162.47	59.38
PBDIT	30.45	23.6	21.27	14.36	4.54
Interest	12.98	9.59	9.25	5.45	0.61
PBDT	17.46	14.01	12.02	8.91	3.93
Depreciation	8.61	7.92	7.28	3.97	0.49
PBT	8.85	6.09	4.74	3.94	3.44
Tax	0.65	3.11	2.19	2.26	1.09
PAT	8.20	2.98	2.55	2.68	2.35
Earning Per Share (EPS)	9.22	3.81	3.14	8.64	7.6
Equity Share Capital	8.9	7.8	7.8	3.1	3.1
Dividend (%)	15	10	6	15	12

Important Communication to Members

The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their e-mail addresses to the Company or its Registrar and Share Transfer Agents (RTA).

You are requested to send an e-mail to cs@damodargroup.com for register your e-mail ID with Name of 1st registered shareholder, Folio/DP ID & Client ID.

On registration, all the communication will be sent to the e-mail ID registered in the Folio/DP ID & Client ID.



DAMODAR THREADS LIMITED

Board of Directors

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

Company Secretary & Compliance Officer

Mr. Pramod Kumar Jain

Auditors

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

Bankers

1. State Bank of India
2. Bank of Baroda
3. Union Bank of India

Registered Office

A1/202, Centre Point,
243-A, N. M. Joshi Marg,
Lower Parel (E), Mumbai – 400 013
Ph.: 022-66610301-2, Fax: 022-66610308
E-mail: damodardadra@gmail.com
Website: www.damodargroup.com

Plant Location

1. Survey No. 265/10/1, 2 & 3
Demni Road, Dadra Village,
D. & N.H. (U.T.) – 396230
Ph.: 0260-3264788, Fax: 0260-2668929
2. Survey No. 288/1/1
Old Dena Bank Road,
Dadra Village,
D. & N.H. (U.T.) – 396230
Ph.: 0260-3264003

Registrar & Share Transfer Agent

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

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DAMODAR THREADS LIMITED

NOTICE FOR CONVENING THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the 23rd Annual General Meeting of the Members of **Damodar Threads Limited** will be held on Saturday 27th August, 2011 at 11.30 A.M. at Maheshwari Bhawan, 603, Chira Bazar (J. S. Road), Mumbai – 400 002 to transact the following business:

ORDINARY BUSINESS:

- 1 To receive, consider and adopt the audited Balance Sheet as at March 31, 2011 and the Profit & Loss Account, Cash Flow Statement for year ended on that date together with Report of the Board of Directors' and Auditors thereon.
- 2 To declare a dividend.
- 3 To appoint a Director in place of Shri Ajay D. Biyani, who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
- 4 To appoint a Director in place of Shri Anil D. Biyani, who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
- 5 To appoint M/s. A. J. Baliya & Associates, Chartered Accountants as Statutory Auditors of the company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

- 6 To consider and if thought fit, to pass with or without modification(s), the following resolution as a **special resolution**:
"RESOLVED THAT pursuant to the provisions of Section 149(2A) and all other applicable provisions, if any, of the Companies Act, 1956, consent of the members be and is hereby accorded for commencement of business as specified in clause 34 and 51 in the **other objects** of the Memorandum of Association of the Company namely:
 34. To carry on the business of manufacturers of, dealers in, importers/exporters of Chemicals and pharmaceutical goods of all kinds including acids, salts, alkalis, antibiotics and other pharmaceutical, medical & chemical preparations, articles, compounds, dyes, cosmetics, paints, pigments, oils, varnishes, resins, synthetics, soaps and other cleaning agents of all kinds and description including its compounds, raw materials and ingredients.
 51. To carry on all or any of the business of cultivating, producing and dealing in agricultural products including food, grains, cash crops, oil seeds, fruits, vines, vegetables, flowers, tea, coffee, cinchona, cotton, rubber and the business of dairy farming, including making of condensed and powdered milk, cream, cheese, butter and other milk products and the business of poultry farming, live stock breeding and processing, manufacturing and canning of food articles, food products spices, fruits and vegetables and of cultivating and exploiting forests and utilizing forest products.

FURTHER RESOLVED THAT the Board of directors of the company be and is hereby authorised to do all such acts, deeds, matter and things as they may consider appropriate to commence new business activities for and on behalf of the company."

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

Dated: May 30, 2011
Place: Mumbai

Pramod Kumar Jain
Company Secretary

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Share Transfer Books and Register of members of the Company will remain closed from Monday 18th July, 2011 to Friday 22nd July, 2011 (both days inclusive).





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3. Members are requested to produce the attendance slip duly signed as per the specimen signature recorded with the Company/Depository Participant for admission to the meeting hall.
4. Members, who hold shares in de-materialized form, are requested to bring their client ID and DP ID Nos. for easier identification of attendance at the meeting.
5. A Member desirous of getting any information on the accounts or operations of the Company is requested to forward his/her queries to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
6. Members holding shares in physical form are requested to notify immediately any change in their address and Bank particulars to the Company or its Registrar and Share Transfer Agents (RTA) and in case their shares are held in dematerialized form, this information should be passed on directly to their respective Depository participants and not to the Company/ RTA, without any delay.
7. In all future correspondence with the Company, Members are requested to quote their account/folio numbers and in case there, shares are held in the dematerialized form, they must quote their DP ID and Client ID Number.
8. Members holding shares in physical form can now avail the facility of nomination in respect of shares held by them pursuant to the amendment in the Companies Act, 1956. The prescribed Form (Form 2B) can be obtained from the Share Department of the Company. Members desiring to avail this facility may send their Nomination Form (in duplicate) duly filled in, to the Company or its Registrar and Share Transfer Agents by quoting their respective Folio Numbers.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

Item No. 6

Pursuant to Section 149(2A) of the Companies Act, 1956, approval of the shareholders is necessary by way of Special Resolution before commencement of any new business.

Accordingly, approval of the shareholders is sought for commencement and carrying out of all or any of the new business and activities as mentioned in clause 34 and 51 in the **other objects** of the Memorandum of Association of the Company.

Your Board of Directors recommend to pass necessary resolution as set out in Item No. 6 of the notice as Special resolution.

None of the directors of the company are concerned or interested in the resolution except as members of the company.

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

Dated: May 30, 2011
Place: Mumbai

Pramod Kumar Jain
Company Secretary





DAMODAR THREADS LIMITED

DIRECTOR'S REPORT

To the Members,

Your Directors have pleasure in presenting the 23rd Annual Report on the Operations of the Company together with audited statement of accounts for the year ended 31st March, 2011.

1. FINANCIAL RESULTS

(Rs. in Lacs)

Particulars	2010-11	2009-10
Sales & Other Income	38521.13	24273.82
Profit before Depreciation & Tax	1746.33	1401.38
Depreciation	861.22	792.10
Profit before Tax	885.11	609.27
Provision for Taxation including Deferred Taxes	279.54	311.11
Prior year Tax Adjustments	(214.93)	0.76
Profit after Tax	820.50	297.40
Profit brought forward from previous year	914.24	758.04
Profit available for appropriation	1734.73	1055.44
Appropriation		
Transfer to General Reserve	150.00	50.00
Proposed Dividend @ 15%	133.51	77.96
Corporate Dividend Tax	21.66	13.25
Profit carried to Balance Sheet	1429.56	914.24

Your Company's performance has considerably improved during the Financial Year 2010-11. The sales have grown by 58.60% from 242.58 cr. to 384.74 cr. Profit before tax has grown by 45.32% from 6.09 cr. to 8.85 cr. Profit after Tax has grown by 176.09 % from 2.97 cr. to 8.20 cr.

