ESTD. 1873

# HINDOOSTAN MILLS LIMITED

107th Annual Report

2010 – 2011

# HINDOOSTAN MILLS LIMITED

## BOARD OF DIRECTORS

SUDHIR THACKERSEY (appointed on 8.6.2011)
*Chairman*

CHANDRAHAS K. THACKERSEY
*Vice Chairman*

RAOUL S. THACKERSEY
*Vice Chairman*

HRISHIKESH J. THACKERSEY
*Executive Director*

ABHIMANYU J. THACKERSEY (appointed on 9.5.2011)
*Executive Director*

KRISHNADAS D. VORA

NARESH R. KARA

D.M. POPAT (appointed on 8.6.2011)

R.N. BANSAL (appointed on 8.6.2011)

P.B. DESAI (appointed on 8.6.2011)

SUJAL A. SHAH (appointed on 8.6.2011)

BHAVESH V. PANJUANI (appointed on 8.6.2011)

## SOLICITORS

1) MULLA & MULLA AND
CRAIGIE BLUNT & CAROE
2) FEDERAL & RASHMIKANT
3) HARIANI & CO.

## AUDITORS

H.N. MOTIWALLA & CO.
*Chartered Accountants*

## BANKERS

HDFC BANK LTD.
UCO BANK

## REGISTERED OFFICE

SIR VITHALDAS CHAMBERS,
16, MUMBAI SAMACHAR MARG,
MUMBAI - 400 001.

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**107TH ANNUAL GENERAL MEETING ON THURSDAY, THE 15TH SEPTEMBER, 2011 AT 11.30 A.M. AT "PATKAR HALL", SMT. NATHIBAI THACKERSEY ROAD, MUMBAI – 400 020.**

**Shareholders are requested to bring their copies of the Annual Report along with them at the Annual General Meeting.**

**Plant Location:**

i) Karad Unit – Plot No.D-1, MIDC Industrial Area,
Village – Taswade, Tal – Karad,
Dist. – Satara – 415 110

ii) Eck Haubold & Laxmi
Plot No.B-24, Anand Nagar, MIDC Industrial Area,
Addl. Ambernath – 421 506
Dist. : Thane, Maharashtra

# NOTICE

Notice is hereby given that the 107th Annual General Meeting of the Shareholders of the Company will be held on Thursday, the 15th September, 2011 at 11.30 a.m. at “Patkar Hall”, Nathibai Thackersey Road, off. Maharshi Karve Road, Mumbai – 400 020 to transact the following business:

1. To receive and adopt the audited Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended 31st March, 2011 and to consider the Report of the Auditors and the Directors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Naresh R. Kara, who retires by rotation, and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Raoul S. Thackersey, who retires by rotation, and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. Krishnadas D. Vora, who retires by rotation, and being eligible offers himself for re-appointment.
6. To appoint M/s. M.A. Parikh & Co., Chartered Accountants as Auditors for the current year in place of retiring auditors viz., M/s. H.N. Motiwalla & Co., Chartered Accountants and fix their remuneration.

   To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

   “RESOLVED THAT M/s. M.A. Parikh & Co., Chartered Accountants, be and are hereby appointed as Statutory Auditors of the Company to hold office from conclusion of this meeting till the conclusion of next Annual General Meeting and that the Board of Directors of the Company be and is hereby authorized to fix remuneration payable to them.”

## SPECIAL BUSINESS :

7. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

   “RESOLVED THAT Mr. Abhimanyu J. Thackersey, who was appointed as an Additional Director of the Company by the Board of Directors and who holds the office as per Section 260 of the Companies Act, 1956, upto the date of this Annual General Meeting and in respect of whom the Company has, pursuant to Section 257 of the Companies Act, 1956, received a notice in writing proposing his candidature for the Office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”
8. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

   “RESOLVED THAT Mr. Sudhir Thackersey, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office as per Section 260 of the Companies Act, 1956, upto the date of this Annual General Meeting and in respect of whom the Company has, pursuant to Section 257 of the Companies Act, 1956, received a notice in writing proposing his candidature for the Office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”
9. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

   “RESOLVED THAT Mr. D.M. Popat, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office as per Section 260 of the Companies Act, 1956, upto the date of this Annual General Meeting and in respect of whom the Company has, pursuant to Section 257 of the Companies Act, 1956, received a notice in writing proposing his candidature for the Office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”
10. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

    “RESOLVED THAT Mr. R.N. Bansal, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office as per Section 260 of the Companies Act, 1956, upto the date of this Annual General Meeting and in respect of whom the Company has, pursuant to Section 257 of the Companies Act, 1956, received a notice in writing proposing his candidature for the Office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

11. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. P.B. Desai, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office as per Section 260 of the Companies Act, 1956, upto the date of this Annual General Meeting and in respect of whom the Company has, pursuant to Section 257 of the Companies Act, 1956, received a notice in writing proposing his candidature for the Office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

12. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Sujal A. Shah, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office as per Section 260 of the Companies Act, 1956, upto the date of this Annual General Meeting and in respect of whom the Company has, pursuant to Section 257 of the Companies Act, 1956, received a notice in writing proposing his candidature for the Office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

13. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

"RESOLVED THAT Mr. Bhavesh V. Panjuani, who was appointed as an Additional Director of the Company by the Board of Directors and who holds office as per Section 260 of the Companies Act, 1956, upto the date of this Annual General Meeting and in respect of whom the Company has, pursuant to Section 257 of the Companies Act, 1956, received a notice in writing proposing his candidature for the Office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

14. To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act, and in partial modification of the special resolution passed at the Annual General Meeting of the Company held on September 30, 2010 approving the appointment and terms of remuneration of Mr. Hrishikesh J. Thackersey as Whole-time Director of the Company designated as "Executive Director" for a period of 5 years with effect from 1st April, 2010, the consent of the Company be and is hereby accorded for the revision in the terms and conditions relating to the remuneration payable to Mr. Hrishikesh J. Thackersey with effect from April 1, 2011.

(i) **Period of appointment:** 5 years from 1st April, 2010 to 31st March 2015.

(ii) **Duties and powers:** Mr. Hrishikesh J. Thackersey shall devote his whole time and attention to the business of the Company and carry out such duties as may be entrusted to him by the Board from time to time and exercise such powers as may be assigned to him subject to superintendence, control and direction of the Board of Directors of the Company.

(iii) **Remuneration:** The remuneration to Mr. Hrishikesh J. Thackersey during his tenure as Executive Director of the Company is as follows:

**A. Salary:**

Salary of Rs.85,000/- per month, in the scale of Rs.40,000/- - Rs.2,00,000/-, with liberty to the Board of Directors to grant such increments as it may in its absolute discretion deem fit and as may be recommended by the Remuneration Committee within the limits specified under Schedule XIII to the Companies Act, 1956.

**B. Perquisites:**

(a) Mr. Hrishikesh J. Thackersey shall be entitled to such benefits, perquisites and allowances as may be determined by the Board from time to time so however that the total remuneration including perquisites and allowances does not exceed the limits specified in Schedule XIII to the Companies Act, 1956.