2. EXPORTS

Your Company's performance on export front has improved tremendously from the year 2009-10. The company has shown consistent growth every year and in the year 2010-11 the total export turnover has grown by 59.60 % from Rs. 151.03 crores in 2009-10 to Rs. 241.04 crores in 2010-11. Your Company has attracted new customers of international repute during the year. The Company's marketing, design and development teams participated in various international trade fairs to acquaint with the latest market trends and better understanding of the customers' requirement. The Company has developed a large design studio for fabric to boost the export sales of value added yarns by introducing new concepts. It is also making efforts to penetrate the new Customers and new International markets, including Brazil, Turkey, Egypt, and China etc.

3. DIVIDEND

Your Directors has recommend dividend on Equity Shares of the Company @ 15% (Rs. 1.5 per share) for the financial year ended 31st March, 2011. (Previous year 10% (Rs. 1.00/- per share).

4. PREFERENTIAL ISSUE

The Company has raised Rs. 607.75 Lacs through Preferential Issue of 11,05,000 fully paid equity shares of Rs. 10/- at a premium of Rs. 45. The allotment of Equity Shares was done on 20th August, 2010 and Equity Shares have been listed for trading at Bombay Stock exchange (BSE) on 19th October, 2010. The Proceeds of the preferential issue have been utilized towards long term resources and general corporate purposes.

(Rs. Lacs)

Particulars	31 st March, 2011
Money Received	607.75
Utilized for Long Term Resources and General Corporate purposes	607.75





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5. DIRECTORS

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

6. AUDITORS

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

7. AUDITORS REPORT

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

8. FIXED DEPOSITS

Fixed Deposit with your company as at year-end were Rs. 166.12 lacs. None of these deposits has matured for payment and consequently there were no unclaimed deposits till the date of this report.

9. PARTICULARS OF EMPLOYEES

None of the employees of the Company has received remuneration exceeding the limits prescribed under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Amendment Rules, 2011.

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

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

11. DIRECTORS' RESPONSIBILITY STATEMENT

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

- i. in the preparation of the annual accounts, the applicable accounting standard have been followed.
- ii. appropriate accounting policies have been selected and applied consistently, and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state affairs of the Company as at March 31, 2011 and of the Profit for the year ended March 31, 2011.
- iii. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. the annual accounts have been prepared on a going concern basis.

12. CORPORATE GOVERNANCE

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

13. ACKNOWLEDGEMENTS

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

For and on behalf of the Board

Place: Mumbai

Date: May 30, 2011

ARUN KUMAR BIYANI

Chairman





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ANNEXURE TO DIRECTORS' REPORT

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

CONSERVATION OF ENERGY

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

	2010-11	2009-10
[A] Power and fuel consumption		
I. Electricity		
A) Purchased unit	31098340	25701550
Amount (Rs.'000) `	98863.13	99018.78
Rate/Unit (Rs.)	3.18	3.85
B) Own Generation		
i) Through Diesel Generator Unit	42416	24280
ii) Unit/Liter of Diesel Oil	4	4
iii) Fuel cost / unit (Rs.)	10.20	9.68
[B] Electricity units Consumption in		
Production of Yarn per KG. (Unit/Kg)	2.44	2.72

RESEARCH AND DEVELOPMENT

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

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

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

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

c. **Future plan of action**

Emphasis on the above activities is the on going exercise.

d. **Expenditure on R & D**

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

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

a. **Initiatives taken to increase exports and exports plans**

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

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

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

c. **Total Foreign Exchange Earnings and outgo**

(Rs. In Lacs)

Particulars	2010-11	2009-10
Foreign Exchange outgo (used)	707.31	424.98
Earned (FOB Value of Export goods)	22822.27	13677.89

For and on behalf of the Board

Place: Mumbai

Date: May 30, 2011

ARUN KUMAR BIYANI

Chairman





DAMODAR THREADS LIMITED

REPORT ON CORPORATE GOVERNANCE

Corporate Governance is the system by which companies are directed, controlled and managed. The Corporate Governance structure specifies the distribution of the role and responsibilities among different participants in the organization, such as the Board, managers, shareholders and other stakeholders and spells out rules and procedures for making decisions on corporate affairs. It also provides a mechanism through which the company objectives are set, the means to achieve these objectives are defined and the process of monitoring performance is delineated.

1. Company's Philosophy on Code of Governance

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

2. Board of Directors

Composition of the Board

As on 31st March 2011, the Board of Damodar Threads Limited is comprised of 6 Directors of which three are Executive Directors and three are Independent Director. The Composition of the Board is in conformity with the Clause 49 of the Listing Agreement. The Board is primarily responsible for the overall management of the Company's Business. The Composition of the Board and other relevant details relating to the Directors are given below:

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

Appointment/Re-appointment of Directors

Pursuant to the provisions of Sections 255 & 256 of the Companies Act, 1956, Shri Ajay D. Biyani and Shri Anil D. Biyani shall retire by rotation at the forthcoming Annual General Meeting.

Brief Resume of Directors seeking reappointments

Shri Ajay D. Biyani, aged 49 years, is a Commerce graduate from the University of Bombay, Mumbai and having experience around 29 years in the textile industry. Shri Ajay D. Biyani is the key person in setting up Company's unit and Managing Director of the Company since 5th June, 1988. He is also on the Board of Panna Yarn Private Limited.

Shri Anil D. Biyani, aged 47 years, is an Executive Director of Damodar Threads Ltd. He is a key member in devising and implementing corporate growth strategy for Damodar Threads Ltd. He has been guiding the company since the past 27 years with his positive approach and aggressive marketing.





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Board Meetings and Annual General Meeting:

During the Financial year 2010-11, Six Board Meetings were held on May 22, 2010, July 22, 2010, August 20, 2010, November 1, 2010, February 4, 2011 and March 19, 2011. The details of attendance of Directors in Board Meetings and the previous Annual General Meeting are as follows:

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

Code of Conduct

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

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

3. Board Committees

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

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

Audit Committee

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

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

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

During the year under review, the committee met Four times on May 22, 2010, July 22, 2010, November 1, 2010 and February 4, 2011. The details of attendance of the members are as follows:

Committee Members Attending the Meeting	Designation	No. of Meetings Attended
Shri Girdharlal S. Daga,	Chairman	4
Shri Rajendra Prasad Khator;	Member	4
Shri Ashok Kumar Damani.	Member	3

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

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





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

Powers of the Audit Committee:

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

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

Shareholder's/Investor's Grievance Committee

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





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

During the year 2010-11 the Company has received 1 complaint from shareholders / investors all of which were satisfactorily resolved. There were no complaints pending as at end of the year.

Remuneration Committee

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

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

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

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

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

Remuneration Committee meeting held on 22nd May 2010 during the financial year 2010-11.

Selection Committee:

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

There was no meeting of the selection committee held during the year 2010-11.

3. Directors' Remuneration & Sitting Fee

- a) The details of remuneration paid to Directors during the Financial Year 2010-11 as approved by the Board and shareholders:

(Amount in Rs.)

Sl. No.	Name of Directors	Salary	Contribution to Provident Fund	Perquisites & Allowances	Total
1.	Shri Arun Kumar Biyani	2700000	9360	19000	2728360
2.	Shri Ajay D. Biyani	2700000	9360	-	2709360
3.	Shri Anil D. Biyani	2700000	9360	-	2709360
TOTAL		8100000	28080	19000	8147080

- b) The Non-executive directors of the Company are entitled to sitting fees of Rs.1,000/- for each meeting of Board of Directors attended. Details of payment for sitting fee during the year 2010-11 are as under:

(Amt. in Rs.)

Sl. No.	Name of Directors	Sitting fees
1.	Shri Girdharlal S. Daga	6000
2.	Shri Rajendra Prasad Khator	6000
3.	Shri Ashok Kumar Damani	5000





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4. Disclosures

Related Party Transactions

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

Compliances by the Company

During the financial year 2010-11, no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI for any matter. The Company has fairly complied with the requirements of the Stock Exchanges and SEBI.

5. Means of Communication

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

6. Shareholder's Meetings

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

- a. Particulars of last three years Annual General Meetings.

Year	Venue	Date	Time
2010	Maheshwari Bhawan, 603, Chira Bazar (J S Road), Mumbai – 400 002	26/08/2010	4.30 P.M.
2009	Maheshwari Bhawan, 603, Chira Bazar (J S Road), Mumbai – 400 002	12/09/2009	11.30 A.M.
2008	Maheshwari Bhawan, 603, Chira Bazar (J S Road), Mumbai – 400 002	09/09/2008	11.30 A.M.

- b. Special Resolutions during previous three Annual General Meetings:

Financial Year	Particulars of Special Resolutions Passed
2007-08	- Increase in Remuneration of Shri Aman A. Biyani
2008-09	- Increase in Remuneration of Shri Aman A. Biyani - Appointment of Shri Aditya A. Biyani - Increase the Borrowing Limit
2009-10	- Re-appointment of Shri Arunkumar Biyani, Executive Chairman - Re-appointment of Shri Ajay D. Biyani, Managing Director - Re-appointment of Shri Anil D. Biyani, Executive Director u/s 198, 269, 309, 310 & 311

7. General Shareholder Information

• **Annual General Meeting**

- Annual General meeting for the year 2011
- Date and time: Saturday 27th August, 2011 - at 11.30 A.M.
- Place: Maheshwari Bhawan, 603, Chira Bazar, (J S Road), Mumbai – 400 002

• **Financial Calendar**

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





DAMODAR THREADS LIMITED

- **Dates of Book closure:** 18/07/2011 to 22/07/2011 (Both days inclusive)

- **Listing on Stock Exchange:**

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

The Annual Listing Fee for the year 2011-2012 has been paid to the BSE.

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

- **Market price data :**

Monthly high and low quotation of shares traded on Bombay Stock Exchange Limited during the Financial Year 2010-11:

Months	High (Rs.)	Low (Rs.)
April, 2010	47.90	28.05
May, 2010	47.75	31.00
June, 2010	41.90	36.90
July, 2010	90.85	40.00
August, 2010	72.75	56.90
September, 2010	68.05	58.10
October, 2010	63.00	55.05
November, 2010	68.20	51.50
December, 2010	61.00	50.20
January, 2011	60.20	44.20
February, 2011	51.95	41.10
March, 2011	49.45	31.30

Share Transfer System

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

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

- **Address for Correspondence**

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

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

- **Compulsory Dematerialised Trading**

As the shareholders are aware the Securities and Exchange Board of India (SEBI), has included equity shares of the company for compulsory dematerialised trading for all investors with effect from 24th July, 2000. The Company has already entered into agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to enable members of the company to select the depository of their choice for holding and dealing in shares in electronic form. The shareholders may also note that around 89.10% holding of the company has already been dematerialised. The shareholders are requested to make use of such facility for maximizing their convenience in the dealing of Company's shares. The ISIN (International Securities Identification Number) of the Company is INE 497D01014.





DAMODAR THREADS LIMITED

• Distribution Of Shareholders

Distribution of shareholding as on 31st March, 2011

Slab of shares	Number of Shareholders	Percentage of shareholders	Number of shares	Percentage of shareholding
1 -500	3197	87.6851	430546	4.8373
501 -1000	185	5.0741	141956	1.5949
1001 -2000	101	2.7702	149335	1.6778
2001 -3000	31	0.8502	75699	0.8505
3001 -4000	20	0.5485	75552	0.8488
4001 -5000	15	0.4114	70166	0.7883
5001 -10000	28	0.7680	193277	2.1715
Above 10000	69	1.8925	7764119	87.2309
	3646	100.0000	8900650	100.0000

Shareholding Pattern as on 31st March, 2011

Sl. No.	Category of Shareholders	No. of Shares held	Percentage of Shareholding
	Promoters, Directors & Relatives	5457309	61.3136
	Associate Body Corporates	536200	6.0243
	Banks and Financial Institutions	700	0.0079
	NRIs/OCBs	14491	0.1628
	Private Corporate Bodies	1128106	12.6744
	Indian Public	1732684	19.4669
	Clearing Members	31160	0.3501
	TOTAL	8900650	100.000

- Plant Location : Survey No. 265/10/1,2,3
Demni Road, Village Dadra, Silvassa
Dadra & Nagar Haveli (U.T.) 396 230
Ph. 0260-3264788 Fax: 0260-2668929
- Survey No. 288/1/1
Old Dena Bank Road,
Dadra Village,
D. & N.H. (U.T.) – 396230
Ph.: 0260-3264003
- Outstanding GDRs / ADRs / Warrants or any Convertible Instruments conversion date and likely impact on equity:
The Company has not issued any GDRs / ADRs. There were no outstanding convertible warrants as on March 31, 2011.
- Compliance Officer: Mr. Pramod Kumar Jain
Ph: 0260-3264788 Fax: 0260-2668929, E-mail: cs@damodargroup.com

8. Other Disclosures

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

For & on behalf of Board of Directors

Place: Mumbai
Date: 30th May, 2011

Arun Kumar Biyani
Chairman





DAMODAR THREADS LIMITED

AUDITORS' CERTIFICATE

To the members of **DAMODAR THREADS LIMITED**

We have examined the compliance of the conditions of Corporate Governance by Damodar Threads Limited, for the year ended 31st March, 2011 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that based on the report given by the Registrar of the Company to the Investors Grievance Committee as on 31st March, 2011 there were no investor grievance matters against the Company remaining unattended / pending for more than 30 days.

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

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

(CA. A. J. BALIYA)
Partner
Membership No. 35989

Place: Mumbai
Date: May 30, 2011

CEO's Declaration

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

Place: Mumbai
Date: May 30, 2011

Ajay D. Biyani
Managing Director





DAMODAR THREADS LIMITED

MANAGEMENT DISCUSSIONS & ANALYSIS:

Industry Structure & Development (Overview)

The Textile Industry is one of the oldest Industry in the country and plays a vital role in the Indian economy in terms of Industrial Production, Employment and Foreign Exchange earnings. The Textile Industry has achieved a good growth in last two decades in terms of installed spindles and yarn production. India's installed spindles were expanded to 44.32 million as of December, 2010, accounting for 20% of world's spindleage. This could happen due to buoyant domestic and international demand and conducive Government Policies. This sector contributed to forex earnings around 11% in 2010-11 and also employs about 3.5 crores workers directly. In addition, the industry helps to develop many related ancillary industries which generate further employment.

Economic Development

The Indian Textile Industry faced a difficult period since 2007-08 till December 2009 due to global recession and economic slowdown leading to a sharp fall in consumer demand for textile products. In addition, unprecedented hike in minimum support price of cotton and massive exports of raw cotton resulted in substantial higher cotton prices.

However, the markets became buoyant during 2010-11 on account of strong export and domestic demand arising from favourable demographic factor and rapid changes in the lifestyle of consumers. Although currently there is a temporary slowdown in demand both in the domestic and international markets, the overall sentiments are positive and optimistic for the sustained growth in demand. Another favourable factor is that in the coming cotton season, Indian cotton crop is expected to be higher and prices are forecasted to be relatively lower than the current levels. The cumulative impact of all these favourable factors gives indication for the reasonable working of textile industry.

Cotton Scenario- India

As per the Cotton Advisory Board, cotton crop for 2010-11 was 312 lac bales which is 5.8% higher than last year's production of 295 lac bales. The demand/consumption was 275 lac bales which is 10% higher than 2009-10 and 20% higher than 2008-09 consumption. Due to the increased cotton prices in this year, the estimated cultivation area is 111.61 lac hectare which is higher than 8.25% of 2009-10. As per the metrological information, the monsoons are expected to be normal this year. It has been estimated that the next year crop will be around 350 lac bales approximately.

According to International Cotton Advisory Committee (ICAC), global production of cotton in the season 2009-10 (August-July) was 22 million tons and consumption was 25 million tons. Since consumption was higher than production, ending stocks declined to 8.6 million tons, as against 12.75 million tons in 2008-09. This led to massive increase in cotton prices. For the cotton season 2010-11, global production is estimated higher by 13% at 24.8 million tons and consumption at 25.1 million tons, with lower ending stocks of 8.4 million tons.