(b) Company's contribution to Provident Fund and Superannuation Fund shall not be included in the computation of the ceiling on remuneration to the extent these either singly or put together are not taxable under the Income Tax Act as applicable from time to time. Gratuity payable shall not exceed half a month's salary for each completed year of service. Such gratuity and the encashment of leave at the end of the tenure shall not be included in the computation for the ceiling on remuneration.

(c) In the event of loss or inadequate profits during the currency of his tenure, the Executive Director shall be paid the remuneration by way of salary and perquisites as minimum remuneration subject to the ceiling as specified in Para A of Clause 1 of Section II of Part II of Schedule XIII to the Companies Act, 1956 (as amended from time to time).

**(iv) Other conditions:**

(a) Mr. Hrishikesh J. Thackersey shall be liable to retire by rotation as a Director.

(b) Mr. Hrishikesh J. Thackersey shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committee thereof.

(c) Mr. Hrishikesh J. Thackersey shall be reimbursed all expenses actually and properly incurred by him for the business of the Company.

(d) The appointment may be terminated by either the Company or Mr. Hrishikesh J. Thackersey by giving three months' written notice.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary, expedient or desirable to give effect to this resolution".

15. To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act, the Company hereby approves the appointment of Mr. Abhimanyu J. Thackersey as Whole-time Director of the Company designated as "Executive Director" for a period of 5 years with effect from 8th June, 2011 upon the following terms and conditions including the remuneration with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment including remuneration in such manner as may be agreed to between the Board and Mr. Abhimanyu J. Thackersey.

(i) **Period of appointment:** 5 years from 8th June, 2011 to 7th June, 2016.

(ii) **Duties and powers:** Mr. Abhimanyu J. Thackersey shall devote his whole time and attention to the business of the Company and carry out such duties as may be entrusted to him by the Board from time to time and exercise such powers as may be assigned to him subject to superintendence, control and direction of the Board of Directors of the Company.

(iii) **Remuneration:** The remuneration to Mr. Abhimanyu J. Thackersey during his tenure as Executive Director of the Company is as follows:

**A. Salary:**

Salary of Rs.85,000/- per month, in the scale of Rs.40,000/- - Rs.2,00,000/-, with liberty to the Board of Directors to grant such increments as it may in its absolute discretion deem fit and as may be recommended by the Remuneration Committee within the limits specified under Schedule XIII to the Companies Act, 1956.

**B. Perquisites:**

(a) Mr. Abhimanyu J. Thackersey shall be entitled to such benefits, perquisites and allowances as may be determined by the Board from time to time so however that the total remuneration including perquisites and allowances does not exceed the limits specified in Schedule XIII to the Companies Act, 1956.

(b) Company's contribution to Provident Fund and Superannuation Fund shall not be included in the computation of the ceiling on remuneration to the extent these either singly or put together are not taxable under the Income Tax Act as applicable from time to time. Gratuity payable shall not exceed half a month's salary for each completed year of service. Such gratuity and the encashment of leave at the end of the tenure shall not be included in the computation for the ceiling on remuneration.

(c) In the event of loss or inadequate profits during the currency of his tenure, the Executive Director shall be paid the remuneration by way of salary and perquisites as minimum remuneration subject to the ceiling as specified in Para A of Clause 1 of Section II of Part II of Schedule XIII to the Companies Act, 1956 (as amended from time to time).

**(iv) Other conditions:**

(a) Mr. Abhimanyu J. Thackersey shall be liable to retire by rotation as a Director.

(b) Mr. Abhimanyu J. Thackersey shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committee thereof.

(c) Mr. Abhimanyu J. Thackersey shall be reimbursed all expenses actually and properly incurred by him for the business of the Company.

(d) The appointment may be terminated by either the Company or Mr. Abhimanyu J. Thackersey by giving three months' written notice.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary, expedient or desirable to give effect to this resolution".

16. To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to section 31 of the Companies Act, 1956 and subject to the approval of the Central Government and any other approval as may be required by the law, the Article No.84 of the Articles of Association of the Company be amended to read as under:

"Unless otherwise determined in a General Meeting and subject to the provisions of section 252 of the Act, number of Directors of the Company shall not be less than three or more than sixteen."

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary, expedient or desirable to give effect to this resolution".

17. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 258 and other applicable provisions, if any, (including modification and re-enactment thereof) of the Companies Act, 1956, subject to the Articles of Association of the Company and subject to the approval of Central Government, the consent of the members be and is hereby accorded to the Board of Directors of the Company to increase the number of directors beyond the limit as specified in the Articles of Association of the Company from 12 (twelve) to 16 (sixteen).

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby severally authorized to do all the acts, deeds and things which are necessary to give effect to the aforesaid resolution."

18. To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, consent of the members, be and is hereby accorded to the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include any Committee(s) constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution) for borrowing, on behalf of the Company, any sum or sums of money, from time to time, as the Board may consider fit, any sum of money, in any manner, and without prejudice to the generality thereof, by way of loans, advances, credits, acceptance of deposits or otherwise in Indian rupees or any other foreign currency, from any bank or banks, or any financial Institutions, other person or persons, and whether the same may be secured or unsecured, and if secured, whether domestic or international, whether by way of mortgage, charge, hypothecation, pledge or otherwise in any way whatsoever, on, over or in any respect of all, or any of the Company's assets and effects or properties including uncalled capital, stock in trade (including raw materials, stores, spares and components in stock or stock in transit), notwithstanding that the money to be borrowed together with the money already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) and remaining undischarged at any given time, will or may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose so however that the total amount upto which money may be borrowed by the Board under this resolution, at any one time shall not exceed, in the aggregate, the sum of Rs.75,00,00,000/- (Rupees Seventy Five Crore only) and /or in equivalent foreign currency.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized severally to file the required forms with the Registrar of Companies, Maharashtra, and to do all such acts, deeds, matters and things as may be considered necessary, desirable and expedient for giving effect to this resolution and/ or otherwise considered by them in the best interest of the Company."

19. To consider and if thought fit to pass with or without modification(s) the following Resolution as an Ordinary Resolution:

"RESOLVED THAT consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, (including any amendment thereto or re-enactment thereof) to its Board of Directors, (hereinafter referred to as the "Board" which term shall be deemed to include any Committee(s) constituted/to be constituted by the Board to exercise its powers including the powers conferred by this Resolution), of the Company, to create a further mortgage and/or charge, on such terms and conditions and at such time(s) and in such form and manner, and with such ranking as to priority as the Board in its absolute discretion thinks fit, on the whole or substantially the whole of the Company's, any one or more of the undertakings or all of the undertakings, including present or future properties, whether immovable or movable assets, comprised in any undertaking of the Company, as may be agreed to in favour of the bank or banks, financial institutions, person(s), hereinafter referred to as the lenders, and/or trustees to secure borrowings up to an aggregate amount not exceeding Rs.75,00,00,000/- (Rupees Seventy Five Crore only) subject to the limits approved under section 293(1)(d) of the Act, together with interest at the respective agreed rates by issue of non-convertible debentures, bonds, term loans, and/or other instruments including foreign currency borrowings, as the Board may deem fit, to be issued in one or more branches, to Indian / foreign banks, institutions, investors, mutual funds, companies, other corporate bodies, resident / non-resident Indians, foreign nationals, and other eligible investors, and upon such terms and conditions, as may be decided by the Board, including any increase in result of devaluation / revaluation or fluctuation in the rates of exchange, together with interest, at the respective agreed rates, compound interest, additional interest, commitment charges, premium on prepayment or on redemption, costs, charges, expenses and other monies covered by the aforesaid financial assistance under the respective documents, entered into by the Company in respect of the said debentures / bonds / term loans / other instrument(s) in terms of their issue.