Cotton Scenario- Global

For the cotton season 2011, the ICAC has projected that world cotton production will increase again by 11% to 27.6 million tons. The consumption will be higher at 25.8 million tons as compared to the previous season. Since the production will be higher than consumption, ending stocks will rise to 10.1 million tons. The world ending stocks-to-use ratio, forecast to reach an all-time low of 33% this season, could rebound to 39% in 2011-12. This would be lower than the 10 year average of 49% prevailing prior to 2009-10. In anticipation of a bumper cotton crop this year, global cotton prices as of now have already come off their previous highs. The Dec New York future is significantly lower than the current New York future.

Yarn outlook

In line with cotton prices, cotton yarn prices also continued to remain high. This increase was in fact more than the increase in cotton prices due to pent up demand in the system where the pipeline of yarn stocks was at very low levels and also due to increased demand from a recovering global economy. Cotton yarn prices touched a high of \$6.50/kg. To look at this in perspective, the average of the last 20 years was around \$3/kg, with \$4.5/kg being the previous all time high in cotton yarn prices. These prices have since corrected and touched around \$4.50-\$5.00 in the middle of May 2011. Global yarn prices are decreasing in line with the cotton prices. With the production facilities of spinning shifting to Asian economies, we anticipate a good demand of yarns in export market from India. This demand will help the Indian Spinners to achieve better realization in sales.





DAMODAR THREADS LIMITED

Discussion of Financial performance with respect to operational performance

Financial Highlights:

- Revenue from operations increased by 58.60% from Rs. 242.58 crores approx. in 2009-10 to Rs. 384.74 crores approx. in year 2010-11.
- Profit before Tax increased by 45.32% from Rs. 6.09 crores to Rs. 8.85 crores.
- Profit after Tax increased by 176.09% from Rs. 2.97 crores to Rs 8.20 crores.
- Basic Earning Per share (EPS) increased from Rs. 3.81 to Rs 9.22

Outlook

Branding Initiative:

Damodar Threads is positioning itself as a world class supplier for fancy yarns. This tag line of Damodar 'Tomorrow's Creativity brought today' signifies the continuous development the company is taking to provide its customers unique products which will help them to create a new trend in the field of textiles. The company is taking part in various international trade fairs to create brand awareness. The company is also taking a number of steps for strong internal and domestic branding.

Future Plans:

The company is planning to upgrade its infrastructure for better efficiency and higher production to meet the increase in demand and for lowering costs to increase profitability. The company is planning to increase its production in value added yarns by adding additional 15,000 Spindles at Silvassa. In the new spindles we plan to allocate some spindles on technical textile yarns specially fire retardent yarns. In India regulations are going to get more and more stringent and we expect strong demand in Flame Retardant Yarns. We have gone into value addition in terms of manufacturing finished shirting using our fancy yarns. Presently this activity is being done by outsourcing greige fabric by giving our design input.

Internal control systems and their adequacy:

Damodar's internal control systems as well as procedures adequately commensurate with the magnitude of its current business. The operating and business control procedures have been framed in order that they ensure efficient use of resources and comply with the procedures and regulatory requirements. The internal control system has been strengthened by implementation of ERP solution laying out well-documented guidelines, approval and authorization procedures.

Human Resources:

Over The Years Damodar has grown to a mid-sized corporate identity. Carrying along the values that are deeply inculcated by the visionaries, are followed and are reflected among the employees. Inter-preneurship in its true sense is the value addition one enjoys working in Damodar. Establishing new profit centers, growth in the human capital is immense.

Though the age – old values, respect and mutual trust are the prominent things, which are highlighted in Damodar style of working, change is always welcome. Innovative Human Resource practices of Employee Referrals, 360-degree feedback for Performance Appraisal, Employee Satisfaction Survey Activity monitoring are some of the measures the employees enjoy in Damodar. The essence of the employee – employer relationship is the personal touch, which every employee enjoys.

Quality Control Measures:

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

Corporate Social Responsibility:

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

For & on behalf of Board of Directors

Place: Mumbai

Date: 30th May, 2011

Arun Kumar Biyani
Chairman





DAMODAR THREADS LIMITED

AUDITOR'S REPORT

To the Members of DAMODAR THREADS LTD.

We have audited the attached Balance Sheet of Damodar Threads Limited as at March 31, 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors as on March 31, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - (b) In the case of Profit and Loss Account, of the Profit for the year ended on that date; and
 - (c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For A.J. Baliya & Associates

Chartered Accountants

(C.A. A. J. BALIYA)

Partner

Membership No.FCA 35989

Place: Mumbai

Dated: 30th May, 2011





DAMODAR THREADS LIMITED

ANNEXURE TO AUDITORS' REPORT

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

- (1) In respect of fixed assets
 - (a) The Company has maintained proper records to showing full particulars including quantitative details and situation of fixed assets.
 - (b) As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (2) In respect of its inventories:
 - (a) As explained to us, inventories have been physically verified by the management at regular intervals during the year.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
- (3) In respect of loans accepted by the company from companies, firms or other parties covered in registrar maintained under Section 301 of the companies Act, 1956, according to the information and explanations given to us:
 - (a) The company has accepted unsecured loans from fifteen parties repayable on demand. At year end aggregate outstanding balance of such loans was Rs. 3,91,75,174/- and the maximum amount outstanding during the year was Rs 4,96,50,823/-.
 - (b) The Company has not granted any loan during the year.
 - (c) In our opinion the rate of interest and other terms and conditions are prima facie not prejudicial to the interest of the company.
 - (d) The Company is regular in repaying the principal amounts of loan as stipulated and has been regular in payment of interest in respect of such loans.
 - (e) There is no overdue amount of loans taken as referred to in (a).
- (4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also for the sale of goods. During the course of our audit, we have not observed any major weaknesses in internal control.
- (5)
 - (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that transactions that need to be entered into the register maintained under Section 301 of the Companies Act 1956, have been so entered.
 - (b) In our opinion and according to the information and explanations given to us, transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act 1956, and exceeding the value of Five Lakhs rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (6) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of sections 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the rules framed there under with regard to the deposits accepted from the public. As per information given to us, no order under the aforesaid sections has been passed by the company Law Board or Reserve Bank of India or any court or any other tribunal, on the company.
- (7) In our opinion, the internal audit system of the Company is commensurate with its size and nature of its business.





DAMODAR THREADS LIMITED

- (8) To the best of our knowledge, the Central Government has prescribed maintenance of cost records under Section 209 (1)(d) of the Companies Act, 1956. In our opinion, prime facie, the prescribed accounts and records have been maintained. However, we are not required to and have not made examination of the records.
- (9) In respect of statutory dues:
- (a) According to the information and explanation given to us, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth Tax, Customs Duty, Excise Duty, Service Tax, Cess and other Statutory Dues have been regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2011 for a period of more than six months from the date of becoming payable.
- (b) According to the information and explanations given to us, there are no dues in respect of Income-Tax, Sales-Tax, Custom Duty, Wealth-Tax, Excise Duty, Service Tax or Cess outstanding on account of any dispute.
- (10) The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial year.
- (11) According to the information and explanations given to us and the records examined by us, the Company has not defaulted in repayment of dues to any financial institution or bank.
- (12) In our opinion and according and explanation given to us no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- (13) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
- (14) In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (15) According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from banks or financial institutions.
- (16) To the best of our knowledge and belief and according to the information and explanation given to us, in our opinion, term loans availed by the company were, prima facie, applied by the company during the year for the purposes for which the loans were obtained, other than amounts temporarily invested pending utilization of the funds for the intended use.
- (17) In our opinion and according to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long term investment and vice-versa.
- (18) During the year the Company has made preferential allotment of 11,05,000 Equity shares of Rs. 10/- each fully paid up at a premium of Rs. 45/- per share in cash.
- (19) The Company has not issued any debentures during the year.
- (20) The Company has not raised any money by public issue during the year.
- (21) In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For A.J. Baliya & Associates
Chartered Accountants