RESOLVED FURTHER THAT the securities to be created by the Company aforesaid may rank prior/pari passu/subservient with/to the mortgages and/or charges already created or to be created in future by the Company and as may be agreed to between the concerned parties.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board, be and is hereby authorised to delegate all or any of the powers herein conferred, to any Committee(s) of Directors or any one or more Directors of the Company, with the power to further delegate any such powers as they may deem fit, to finalize, settle and execute such documents / deeds / writings / agreements, as may be required, and to do all such acts, matters and things as it may at its absolute discretion deem proper, fit and expedient and to settle any question difficulty or doubt that may arise in regard to creating mortgage/charge as aforesaid or otherwise considered to be in the best interests of the Company."

By Order of the Board of Directors,

SUDHIR THACKERSEY
Chairman

Registered Office:
"Sir Vithaldas Chambers",
16, Mumbai Samachar Marg,
Mumbai - 400 001.

Dated : 10th August, 2011.

## NOTES FOR MEMBERS' ATTENTION

1. A MEMBER ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER. PROXIES TO BE EFFECTIVE MUST BE RECEIVED AT THE COMPANY OFFICE NOT LATER THAN FORTY-EIGHT HOURS BEFORE THE TIME FIXED FOR THE MEETING.

2. The Explanatory Statement as required by Section 173(2) of the Companies Act, 1956, in respect of all the items of special business is hereto annexed.

3. The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, 8th September, 2011 to Thursday, 15th September, 2011 (both days inclusive).

4. Dividend on equity shares as recommended by the Board of Directors, if declared at the meeting, will be payable to those shareholders whose names are registered in the Register of Members of the Company as on September 15, 2011.

5. Members intending to require information about the accounts to be explained at the meeting are requested to write to the Company atleast ten days in advance of the Annual General Meeting, so as to enable the Company to keep the information ready.

6. The shareholders are hereby informed that all unclaimed dividends upto the financial year ended 31st March, 1995 have been transferred to the General Revenue Account of the Central Government in terms of provisions of Section 205A of the Companies Act, 1956. Shareholders who have not encashed the Dividend Warrants for the said period are requested to claim the amount from the Registrar of Companies, Maharashtra, in the prescribed manner.

   Pursuant to the provisions of Section 205(A) and 205(C) of the Companies Act, 1956, as amended, all unclaimed dividends for the financial year ended 31st March, 2003 have been transferred to the INVESTOR EDUCATION AND PROTECTION FUND of Central Government and shareholders will not be able to claim any dividends so transferred.

7. Members are requested to bring their copies of the Annual Report and Attendance Slip at the Meeting.

8. Since equity shares of the Company are traded compulsorily in Dematerialised Form, the shareholders holding shares in physical form are requested to get their shares demated early in their own interest.

9. Members holding shares in Electronic Segment are requested to notify the change of address, nomination etc., to the depository participants (DP) with whom they are having client account for effecting necessary corrections. Members holding shares in physical form are requested to notify the change of address, nomination etc., to M/s. Computech Sharecap Ltd., 147, Mahatma Gandhi Road, Opp. Jehangir Art Gallery, Mumbai – 400 023, the Company's Share Transfer Agent.

10. As required in terms of paragraph IV(G) of Clause 49 of the Listing Agreement, details of Directors seeking re-appointment at the ensuing Annual General Meeting are as follows:-

| Name of the Director | Naresh R. Kara | Raoul S. Thackersey | Krishnadas D. Vora |
|---|---|---|---|
| Qualifications | D. Com. | B. Com. | Matriculate |
| Date of appointment | 30.01.2008 | 31.10.2006 | 30.04.2007 |
| Expertise in specific functional areas | Insurance and banking | Industrialist having business experience | Finance and business |
| List of Directorship held* | - Capricon Realty Ltd. | - Art Leather Ltd.<br>- Bintex Investment Ltd.<br>- Capricon Realty Ltd.<br>- Bhishma Realty Ltd.<br>- Hindoostan Technical Fabrics Ltd. | - Capricon Realty Ltd. |
| Chairman / Member of the Committees of the Board of the Companies on which he is a Director | Remuneration Committee<br>Capricon Realty Ltd.- Member | Share Transfer Committee<br>Capricon Realty Ltd.- Member<br>Bhishma Realty Ltd.- Member | Remuneration Committee<br>Capricon Realty Ltd.- Member |

* Directorship of Private Limited Companies not considered

By Order of the Board of Directors,

SUDHIR THACKERSEY
Chairman

Registered Office:
"Sir Vithaldas Chambers",
16, Mumbai Samachar Marg,
Mumbai - 400 001.

Dated : 10th August, 2011.

## ANNEXURE TO THE NOTICE

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

**Item No.7 and 15**

Mr. Abhimanyu J. Thackersey has been appointed as an Additional Director of the Company by the Board of Directors with effect from May 9, 2011 pursuant to the provisions contained in Article 87 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956. According to the provisions of the said article and the said section, he will hold office only upto the date of this Annual General Meeting. As required under Section 257 of the said Act, notice has been received from a member signifying his intention to propose him as a candidate for the appointment as Director of the Company.

Mr. Abhimanyu J. Thackersey was appointed by the Board as the Whole-time Director designated as Executive Director of the Company for a period of 5 years with effect from 8th June, 2011 and his term will expire on 7th June, 2016.

Subject to his appointment for a period of 5 years term approved by the Board of Directors, the Remuneration Committee has, at its meeting held on 10th August, 2011, approved his remuneration including the payment of minimum remuneration in the event of loss or inadequate profits.

The Board of Directors of the Company, at their meeting held on 10th August, 2011 approved the terms of appointment and remuneration of Mr. Abhimanyu J. Thackersey, Executive Director for a period of 5 years with effect from 8th June, 2011 as recommended by the Remuneration Committee, details of which are embodied in the Resolution as set out in Item No.15 of the Notice.

Mr. Abhimanyu J. Thackersey, 28, is a B.A. in Economics from The University of Michigan-Ann Arbor and has been associated with the Company for more than 9 years. For the last two years he was an 'Executive Director' of The Hindoostan Spinning and Weaving Mills Limited and previous to that he was designated as an "Executive Thackersey Group" for past three years. Besides, he has taken practical training in various textile and garment companies in India and abroad having rich experience in commercial aspects of production, marketing, finance and accounts.

In view of his considerable experience, it is felt that the appointment of Mr. Abhimanyu J. Thackersey as an Executive Director would be in the interest of the Company.

The appointment and remuneration of Mr. Abhimanyu J. Thackersey as an Executive Director is subject to the approval of the shareholders in General Meeting pursuant to the provisions of Section 198, 269, 309, 310, 311 and Schedule XIII of the Companies Act, 1956. The Board therefore, recommends the resolutions as set out in Item Nos. 7 and 15 of the Notice for your approval.