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

Place: Mumbai
Dated: 30th May, 2011





DAMODAR THREADS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule	2010-11 Rs.	2009-10 Rs.
SOURCES OF FUNDS :			
SHAREHOLDERS' FUND :			
Share Capital	A	89,006,500	77,956,500
Reserves & Surplus	B	372,050,010	255,792,437
		461,056,510	333,748,937
LOAN FUNDS :			
Secured Loans	C	955,726,344	924,782,005
Unsecured Loans	D	180,276,859	168,117,927
		1,136,003,203	1,092,899,932
DEFERRED TAX LIABILITIES (Net)			
		71,615,962	63,905,500
TOTAL		1,668,675,675	1,490,554,369
APPLICATION OF FUNDS :			
FIXED ASSETS :			
a) Gross Block	E	1,130,117,393	1,077,668,650
b) Less: Depreciation		296,092,389	210,084,738
c) Net Block		834,025,004	867,583,912
INVESTMENTS			
	F	9,299	105,788
CURRENT ASSETS, LOANS & ADVANCES			
	G		
(a) Inventories		408,531,650	378,162,052
(b) Sundry Debtors		368,820,405	226,576,432
(c) Cash & Bank Balances		54,003,301	20,082,620
(d) Loans & Advances		91,964,738	88,482,164
		923,320,095	713,303,268
Less : CURRENT LIABILITIES & PROVISIONS			
	H		
(a) Current Liabilities		73,010,124	79,531,088
(b) Provisions		16,638,976	12,421,899
		89,649,100	91,952,987
		833,670,995	621,350,281
MISCELLANEOUS EXPENDITURE			
(To the extent not written off or adjusted)			
Expenditure on Increase of Share Capital/ Right issue			
		970,377	1,514,388
TOTAL	P	1,668,675,675	1,490,554,369
NOTES ON ACCOUNTS			

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

For and On behalf of the Board

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

(Arunkumar Biyani)
Chairman

(Ajay D. Biyani)
Managing Director

PLACE : MUMBAI
DATED: 30th MAY 2011





DAMODAR THREADS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

	Schedule	2010-11 Rs.	2009-10 Rs.
INCOME :			
Sales			
Domestic Sales		1,437,024,910	915,509,386
Export Sales and Incentives		2,410,397,101	1,510,309,686
		<u>3,847,422,011</u>	<u>2,425,819,072</u>
Other Income	I	4,690,792	1,562,874
		<u>3,852,112,803</u>	<u>2,427,381,946</u>
EXPENDITURE :			
Materials Cost	J	3,076,914,791	1,833,433,553
Manufacturing Expenses	K	184,067,870	159,229,696
Employees Remuneration	L	95,017,315	75,077,024
Administrative Expenses	M	48,985,400	35,066,583
Selling & Distribution Expenses	N	142,659,765	88,526,423
Interest	O	129,834,960	95,910,726
Depreciation	E	86,122,137	79,210,470
		<u>3,763,602,238</u>	<u>2,366,454,475</u>
PROFIT FOR THE YEAR		<u>88,510,565</u>	<u>60,927,471</u>
Less: Provision For Tax			
Current Provision		20,243,867	10,400,000
Deferred Tax		7,710,462	20,711,374
PROFIT AFTER TAX		<u>60,556,236</u>	<u>29,816,097</u>
Less: Prior Years Tax Adjustments		(134,697)	75,645
Prior Years Mat Credit Entitlement		<u>(21,358,476)</u>	<u>-</u>
PROFIT AFTER TAX AND ADJUSTMENTS		82,049,409	29,740,452
Balance brought forward		91,423,788	75,803,857
BALANCE AVAILABLE FOR APPROPRIATION		<u>173,473,197</u>	<u>105,544,309</u>
Appropriation			
Proposed Dividend		13,350,975	7,795,650
Tax On Dividend		2,165,862	1,324,871
Transfer to General Reserve		15,000,000	5,000,000
Balance Carried to Balance Sheet		<u>142,956,360</u>	<u>91,423,788</u>
		<u>173,473,197</u>	<u>105,544,309</u>
NOTES ON ACCOUNTS	p		

As per our report of even date

For A.J.BALIYA & ASSOCIATES

Chartered Accountants

(CA A. J. Baliya)

Partner

Membership No. FCA 35989

PLACE : MUMBAI

DATED: 30th MAY 2011

For and On behalf of the Board

(Arunkumar Biyani)

Chairman

(Ajay D. Biyani)

Managing Director





DAMODAR THREADS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH , 2011

	Rs.	2010-11 Rs.	Rs.	2009-10 Rs.
SCHEDULE - A				
SHARE CAPITAL				
Authorised :				
150,00,000 Equity Shares of Rs. 10/- each		<u>150,000,000</u>		<u>150,000,000</u>
Issued, Subscribed & Paid-up :				
89,00,650 (Previous Year 77,95,650)				
Equity Shares of Rs. 10/- each fully paid up		89,006,500		77,956,500
(Of the above 4,00,000 Equity Shares were allotted as fully paid-up Bonus shares by capitalisation of balance in Profit & Loss Account)		<u>89,006,500</u>		<u>77,956,500</u>
During the year 11,05,000 Equity Shares of Rs 10/-each full paid up were issued on preferential basis at a premium of Rs. 45/- each in cash.				
SCHEDULE - B				
RESERVES & SURPLUS :				
General Reserve	35,000,000		30,000,000	
Add: Transfer	<u>15,000,000</u>		<u>5,000,000</u>	
		50,000,000		35,000,000
Share Premium		179,093,650		129,368,650
Balance in Profit & Loss Account		<u>142,956,360</u>		<u>91,423,787</u>
		<u>372,050,010</u>		<u>255,792,437</u>
SCHEDULE - C				
SECURED LOANS :				
Working Capital Loan from Bank of Baroda (Secured by hypothecation of Stocks, Debtors & personal guarantees of three Directors)		213,379,175		157,628,878
Working Capital Loan from State Bank of India (Secured by hypothecation of Stocks, Debtors & personal guarantees of three Directors)		281,372,169		221,246,359
Term Loan from Bank of Baroda (Secured by hypothecation of Fixed Assets, & personal guarantees of three Directors)		253,072,001		290,868,151
Term Loan from State Bank of India (Secured by hypothecation of Fixed Assets, & personal guarantees of three Directors)		186,711,302		228,938,617
Term Loan from Union Bank of India (Secured by hypothecation of Specific Machinery, & personal guarantees of three Directors)		20,322,483		26,100,000
Motor Car Loan From HDFC Bank Ltd. (Secured by Hypothecation of a Motor car)		869,214		-
		<u>955,726,344</u>		<u>924,782,005</u>
SCHEDULE - D				
UNSECURED LOANS :				
From Directors		35,218,923		44,814,300
Inter-Corporate		71,207,769		63,428,084
From Others		57,238,376		52,590,516
Fixed Deposit from Public		<u>16,611,791</u>		<u>7,285,027</u>
		<u>180,276,859</u>		<u>168,117,927</u>