He is a director in Hindoostan Technical Fabrics Limited.

The above may be treated as an abstract pursuant to Section 302 of the Companies Act, 1956.

The Board recommends the resolution under Item No. 7 and 15 for your approval.

None of the Directors except Mr. Abhimanyu J. Thackersey and Mr. Hrishikesh J. Thackersey, are interested in this Resolution.

**Item No.8**

Mr. Sudhir Thackersey has been appointed as an Additional Director of the Company by the Board of Directors with effect from 8th June, 2011 pursuant to the provisions contained in Article 87 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956. According to the provisions of the said Article and the said Section, he will hold office only upto the date of this Annual General Meeting. As required under Section 257 of the said Act, notice has been received from a member signifying his intention to propose him as a candidate for the appointment as Director of the Company.

Mr. Sudhir Thackersey, 76, is a Commerce graduate of the University of Bombay. He has been associated with the Thackersey Group since last more than 55 years. He was a Chairman and Managing Director of The Hindoostan Spinning & Weaving Mills Limited. He has rich experience in the Textile Industry.

He is a director in Delta Investment Ltd., Capricon Realty Ltd., Bhishma Realty Ltd., Art Leather Ltd. and Hindoostan Technical Fabrics Limited.

The Board recommends the resolution under Item No.8 for your approval.

None of the other Directors of the Company in any way concerned or interested in the above resolution except Mr. Sudhir Thackersey, Mr. Chandrahas K. Thackersey and Mr. Raoul S. Thackersey.

**Item No.9**

Mr. D. M. Popat has been appointed as an Additional Director of the Company by the Board of Directors with effect from 8th June, 2011 pursuant to the provisions contained in Article 87 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956. According to the provisions of the said article and the said section, he will hold office only upto the date of this Annual General Meeting. As required under Section 257 of the said Act, notice has been received from a member signifying his intention to propose him as a candidate for the appointment as Director of the Company.

Mr. D.M. Popat, 78, is a Law, Commerce and Arts graduate of Bombay University. He is an Advocate and Solicitor, Partner of leading Indian Law firm M/s. Mulla & Mulla and Craigie Blunt & Caroe at Mumbai, India. He is associated with the firm for a very long tenure. He is representing India and working as a nominee on International Chamber of Commerce Paris on its commission on International Arbitration. He is a Committee Member and former Vice-President of Bombay Incorporated Law Society. He has expertise in Corporate Laws, Real Estate Arbitration and Foreign Collaboration matters.

He is a director in Hindustan Construction Company Ltd., Peninsula Land Ltd., and The Ruby Mills Ltd.

The Board recommends the resolution under Item No.9 for your approval.

None of the Directors except Mr. D.M. Popat, is interested in this Resolution.

**Item No.10**

Mr. R.N. Bansal has been appointed as an Additional Director of the Company by the Board of Directors with effect from 8th June, 2011 pursuant to the provisions contained in Article 87 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956. According to the provisions of the said article and the said section, he will hold office only upto the date of this Annual General Meeting. As required under Section 257 of the said Act, notice has been received from a member signifying his intention to propose him as a candidate for the appointment as Director of the Company.

Mr. R.N. Bansal, 80, has served with Department of Company Affairs as Registrar of Companies, Regional Director and Member of Company Law Board. He has also served as nominee of Central Government on the Central Council of Institute of Chartered Accountants of India, Institute of Chartered Secretaries of India and Governing Boards of Stock Exchanges etc.

He is a director in Chambal Fertilizers & Chemicals Ltd., Essar Shipping Ports & Logistics Ltd., Gobind Sugar Mills Ltd., Bell Ceramics Ltd., Pushpsons Industries Ltd., Orient Ceramics & Industries Ltd., Vadinar Oil Terminal Ltd., Essar Logistics Ltd., and Essar Oil Field Services India Ltd.

He is also the Chairman of Audit Committee in Essar Shipping Ports & Logistics Ltd., Bell Ceramics Ltd., Pushpsons Industries Ltd. and Orient Ceramics & Industries Ltd. and member of Audit Committee in Chambal Fertilizers & Chemicals Ltd., Gobind Sugar Mills Ltd., and Vadinar Oil Terminal Ltd. He is the Chairman of Investor Grievance Committee in Chambal Fertilizers & Chemicals Ltd.

The Board recommends the resolution under Item No.10 for your approval.

None of the Directors except Mr. R.N. Bansal, is interested in this Resolution.

**Item No.11**

Mr. P.B. Desai has been appointed as an Additional Director of the Company by the Board of Directors with effect from 8th June, 2011 pursuant to the provisions contained in Article 87 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956. According to the provisions of the said article and the said section, he will hold office only upto the date of this Annual General Meeting. As required under Section 257 of the said Act, notice has been received from a member signifying his intention to propose him as a candidate for the appointment as Director of the Company.

Mr. P.B. Desai, 78, was in Income Tax Department as a Member of Indian Revenue Service after holding position from Income Tax Officer Class-I as Assistant Commissioner of Income Tax, Commissioner of Income Tax etc. and retired as Director General of Income Tax (Investigation). He also served as an Advisor (Taxation) with IDBI. Mr. P.B. Desai has considerable experience of finance and direct taxation.

He is a director in Phoenix Township Ltd. and Hede Resources Ltd.

He is a member of Audit Committee in Phoenix Township Ltd.

The Board recommends the resolution under Item No.11 for your approval.

None of the Directors except Mr. P.B. Desai, is interested in this Resolution.

**Item No.12**

Mr. Sujal A. Shah has been appointed as an Additional Director of the Company by the Board of Directors with effect from 8th June, 2011 pursuant to the provisions contained in Article 87 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956. According to the provisions of the said article and the said section, he will hold office only upto the date of this Annual General Meeting. As required under Section 257 of the said Act, notice has been received from a member signifying his intention to propose him as a candidate for the appointment as Director of the Company.

Mr. Sujal A. Shah, 43, is a practicing Chartered Accountant having an overall post qualification experience of about 18 years. He is a founder partner of SSPA & Co., Chartered Accountants, Mumbai and heads the corporate consultancy practice of the firm.

He has rich experience in mergers & acquisitions, advising on restructuring of business, conducting financial due-diligence, general corporate advisory, valuation of business / shares / brands etc.

He is also well-known speaker at various forums including the Institute of Chartered Accountants of India, the Institute of Company Secretaries of India, Symbiosis, Pune on various subject including, Mergers & Acquisitions, Valuations, Due Diligence Review etc.

He is a director in Reliance MediaWorks Ltd., Gitanjali Gems Ltd., Keynote Corporate Services Ltd., Amal Ltd., Amrit Banspati Company Ltd., Reliance Assets Reconstruction Company Ltd. and Hindoostan Technical Fabrics Ltd.

He is also the Chairman of Audit Committee in Reliance MediaWorks Ltd., Gitanjali Gems Ltd., Reliance Assets Reconstruction Company Ltd., Keynote Corporate Services Ltd. and he is a member of Audit Committee in Amal Ltd. and Amrit Banspati Company Ltd.

The Board recommends the resolution under Item No.12 for your approval.

None of the Directors except Mr. Sujal A. Shah, is interested in this Resolution.

**Item No.13**

Mr. Bhavesh V. Panjuani has been appointed as an Additional Director of the Company by the Board of Directors with effect from June 8, 2011 pursuant to the provisions contained in Article 87 of the Articles of Association of the Company and Section 260 of the Companies Act, 1956. According to the provisions of the said article and the said section, he will hold office only upto the date of this Annual General Meeting. As required under Section 257 of the said Act, notice has been received from a member signifying his intention to propose him as a candidate for the appointment as Director of the Company.

Mr. Bhavesh V. Panjuani, 45, is an Advocate and Solicitor, Partner of leading Indian Law firm M/s. Mulla & Mulla and Craigie Blunt & Caroe at Mumbai, India. He is associated with the firm since April, 1991. He is a Member of Indian Merchants' Chambers' (IMC's) Experts Committee on "Law: Review, Reform & Rationalization" since 2002 and IMC Court of Arbitration & Conciliation Committee since 2007. He is a member of Supreme Court Bar Association and Bombay Bar Association. He has rich experience in Commercial and Corporate Law, Litigation (Court & Arbitration) and general civil practice – with special focus on commercial disputes, contract documentation, negotiation, claims and litigation and arbitrations – domestic/international and adhoc/institutional (International Court of Arbitration of ICC, Paris and UNCITRAL).

The Board recommends the resolution under Item No.13 for your approval.

None of the Directors except Mr. Bhavesh V. Panjuani, is interested in this Resolution.

**Item No.14**

Mr. Hrishikesh Thackersey has been appointed as an Executive Director of the Company by the members of the Company with effect from April 1, 2010 in the annual general meeting held on September 30, 2010.

The Board of Directors of the Company at its meeting held on August 10, 2011 has proposed to revise his salary with effect from April 1, 2011, as recommended by the Remuneration Committee, details of which are embodied in the resolutions as set out in Item No.14 of the Notice.

The terms of revision in remuneration of Mr. Hrishikesh J. Thackersey as an Executive Director is subject to the approval of the shareholders in General Meeting pursuant to the provisions of Section 198, 269, 309, 310, 311 and Schedule XIII of the Companies Act, 1956. The Board therefore, recommends the resolutions as set out in Item No. 14 of the Notice for your approval.

The Board recommends the resolutions under Item No.14 for your approval.

None of the other Directors of the Company in any way concerned or interested in the above resolution except Mr. Hrishikesh J. Thackersey and Mr. Abhimanyu J. Thackersey.

**Item No.16 and 17**

The Hindoostan Spinning and Weaving Mills Limited was amalgamated with your Company. The volume of the work has increased on account of merger. The Company has two manufacturing units one at Karad and another at Ambernath, therefore the management of your company wants to keep a check on the quality control, finance, administration, regulatory etc. The Board is of a view that there is a need of more highly qualified and experienced people on the Board in addition to the existing Board of Directors.

For increasing the number of Directors more than 12 requires alteration in Articles of Association of the Company, subject to the approval of shareholders in general meeting pursuant to Section 31 of the Companies Act, 1956.

The Board recommends the resolution under Item No.16 and 17 for your approval.

None of the Directors are interested in this resolution.

**Item No.18**

The Board had been authorised under Section 293(1)(d) and all other applicable provisions of the Companies Act, 1956, to borrow monies upto Rs.75,00,00,000/- (Rupees Seventy Five Crore only) which may be in excess of the aggregate of paid-up capital and free reserves of the Company. Keeping in view of the Company's business requirements, projects in hand and its growth plans, it is considered appropriate to increase the aforesaid limit of borrowings. Your consent is therefore sought to authorise the Board to borrow upto Rs.75,00,00,000/- (Rupees Seventy Five Crore only) (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) as outstanding, at any time as set out in the resolution.

The Resolution at item No. 18 of the notice is recommended to the shareholders for passing as an Ordinary Resolution.

The Board recommends the resolution under Item No.18 for your approval.

None of the Directors are interested in this resolution.

**Item No.19**

The borrowings by a Company, in general, is required to be secured by mortgage or charge on all or any of the movable or immovable properties of the Company in such form, manner and ranking as may be determined by the Board of Directors of the Company from time to time, in consultation with the lenders.

Section 293(1)(a) of the Companies Act, 1956, provides inter-alia that the Board of Directors shall not except with the consent of the members in general meeting, sell, lease, or otherwise dispose off the whole, or substantially the whole, or each such undertaking, where the Company has more than one undertaking. Since the mortgage and/or charge to be created in respect of the aforesaid borrowing may be considered as disposal of the Company's undertaking, it is advisable, the proposal of creation of the mortgage in favour of various banks, institutions, investors, mutual funds, companies, other corporate bodies, resident/ non-resident indians, foreign nationals, be approved by the shareholders by way of ordinary resolution, pursuant to the provisions of Section 293(1)(a) of the Companies Act, 1956.

The Board recommends the resolution under Item No.19 for your approval.

None of the Directors are interested in this resolution.

By Order of the Board of Directors,

SUDHIR THACKERSEY
Chairman

Registered Office:
"Sir Vithaldas Chambers",
16, Mumbai Samachar Marg,
Mumbai - 400 001.

Dated : 10th August, 2011.

**Green Initiative**

The Ministry of Corporate Affairs (MCA), Government of India, has taken a "Green initiative in the Corporate Governance" by allowing paperless compliances by the companies after considering the relevant sections of the Information Technology Act, 2000, for legal validity of compliances under Companies Act, 1956 through electronic mode. The MCA has vide its Circular Nos.17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011, provided that a company would have complied with Section 53 of the Companies Act, 1956, if the service of documents have been made through electronic mode, provided the company has obtained the e-mail addresses of its members for sending the notice / documents through e-mail by giving an advance opportunity to every member to register his/her e-mail address and changes therein from time to time with the company. In cases where any member has not registered his/her e-mail address with the company, the service of documents etc., will be effected by other modes of service as provided in Section 53 of the Companies Act, 1956.

**In light of the above, those members, who desire to receive notice / documents including Annual Reports through e-mail, are requested to communicate their e-mail ID and changes thereto from time to time to the Depository Participant / Company's Registrar & Share Transfer Agents, M/s. Computech Sharecap Limited for receipt of notice / documents including Annual Reports through e-mail.**

# DIRECTORS' REPORT

**TO**
**THE MEMBERS,**

Your Directors have pleasure in presenting the 107th Annual Report together with the Audited Statements of Accounts for the year ended 31st March, 2011.

**AMALGAMATION AND CHANGE OF NAME**

As you are aware, the Board of Directors of your company had considered and recommended the scheme of amalgamation of The Hindoostan Spinning & Weaving Mills Limited with its entire undertaking and business, including all assets and liabilities, pursuant to section 391 to 394 of the Companies Act, 1956 with your Company. The said scheme of amalgamation had been approved by the shareholders at the Court Convened Extra Ordinary General Meeting held on January 15, 2011 and by the Hon'ble Bombay High Court on April 1, 2011.