DAMODAR THREADS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH , 2011

SCHEDULE - E

FIXED ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01/04/2010	Addition	Deduction	As at 31/03/2011	Up to 01/04/2010	For the Year	Deduction/ Adjustment	Up to 31/03/2011	As at 31/03/2011	As at 31/03/2010
FREEHOLD LAND	15,618,849	-	-	15,618,849	-	-	-	-	15,618,849	15,618,849
RESIDENTIAL FLATS	213,555	-	-	213,555	34,809	3,481	-	38,290	175,265	178,746
BUILDING	273,788,141	10,388,879	-	284,177,020	17,759,071	9,177,737	-	26,936,808	257,240,212	256,029,070
PLANT & MACHINERY	677,036,836	37,260,144	557,669	713,739,311	172,138,662	70,514,542	-	242,653,204	471,086,107	504,898,174
ELECTRICAL INST.	76,950,508	1,665,315	-	78,615,823	10,044,883	3,690,613	-	13,735,496	64,880,327	66,905,625
FURNITURE & FIXTURES	4,894,508	139,434	356,839	4,677,103	826,049	301,729	114,486	1,013,292	3,663,811	4,068,459
VEHICLES	6,228,937	1,764,998	-	7,993,935	2,894,355	692,277	-	3,586,632	4,407,303	3,334,582
AIR CONDITIONERS	1,253,269	448,013	-	1,701,282	329,084	70,908	-	399,992	1,301,290	924,185
GENERATORS	1,669,695	-	-	1,669,695	820,795	79,311	-	900,106	769,589	848,900
WEIGHING SCALE	516,953	47,400	-	564,353	84,341	25,989	-	110,330	454,023	432,612
OTHER EQUIPMENTS	14,421,124	1,133,770	-	15,554,894	2,660,945	717,392	-	3,378,337	12,176,557	11,760,179
COMPUTORS	5,076,275	515,298	-	5,591,573	2,491,744	848,158	-	3,339,902	2,251,671	2,584,531
Total	1,077,668,650	53,363,251	914,508	1,130,117,393	210,084,738	86,122,137	114,486	296,092,389	834,025,004	867,583,912
Previous Year	974,386,203	103,855,487	573,040	1,077,668,650	131,143,461	79,210,470	269,193	210,084,738	867,583,912	

	2010-11 Rs.	2009-10 Rs.
SCHEDULE - F		
NON-TRADE INVESTMENT (AT COST)		
Quoted (fully paid-up)		
*100 Equity Shares of Padmini Technologies Ltd. of Rs.10/- each	-	18,458
*800 Equity Shares of Color Chip (I) Ltd. of Rs. 10/- each	-	41,284
*35 Equity Shares of DSQ Software Ltd. of Rs.10/- each	-	36,747
40 Equity Shares of Penta Media Graphics Ltd. of Rs.10/- each	8,299	8,299
	8,299	104,788
Unquoted (fully paid-up)		
10 Equity Shares of Mogaveera C-op Bank Ltd. of Rs. 10/- each	1,000	1,000
Total	9,299	105,788
Aggregate Market Value of Quoted Investments	56	7,527

*In view of longer period of suspension by respective Stock Exchanges, the equity shares of above referred companies are being written off.





DAMODAR THREADS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH , 2011

	Rs.	2010-11 Rs.	Rs.	2009-10 Rs.
SCHEDULE - G				
CURRENT ASSETS, LOANS & ADVANCES				
Current Assets :				
Inventories :				
(As per inventory taken, valued and Certified by Chairman & Managing Director)				
Raw Materials		237,345,031		197,979,847
Work in Process		45,815,155		60,421,214
Finished Goods		122,383,616		113,429,058
Packing Materials		840,160		2,096,773
Stores & Spares		2,147,688		4,235,160
		408,531,650		378,162,052
Sundry Debtors :				
(Unsecured, considered good)				
Outstanding for a period Exceeding six months		11,791,336		5,147,268
Others		357,029,069		221,429,164
		368,820,405		226,576,432
Cash & Bank Balances :				
Cash on hand		2,138,429		804,852
Balances with Scheduled banks :				
in current account		34,546,520		717,668
In Unpaid Dividend Accounts		902,936		862,090
In Fixed Deposits including accrued interest		16,415,416		17,698,010
		54,003,301		20,082,620
Loans and Advances :				
(Unsecured, considered good)				
Advances recoverable in cash or in kind or for value to be received including incentive and duty refundable		55,190,630		66,864,773
Advances to Suppliers		11,099,444		16,186,792
Deposits		3,838,595		2,646,095
Advance Income Tax(Net of Provision including Mat Credit)		21,836,070		2,784,504
		91,964,738		88,482,164
SCHEDULE - H				
CURRENT LIABILITIES & PROVISIONS				
Current Liabilities :				
Sundry Creditors :				
For Goods		35,060,987		40,087,819
For Expenses		27,937,819		24,680,966
Other Liabilities		9,108,381		13,900,213
Unpaid Dividend		902,936		862,090
		73,010,124		79,531,088
PROVISIONS				
Proposed Dividend		13,350,975		7,795,650
Tax on Dividend		2,165,862		1,324,871
Income Tax		1,122,139		3,301,378
		16,638,976		12,421,899
SCHEDULE - I				
OTHER INCOMES :				
Commission (TDS Rs.5,28,381/- Previous Year Rs.1,72,840/-)		4,690,792		1,562,874
Dividend		-		50
		4,690,792		1,562,874





DAMODAR THREADS LIMITED

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Rs.	2010-11 Rs.	Rs.	2009-10 Rs.
SCHEDULE - J				
MATERIALS COST :				
Raw Material Consumption :				
Opening Stock	197,979,847		91,606,660	
ADD: Purchases	1,829,125,772		1,080,032,619	
	<u>2,027,105,619</u>		<u>1,171,639,279</u>	
LESS: Closing Stock	237,345,031		<u>197,979,847</u>	
		1,789,760,588		973,659,432
Purchases for Trading		1,281,502,702		869,382,792
Opening Stock of :				
Work-In-Process	60,421,214		51,951,335	
Finished Goods	<u>113,429,058</u>		<u>112,290,266</u>	
	<u>173,850,272</u>		<u>164,241,601</u>	
Less : Closing Stock				
Work-In-Process	45,815,155		60,421,214	
Finished Goods	<u>122,383,616</u>		<u>113,429,058</u>	
	<u>168,198,771</u>		<u>173,850,272</u>	
		5,651,501		(9,608,671)
		<u>3,076,914,791</u>		<u>1,833,433,553</u>
SCHEDULE - K				
MANUFACTURING EXPENSES :				
Stores & Spares		41,580,039		23,361,864
Packing Materials		28,998,908		23,040,198
Power & Fuel		99,414,575		99,253,677
Repairs & Maintenance :				
Building	1,474,573		179,868	
Plant & Machinery	1,097,282		1,046,548	
Others	<u>3,124,182</u>		<u>2,054,010</u>	
		5,696,037		3,280,426
Factory Rent		2,188,000		-
Job Work Charges		6,190,311		10,293,531
		<u>184,067,870</u>		<u>159,229,696</u>
SCHEDULE - L				
EMPLOYEES' REMUNERATION :				
Salaries, Wages , Bonus & allowances		86,803,944		68,620,950
Staff Welfare & Perquisites		2,485,448		2,006,318
Contribution to Provident Fund		1,261,365		1,143,345
Gratuity		194,458		246,511
House Rent		<u>4,272,100</u>		<u>3,059,900</u>
		<u>95,017,315</u>		<u>75,077,024</u>
SCHEDULE - M				
ADMINISTRATIVE EXPENSES :				
Directors Remuneration		8,100,000		7,200,000
Directors House Rent/ Allowances		-		1,000,000
Directors Medical Allowances		19,000		14,989
Electricity Charges		1,323,461		1,192,825
Insurance		4,470,558		4,225,358
Postage & Telephone		2,892,633		2,855,637
Printing & Stationery		797,315		1,226,489
Professional & consultancy Charges		2,385,032		1,656,161





DAMODAR THREADS LIMITED

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

Advertisement	331,772	166,882
*Bank Charges & Commission	15,786,187	7,424,225
Rent, Rates & Taxes	1,735,171	1,442,383
Sundry Expenses	1,092,359	747,053
Travelling & Conveyance	5,111,261	2,904,901
Vehicles Expenses	3,706,923	2,223,517
Sundry Balances Written Off	184,682	-
Loss on Sale of Fixed Assets	217,353	25,271
Listing Fees	16,545	49,763
Directors Sitting Fees	17,000	23,000
Auditors Remuneration :		
Audit Fees	75,000	75,000
Tax Audit	15,000	15,000
	90,000	90,000
Investments Written Off	96,489	-
Miscellaneous expenditure written off	611,659	598,129
	48,985,400	35,066,583