Pursuant to the scheme of amalgamation, the equity shares of face value of Rs.100/- each of your company were sub-divided into 10 equity shares of Rs.10/- each with effect from May 14, 2011. Further on June 27, 2011 the Company had issued and allotted 9,58,708 equity shares of Rs.10/- each to the equity shareholders of The Hindoostan Spinning and Weaving Mills Limited (HSWML) in the ratio of 8 equity share of your Company for 100 equity share of HSWML.

The name of your company was changed from 'The Sirdar Carbonic Gas Company Limited' to 'Hindoostan Mills Limited' vide Certificate of Incorporation dated May 24, 2011 issued by the Registrar of Companies, Maharashtra, Mumbai.

(Rs. in lakhs)

| SUMMARISED FINANCIAL RESULTS* | **Current Year Ended 31.03.2011** | Previous Year Ended 31.03.2010 |
|---|---|---|
| Gross (Loss) / Profit before interest, depreciation and tax | **1178.24** | 217.18 |
| **Less:** Interest | **Nil** | 7.23 |
| Gross (Loss) / Profit after interest but before depreciation | **1178.24** | 209.95 |
| **Less:** Depreciation | **196.21** | 53.39 |
| (Loss) / Profit before taxation | **982.03** | 156.56 |
| **Less:** -Provision for Taxation | **187.41** | 27.26 |
| **Add:** Excess provision written back | **62.05** | 16.42 |
| Balance brought forward from last year | **90.00** | 90.00 |
| **Add:** Profit transferred pursuant to scheme of amalgamation | **44.65** | 91.12 |
| (Loss) / Profit after tax/ amount available for appropriation | **991.32** | 326.83 |
| **Less:** Transferred to General Reserve | **85.00** | 195.69 |
| **Less:** Proposed Dividend | **166.45** | 35.29 |
| **Less:** Tax on proposed Dividend | **27.00** | 5.86 |
| Balance carried to Balance Sheet | **712.87** | 90.00 |

* Due to amalgamation, the figures for the current year ended March 31, 2011 are not be directly comparable with the previous year ended March 31, 2010.

**WORKING RESULTS**

The turnover of the Company for the financial year 2010-11 is Rs.9636.98 Lacs.The Profit before tax is Rs.982.03 Lacs whereas Profit after tax is Rs.794.62 Lacs.The performance and overall view of the textile as well as the roll manufacturing business has been covered in the Management Discussion and Analysis which forms part of this Directors' Report.

**DIVIDEND**

On the completion of amalgamation, the Directors recommend a special dividend of Rs.5/- per share on 16,64,548 equity shares for the financial year ended on March 31, 2011 amounting Rs. 83.22 Lacs.

The Directors also recommend a final dividend of Rs.5/- per share for the financial year ended on March 31, 2011 amounting Rs.83.23 Lacs.

The total dividend payout for the year 2010-11 inclusive of dividend tax would aggregate to Rs.193.45 Lacs.

**FIXED DEPOSITS**

The Company has not accepted any deposits from the public during the year under review. There are no outstanding deposits remaining unpaid / unclaimed as on March 31, 2011.

**DIRECTORS**

During the year under review Mr. Jagdish U. Thackersey and Dr. Khurshed H. Sahiar have resigned from the Board.The Board put on record its appreciation for their valuable services rendered during their tenure as Directors of the Company. Mr. Abhimanyu J. Thackersey was appointed as an Additional Director of the Company on May 9, 2011.

Mr. Sudhir Thackersey, Mr. D.M. Popat, Mr. R.N. Bansal, Mr. P.B. Desai, Mr. Sujal Shah and Mr. Bhavesh Panjuani were appointed as Additional Directors of the Company on June 8, 2011. They hold office upto the conclusion of ensuing Annual General Meeting and being eligible, offer themselves as Directors liable to retire by rotation. Notice under Section 257 of the Companies Act, 1956 has been received from the members proposing the names of Mr. Abhimanyu Thackersey, Mr. Sudhir Thackersey, Mr. D.M. Popat, Mr. R.N. Bansal, Mr. P.B. Desai, Mr. Sujal Shah and Mr. Bhavesh Panjuanias Directors of the Company.

In accordance with Article 99 of the Articles of Association of the Company, Mr. N.R. Kara, Mr. Raoul S. Thackersey and Mr. K.D. Vora retire by rotation and they, being eligible, offer themselves for re-appointment.

**SUBSIDIARY**

During the year, the erstwhile Hindoostan Spinning and Weaving Mills Limited incorporated a 100% wholly owned subsidiary namely Hindoostan Technical Fabrics Limited (HTFL).

The Ministry of Corporate Affairs, Government of India has vide Circular No.2/2011dated February 8, 2011 has granted a general exemption, subject to fulfillment of certain conditions, from attaching the Annual Accounts of the Subsidiary of the Company without making an application for exemption. Accordingly, the Balance Sheet, Profit & Loss Account and other documents of the Subsidiary Company are not attached herewith.Financial information of the Subsidiary Company is disclosed in the Annual Report. The Annual Accounts of the Subsidiary and related information will be made available to any members and also available for inspection by any member at the registered office of the Company.

**PARTICULARS OF EMPLOYEES**

There were no employees during the year covered under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

**CASH FLOW STATEMENT**

In conformity with the provisions of Clause 32 of the Listing Agreement with the Bombay Stock Exchange Limited, the cash flow statement for the period ended March 31, 2011 is annexed to the accounts.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTIONS AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Your Company has been making continuous efforts to conserve energy and upgrade/absorb technology. A statement containing information required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of this Report is enclosed herewith as Annexure - I.

**CORPORATE GOVERNANCE**

The Corporate Governance as prescribed under clause 49 of the Listing Agreement with the stock exchange was not applicable to your company during the previous financial year 2009-10. However, due to the amalgamation,Corporate Governance is applicable to your Company.

Pursuant to Clause 49 of the Listing Agreement with Bombay Stock Exchange Limited, a separate report on Corporate Governance is enclosed herewith as Annexure – II, together with a certificate from the company's Auditors confirming compliance of conditions on Corporate Governance.

**INSURANCE**

Adequate insurance cover has been taken for all the properties and insurable interests of the Company.

**DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Companies Act, 1956 (hereinafter referred to as "the Act"), your Directors confirm that:-

(i) In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;

(ii) They 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 as at 31st March, 2011and of the profit for the year ended 31st March, 2011;

(iii) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) They have prepared the Annual Accounts on a "going concern" basis.

**AUDITORS**

In the last Annual General Meeting held on 30th September 2010, M/s. H.N. Motiwalla & Co., Chartered Accountants, were re-appointed as auditors of the Company to hold the office till conclusion of next Annual General Meeting. The retiring Auditors have now given to the Company a notice in writing to the effect that they do not offer themselves for re-appointment as Statutory Auditors of the Company for the financial year ending March 31, 2012.

In their place, it is proposed to appoint M/s. M.A. Parikh & Company, Chartered Accountants, Mumbai, who have confirmed that they are eligible for being appointed as auditors of the Company in terms of Section 224(1-B) of the Companies Act, 1956. You are requested to appoint the Auditors in the ensuing Annual General Meeting and fix their remuneration.

**APPRECIATION**

Your Directors place on record their appreciation for continued support extended to the company by Shareholders during the year under review. The Board also thanks the employees for their dedicated and sincere service at all levels.