*including export collection charges and LC advising fees

SCHEDULE - N

SELLING & DISTRIBUTION EXPENSES :

Sales Promotion	313,488	218,350
Brokerage & Commission	51,820,213	27,675,464
Sample Expenses	688,397	1,122,435
Freight, Forwarding & Transport	89,837,667	59,510,174
	142,659,765	88,526,423

SCHEDULE - O

INTEREST :

Bank (Net)	112,916,901	83,830,389
Others (Net)	16,918,059	12,080,337
	129,834,960	95,910,726

SCHEDULE -P

NOTES ON ACCOUNTS

1) Significant Accounting Policies:

i) Basis of Accounting :

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

ii) Fixed Assets :

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

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

iii) Depreciation :

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

iv) Investments :

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





DAMODAR THREADS LIMITED

v) **Inventories :**

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

vi) **Miscellaneous Expenditure :**

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

vii) **Gratuity /Retirement Benefits**

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

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

viii) **Sales :**

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

ix) **Deferred Tax**

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

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

x) **Transaction in Foreign Currency**

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

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

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

2) **Contingent Liabilities**

Counter Gurantees given to Banks Rs. 23,704,600

Letter of Credit/Bill Discounting with Banks Rs. 368,033,038

DEPB Entitlement Refund Claim by DGFT Rs. 8,118,321

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

4) Licensed, Installed Capacities & Actual Production :

(As certified by the management)

Class of Goods	Units of Measure	Licensed Capacity		Installed Capacity		Actual Production	
		31/03/2011	31/03/2010	31/03/2011	31/03/2010	31/03/2011	31/03/2010
Yarn	Kgs.	N.A.	N.A.	Not Ascertainable	Not Ascertainable	12,784,442	9,450,670
Job Work(Yarn)	Kgs.	N.A.	N.A.	Not Ascertainable	Not Ascertainable	-	3,561

2010-11

2009-10

5) **Opening Stock :**

		Qty.	Rs.	Qty.	Rs.
Yarn	Kgs.	822,938	113,429,058	1,055,484	112,290,266
Fabrics	Mtr.	-	-	-	-
Yarn (Trading)	Kgs.	-	-	-	-
Packing Material		Not Ascertainable	2,096,773	Not Ascertainable	3,910,140
Store & Spares		Not Ascertainable	4,235,160	Not Ascertainable	5,379,843

6) **Closing Stock :**

Yarn	Kgs.	868,356	122,383,616	822,938	113,429,058
Fabrics	Mtr.		-		-
Yarn (Trading)	Kgs.		-		-
Packing Material		Not Ascertainable	840,160	Not Ascertainable	2,096,773
Store & Spares		Not Ascertainable	2,147,688	Not Ascertainable	4,235,160





DAMODAR THREADS LIMITED

7) Sales :

Yarn	Kgs.	12,739,024	2,380,582,218	9,683,216	1,440,676,587
Job Work(Yarn)		-	-	3,561	37,455
Yarn(Trading)	Kgs.	7,974,197	1,398,821,624	6,874,604	941,124,674
Others			47,555,947		34,547,518
Foreign Exchange Rate Difference			20,462,222		9,432,838
Total			3,847,422,011		2,425,819,072

8) Purchases for Trading

Yarn	Kgs.	7,974,197	1,281,502,702	6,874,604	869,382,792
Total			1,281,502,702		869,382,792

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

	%	Quantity	Rs.	%	Quantity	Rs.
Indigenous		kgs.			kgs.	
Yarn & Fibre	48	7,028,258	990,008,961	45	4,820,748	569,580,881
Raw Cotton	49	7,164,488	725,278,556	52	5,580,191	373,967,684
Total (A)	97	14,192,746	1,715,287,517	97	10,400,940	943,548,565
Imported						
Yarn & Fibre	3	533,256	74,473,071	3	299,459	30,110,867
Raw Cotton	-			-		
Total (B)	3	533,256	74,473,071	3	299,459	30,110,867
Total (A) + (B)	100	14,726,002	1,789,760,588	100	10,700,399	973,659,432

	%	Quantity	Rs.	%	Quantity	Rs.
Stores & Spares	Indigenous	96	Not Ascertainable	92	Not Ascertainable	21,432,325
	Imported	4	Not Ascertainable	8	Not Ascertainable	1,929,539
Total		100		100		23,361,864
Packing Materials	Indigenous	Not Ascertainable	28,998,908	Not Ascertainable		23,040,198

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

11) Related Party Disclosures

Key Managerial Personnel :			
Name	Designation	Name	Designation
a. Shri Arun Kumar Biyani	Chairman & Director	i. Mr. Abhishek Biyani	- Relatives
b. Shri Ajay D. Biyani	Managing Director	k. Mr. Akshay Biyani	- Relatives
c. Shri Anil D. Biyani	Whole - Time Director	l. Mrs. Manju Biyani	- Relatives
Associates & Relatives :		m. Mrs. Sanju Biyani	- Relatives
a. M/s. Panna Yarns Pvt. Ltd.	Associates	n. Risha Biyani	- Relatives
b. M/s. Shri Damodar Yarn Manufacturing Pvt.Ltd.	Associates	o. M/s. CSS Mercantiles Pvt. Ltd.	- Associates
c. Ajay Biyani HUF	Associates	p. Ms Anushree Biyani	- Relatives
d. Arun Kumar Biyani HUF	Associates	q. Mrs Payal Biyani	- Relatives
e. M/s. Suam Overseas Pvt. Ltd.	Associates	r. Mrs Bhawna Biyani	- Relatives
f. Mrs. Kanta Biyani	- Relatives	s. Mrs Savitridevi D Biyani	- Relatives
g. Mr. Aman Biyani	- Relatives	t. Mr Suresh Biyani	- Relatives
h. Mr. Aditya Biyani	- Relatives		

Disclosure of transactions between the Company and related parties and the status of outstanding balances as on 31st March, 2011.

	Associates & Relatives		Key Management Personnel		Total (Amt. In Rs.)	
	As of March 31		As of March 31		As of March 31	
	2,011	2,010	2,011	2,010	2,011	2,010
Unsecured Loans /share capital fund	3,956,251	1,820,086	35,218,923	44,814,300	39,175,174	46,634,386
Sundry Debtors ,Loans & Advances	2,612,867	6,387,543	-	-	2,612,867	6,387,543
Current Liabilities	-	-	-	-	-	-





DAMODAR THREADS LIMITED

Sundry Creditors	1,658,689	343,824	-	-	1,658,689	343,824
Income					-	-
Sales	136,187,505	74,530,436	-	-	136,187,505	74,530,436
Expenditure					-	-
a) Purchase (including Job work)	276,890,994	211,178,384	-	-	276,890,994	211,178,384
b) Interest on Loan	491,487	134,897	2,158,399	1,415,464	2,649,886	1,550,361
c) Directors Remuneration	-	-	8,100,000	7,200,000	8,100,000	7,200,000
d) Directors House Rent/ Allowance	-	-	-	1,000,000	-	1,000,000
e) Directors Medical Allowance	-	-	19,000	14,989	19,000	14,989
f) Employees Remuneration	1,500,000	1,140,000	-	-	1,500,000	1,140,000
g) Rent {Net}	388,000	270,000	450,000	105,000	838,000	375,000

12. Deferred Tax Liabilities(net)

	Deferred tax liability/asset as at 01/04/2010	Current year charge/(credit)	Deferred tax liability/asset as at 31/03/2011
	Rs.	Rs.	Rs.
Deferred tax liabilities			
i) Depreciation	68,981,308	2,634,654	71,615,962
(A)	68,981,308	2,634,654	71,615,962
Deferred tax assets			
i) Unabsorbed Depreciation	5,075,808	(5,075,808)	-
(B)	5,075,808	(5,075,808)	-
Deferred tax liability (net) (A) - (B)	63,905,500	7,710,462	71,615,962

The impact of Deferred Tax Liability(Net) of Rs. 77,10,462/- for the year ended 31.3.2011 has been debited to Profit and Loss Account.