**For and on behalf of the Board of Directors,**
SUDHIR THACKERSEY
Chairman

Place : Mumbai

Dated :August 10, 2011

# ANNEXURE – I

INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2011.

**A. CONSERVATION OF ENERGY**

**Textile Division**

The company has been making continuous efforts to conserve energy. A few major steps taken during the year are as follows: -

**(a) Energy Conservation Measures Taken**

(i) A special Energy Conservation Cell is formed to monitor and conserve energy wherever possible.

(ii) New Air Jet Looms installed with loom sphere humidification system for energy saving.

(iii) Optimization of running electric motors to conserve energy.

(iv) Replacement of double tube light fittings with single fittings and use of CFL in the areas like canteen, toilets etc.

(v) Use of transparent sheets in roof in the production area where natural light can be used in day session.

(vi) Two FRP Fan installed in spinning humidification to reduce power consumption.

(vii) Scheduling of water supply to colony to reduce wastage of water.

**(b) Additional Investments and proposal, if any, being implemented for reduction of consumption of energy**

(i) Installation of VFD for humidification plant motors.

(ii) Replacement of present fans of LUWA with FRP fans.

**(c) Impact**

There has been significant power saving due to abovementioned measures and efforts taken continuously.

**Ambernath Division**

**(a) Energy Conservation Measures Taken**

The Company has been making continuous efforts to conserve energy by replacement of old electrical drives, reorganising the production process and introduction of improved systems are carried out from time to time.

**(b) Additional Investments and proposal, if any, being implemented for reduction of consumption of energy**

A study to identify other areas of investments in energy conservation are being considered.

**(c) Impact**

There has been power saving due to abovementioned measures and efforts taken continuously.

## FORM – A

**Form for disclosure of particulars with respect to conservation of energy**

| | | Textiles | Ambernath |
|---|---|---|---|
| **A.** | **Power & Fuel Consumption** | | |
| **1.** | **Electricity:** | | |
| (a) | Purchased Units (‘000 KWH) | 9947 | 120.95 |
| | Total Amount (‘000 Rs.) | 42171 | 700.50 |
| | Rate/Unit (Rs. per KWH) | 4.24 | 5.79 |
| (b) | Own Generation | | |
| | Through Diesel Generator Units (‘000 KWH) | 114 | -- |
| | Units per Ltr. of diesel oil | 2.18 | -- |
| | Cost/Unit (Rs. per KWH) | 20.12 | -- |
| **2.** | **Furnace Oil:** | | |
| | Quantity (K.Ltrs.) | 51 | -- |
| | Total Amount (‘000 Rs.) | 1705 | -- |
| | Average Rate (Rs. per K.Ltr.) | 33117 | -- |
| **3.** | **Coal:** | | |
| | Quantity (Tons) | 575 | -- |
| | Total Amount (‘000 Rs.) | 2715 | -- |
| | Average Rate (Rs. per M.T.) | 4721 | -- |
| **4.** | **Bagasse:** | | |
| | Quantity (Tons) | 735 | -- |
| | Total Amount (‘000 Rs.) | 1053 | -- |
| | Average Rate (Rs. per M.T.) | 1432 | -- |
| **5.** | **Firewood:** | | |
| | Quantity (Tons) | 3789 | -- |
| | Total Amount (‘000 Rs.) | 8085 | -- |
| | Average Rate (Rs. per M.T.) | 2134 | -- |

**B. Consumption per Unit of Production**

Product-Grey & Finished Cotton & Blended Textiles.

| | | |
|---|---|---|
| **1. Electricity:** (Purchased & Own Generation) | | |
| KWH/Metre of Grey Production / Elastic Calender Bowls | 0.799 | 344.59 |
| KWH/Sq.mtr. of Grey Production | 0.516 | -- |
| **2. Furnace Oil:** | | |
| Kgs./Mtr. of Grey Production | 0.004 | -- |
| Kgs./Sq. Mtr. of Grey Production | 0.003 | -- |
| **3. Coal:** | | |
| Kgs./Mtr. of Grey production | 0.046 | -- |
| Kgs./Sq.Mtr. of Grey Production | 0.029 | -- |
| **4. Bagasse:** | | |
| Kgs./Mtr. of Grey Production | 0.058 | -- |
| Kgs./Sq.Mtr. of Grey Production | 0.038 | -- |
| **5. Firewood:** | | |
| Kgs./Mtr. of Grey Production | 0.301 | -- |
| Kgs./Sq.Mtr. of Grey Production | 0.194 | -- |

## FORM B

### DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

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

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

**Karad Unit**

- R & D Department helped to carry different tests over newly installed AIRJET machine to get better productivity and quality.
- Use of HVI, UT3 and classimate-II tester as a tool of continuous / regular monitoring in day by day production process activities.
- Well equipped quality control lab helped to have check over Raw Cotton, Cotton yarn, Fabric, other incoming material, outside purchased yarn and Sizing ingredient.
- Sample weaving machine purchased to develop new products with increased speed to market.
- Continuous studies were carried out for modification in Sizing recipes to reduce consumption cost.
- SQC studies helped to have control over hard waste generation in Spinning, Warping, Sizing and Weaving Section.
- Necessary / precautionary steps were taken on control market complaints and its' recurrence.

**Ambernath Unit**

- Process development (Process Control, efficiency, safety, quality consistency)
- Product Development
- Application Development

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

**Karad Unit**

- Better yarn quality, lesser damages in the end product and ultimately resulting into better efficiency and productivity.
- Fresh fabric percentage improved remarkably.
- Complaints from buyer reduced.
- Changes in Sizing recipe resulted in to cost reduction.
- Special studies in Spinning, Warping, Sizing and Weaving Section resulted into reduction in hard waste generation.
- New fabric qualities introduced into the market.

**Ambernath Unit**

- Process and product development has resulted in more efficient manufacturing of existing products and introduction of new products.
- Application development resulted in new application with better durability and improved quality.
- Products improvement, cost reduction, product development etc.

**Future Plan of action**

- To continue R & D in the relevant areas to achieve improvement of existing products, development of existing products, development of new products, cost reduction, export promotion, import substitution, energy saving and improvement in safety and environmental production.

3. **Expenditure on R & D** **(Rs. in lakhs)**

| | | |
|---|---|---|
| (a) | Capital | -- |
| (b) | Recurring | 5.33 |
| (c) | Total | 5.33 |
| (d) | Total R & D Expenditure as Percentage of total turnover. | 0.060 |

**Technology absorption, adaptation and innovation**

**Karad Unit**

1. Plant entered into manufacturing of fine quality cotton fabrics on modern AIRJET looms. This will help to fetch better and higher prices from market resulting.
2. Use of PC yarn for durability and to fulfil market needs.

3. Use of sampling machines to develop market.

**Ambernath Unit**

With the technical know-how agreement with M/s. Voith GmbH Germany, who are one of the leading manufacturers of Calender Machine worldwide for the paper manufacturing and converting industry, the Company is producing High Efficiency Liquid Extraction rollers (Laxmi Helextra) which can replace the conventional rubber rolls in textile industry and can save 30 to 50% better liquid extraction as against the conventional squeezing mangles.