13. During the year the Company has taken Mat Credit Entitlement of Rs .213.58 Lacs in relation to the prior years and the same is shown under the head 'Loans and Advances' in the balance sheet as there being a convincing evidence of realisation of such asset.

	(in Rs.) 2010-11	(in Rs.) 2009-10
14) Remuneration to Directors		
Salary	8,100,000	7,200,000
Medical Allowances	19,000	14,989
House Rent /Allowances	-	1,000,000
15) FOB Value Of Exports		
Yarn	2,282,226,862	1,367,788,704
16) C I F Value of Imports		
Yarn	66,631,417	28,075,813
Plant & Machinery	2,557,846	12,492,178
Stores & Spares	1,541,900	1,929,539
17) Expenditure In Foreign Currency		
Travelling	2,633,604	539,891
Commission	35,760,165	18,621,720
18) Earning Per Share :		
2010-11		2009-10
Basic	9.22	3.82
Diluted	9.22	3.82

19) As the market value of quoted investment fluctuates regularly the diminution in the value of investments has not been considered of the permanent nature and hence no provision of the same amounting to Rs.9,243/-(Previous Year -98,261/) has been made in the accounts.

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

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





DAMODAR THREADS LIMITED

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

Balance Sheet Abstract and Company General Business Profiles :

I.	Registration Details :	
	Registration No.	L17110MH1987PLC045575
	State Code	011
	Balance Sheet Date	31/03/2011
II.	Capital Raised during the year	(Amt.in Rs.Thousand)
	Public Issue	Nil
	Rights Issue (including Share Premium)	Nil
	Bonus Issue	Nil
	Private Placement (Promotor)/Preferential Issue (Including Share Premium)	60,775
III.	Position of Mobilisation and Development of Funds :	(Amt.in Rs.Thousand)
	Total Liabilities	1,758,325
	Total Assets	1,758,325
	Sources of Funds :	
	Paid up capital including Share application money	89,006.50
	Reserves & Surplus	372,050.00
	Secured Loans	955,726.34
	Unsecured Loans	180,276.86
	Deferred Tax Liabilities	71,615.96
	Application of Funds :	
	Net Fixed Assets	834,025.00
	Investments	9.30
	Net Current Assets	833,670.99
	Miscellaneous Expenditure	970.37
IV.	Performance of Company	(Amt.in Thousand)
	Turnover (Gross Revenue)	3,852,113
	Total Expenditure	3,763,602
	Profit Before Tax	88,511
	Profit After Tax	82,049
	Earning per Shares (Rs.)	9.22
V.	Generic Terms of Three Principal Products/Services of Company	
	(As per monetary terms)	
	Item Code No. : (ITC Code)	540,233
	Product Description	Multiple folded fancy yarn ,Cotton yarn and fabrics.

Signatories to Schedule A to P

As per our report of even date

For A.J.BALIYA & ASSOCIATES

Chartered Accountants

(CA A. J. Baliya)

Partner

Membership No. FCA 35989

For and On behalf of the Board

(Arunkumar Biyani)

Chairman

(Ajay D. Biyani)

Managing Director

PLACE : MUMBAI

DATED: 30th MAY 2011





DAMODAR THREADS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	2010-11	2009-10
	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax & Extra-ordinary Items	88,510,565	60,927,471
Adjustment for :		
Depreciation	86,122,137	79,210,470
Interest	129,834,960	95,910,726
(Profit)/loss On Sale Of Fixed Assets	217,353	25,271
Share Issue Expenses /Investments Written off	708,148	598,129
	<u>216,882,598</u>	<u>175,744,596</u>
Operating Profit Before Working Capital Changes	305,393,163	236,672,067
Adjustment for :		
Trade & Other Receivable	(126,674,982)	(23,501,529)
Inventories	(30,369,598)	(113,023,808)
Trade Payable	(6,561,810)	(10,921,265)
	<u>(163,606,390)</u>	<u>(147,446,602)</u>
Cash generated from Operations	141,786,774	89,225,465
Interest paid	(129,834,960)	(95,910,726)
Direct Tax paid(net)	(19,981,498)	(7,098,180)
Cash flow before Extra-Ordinary Items	<u>(8,029,685)</u>	<u>(13,783,441)</u>
Prior Years Tax Adjustments	-	75,645
Net Cash from Operating Activities A	(8,029,685)	(13,859,086)
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchases of Fixed Assets including Capital Work-in-Progress	(53,354,251)	(70,614,645)
Sale of Fixed Assets	573,669	80,000
Net Cash used in Investing Activities B	(52,780,582)	(70,534,645)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings & Fixed deposits	43,103,271	89,588,795
Dividend	(7,754,804)	(4,401,826)
Proceeds from Preference Issue	11,050,000	-
Share Premium	49,725,000	-
Expenditure on increase of share capital/Right issue	(67,648)	780,300
Tax on Dividend	(1,324,871)	(794,922)
Net Cash used in Financing Activities C	94,730,948	85,172,347
Net increase in cash and cash equivalents (A+B+C)	33,920,681	778,616
Opening Balance of Cash & Cash Equivalents	20,082,620	19,304,004
Closing Balance of Cash & Cash Equivalents	54,003,301	20,082,620

() indicates 'minus'

For and On behalf of the Board

Place : Mumbai
Dated : 30th May 2011

(Arunkumar Biyani)
Chairman

(Ajay D. Biyani)
Managing Director

AUDITORS' CERTIFICATE

To
The Board of Directors
M/s Damodar Threads Limited ,
A-1/202 ,Centre Point, M.M. Joshi Marg,
Lower Parel (E), Mumbai - 400 013

We have examined the attached Cash Flow statement of Damodar Threads Limited for the year ended 31st March, 2011. The Statement has been prepared by the Company in accordance with the requirements of the Clause 32 of Listing Agreement with the Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss Account and Balance Sheet of the company covered by our report of even date to the members of the Company.

For A. J. BALIYA & ASSOCIATES
Chartered Accountants

Place : Mumbai
Dated : 30th May 2011

(CA A. J. Baliya)
Partner
M.No. FCA 35989



DAMODAR THREADS LIMITED

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

Please complete the attendance slip and hand it over at the entrance of the Meeting hall.

Please also bring your copy of the enclosed Annual Report.

ATTENDANCE SLIP

I hereby record my presence at the 23rd ANNUAL GENERAL MEETING of the Company to be held on Saturday 27th August, 2011 at 11.30 A.M. at Maheshwari Bhawan, 603, Chira Bazar (J S Road), Mumbai – 400 002

REGD. FOLIO NO./DPID NO. _____

NO. OF SHARES _____

Name of the Shareholder (in block capitals) _____

Signature of the Shareholder or proxy _____

DAMODAR THREADS LIMITED

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

PROXY FORM

REGD. FOLIO NO./DPID NO. _____

NO. OF SHARES _____

I/We _____ of _____ being a
member / members of the above Company, hereby appoint Mr./Mrs _____
of _____ or failing him / her Mr./Mrs _____

my/our proxy to attend and vote for me/us and on my/our behalf at the 23rd Annual General Meeting of the Company to be held on Saturday 27th August, 2011 and any adjournment thereof.

AS WITNESS my/our hand at _____ on this _____ day of _____ 2011.

Signed by the said _____

Affix
Re. I
Revenue
Stamp

Note:

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



DAMODAR GROUP



To,

If undelivered please return to,

Damodar Threads Limited.
A1/202, Centre Point,
243-A, N. M. Joshi Marg,
Lower Parel (E),
Mumbai - 400 013.