4. Information regarding technology imported during the last five years.

| | | |
|---|---|---|
| (a) | Technology Imported | Nil |
| (b) | Year of Import | Not Applicable |
| (c) | Has Technology been fully absorbed | Not Applicable |
| (d) | If not fully absorbed, areas where this has not taken place, thereof and future plans of action. | Not applicable |

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

Despite Rupee appreciation and adverse market conditions, the Company has been able to achieve the exports at Rs.344.68 lakhs (FOB).

(a) The Company's efforts continue in the areas of development and identification of new export markets.

**Ambernath Unit**

The Company has taken initiative to boost up exports of Elastic Calender, Bowls, Cotton Spun Laps (Cakes). Besides continuous effort are being made to improve the quality of the products in the international market and also to develop new market with the help of M/s. Voith GmbH, Germany with whom the Company has entered into Technical Know-how Agreement.

(b) Total Foreign Exchange used and earned.

| | (Rs. in lakhs) |
|---|---|
| Used | 98.59 |
| Earned | 344.68 |

The company continues in-house development of textile fabrics.

## ANNEXURE – II

### CORPORATE GOVERNANCE REPORT

The Clause 49 of the Listing Agreement was not applicable to the Company. However on account of the amalgamation of The Hindoostan Spinning and Weaving Mills Ltd. with your Company, the turnover of the company has increased to a level which has made clause 49 applicable to the Company.

Pursuant to the scheme of amalgamation duly approved by the Hon'ble Bombay High Court vide its order dated April 1, 2011 the effective date of amalgamation was April 1, 2010. Hence, though the Corporate Governance was not applicable to the Company as such during the financial year 2010-11, the Company in compliance with Clause 49 of the Listing Agreement voluntarily submits Corporate Governance Report for the financial year 2010-11 as under:-

**1. Company's Philosophy on Code of Governance:**

Your Company is fully compliant with the requirements of high standards of Corporate Governance Code. Your Company believes in conducting its business in fair and equitable manner in all respects with its shareholders, Government Departments, Banks, Consumers, Employees and in its accounting practices and procedures.

Your Company had laid down Code of Conduct, which binds all the Board members and Senior Management of the Company. A declaration by the Executive Director to this effect is appended to this report.

2. Your Company had started implementing the spirit of Corporate Governance even when it was not applicable to the Company. The following are the detailed practices on Corporate Governance in your Company.

**2.1 Board of Directors:**

(i) The Company's Board of Directors comprises of total 7 Directors including 3 Independent Directors as on 31st March, 2011. All the Independent Directors on the Board are eminent professionals, having wide range of skills and experience in business, industry, finance, law and public enterprises. The composition of the Board is in conformity with Clause 49 of the Listing Agreement.

(ii) The composition of Board during the year under review and details of attendance of each Director at the Board Meetings and Annual General Meeting (AGM) are given below as under:-

| Sr. No. | Name of Directors | Whether Promoter, Executive Director or Non-Executive Director / Independent Director | No. of Board Meetings attended | Attendance of last AGM | *No. of Outside Director-ship held | No. of Board Committees of other Companies in which a member# |
|---|---|---|---|---|---|---|
| 1 | Mr. Chandrahas Thackersey | Chairman - Non-Executive Director - Promoter | 6 | Yes | 5 | -- |
| 2 | Mr. Jagdish U. Thackersey (Resigned w.e.f. May 9, 2011) | Non-Executive Director – Promoter | 7 | Yes | 5 | -- |
| 3 | Dr. Khurshed H. Sahiar (Resigned w.e.f. May 9, 2011) | Non-Executive Director – Independent | 7 | Yes | 1 | -- |
| 4 | Mr. Raoul S. Thackersey | Non-Executive Director – Promoter | 6 | Yes | 6 | -- |
| 5 | Mr. Krishnadas D. Vora | Non-Executive Director – Independent | 7 | Yes | 1 | -- |
| 6 | Mr. Naresh R. Kara | Non-Executive Director – Independent | 7 | Yes | 1 | -- |
| 7 | Mr. Hrishikesh J. Thackersey | Executive Director – Promoter | 5 | Yes | -- | -- |

* Private Limited Companies excluded.

# Excludes Committees other than Audit Committee and Shareholders/Investors Grievance Committee and Companies other than public limited companies.

Mr. Abhimanyu Thackersey was appointed as an Additional Director with effect from May 9, 2011.

Mr. Sudhir Thackersey, Mr. D.M. Popat, Mr. R.N. Bansal, Mr. P.B. Desai, Mr. Sujal A. Shah and Mr. Bhavesh V. Panjuani were appointed as Additional Directors with effect from June 8, 2011.

**(iii) Board Meetings & AGM:**

During the period under review, 7 Board Meetings were held, the dates being 19th April, 2010, 31st May, 2010, 28th July, 2010, 30th September, 2010, 4th October, 2010, 27th October, 2010 and 20th January, 2011.

The last AGM was held on 30th September, 2010.

**2.2 Board Committees:**

The Board has constituted the following Committees of Directors:

**A) Audit Committee:**

(i) Since Clause 49 of the Listing Agreement was not applicable to the company upto previous financial year i.e. 2009-2010, the Company had not constituted its Audit Committee. However the same had been constituted in the meeting of the Board of Directors held on 8th June, 2011.

The Audit Committee consists of following Directors:

(a) Mr. Sujal A. Shah : Chairman

(b) Mr. R.N. Bansal : Member

(c) Mr. P.B. Desai : Member

(d) Mr. R.S. Thackersey : Member

The independent Directors are eminent professionals having experience in Industry, Corporate Finance, Accounts and Company Law.

(ii) Terms of Reference of the Audit Committee:

The terms of reference of Audit Committee are in accordance with requirements of Clause 49 of the Listing Agreement with the Bombay Stock Exchange Ltd. The brief description of the terms of reference of the Audit Committee is as under:-

The scope and role of the Audit Committee is to review Internal Audit Reports, compliance with Regulatory Guidelines, Statutory Auditor's Report on financial statements, to generally interact with Internal Auditors and Statutory Auditors, to review Quarterly Financial Statements before submission to the Board for approval and to review finding of any internal investigations into the matters where there is suspicion fraud or irregularity or a failure of internal control systems of a material nature to the Board.

At a special invitation, Statutory Auditors, Internal Auditors, Chief Finance Officer may attend the Audit Committee meetings to clarify points raised by the Committee.

**B) Remuneration Committee:**

(i) Terms of reference of the Remuneration Committee:

The Committee is vested with the responsibility to function as per SEBI guidelines and recommends to the Board the compensation package for the Whole-time Directors and fees payable to non-executive Directors besides framing guidelines for overall compensation packages to motivate and retain employees.

(ii) The Board of Directors in their meeting held on 8th June, 2011 reconstituted the Remuneration Committee. The composition of the Remuneration Committee is as under:-

Mr. D.M. Popat - Chairman - Independent Director

Mr. Sujal A. Shah - Independent Director

Mr. P.B. Desai - Independent Director

(iii) Mr. Hrishikesh J. Thackersey was appointed as an Executive Director from 1st April, 2010 and his remuneration was recommended to the Board of Directors by the Remuneration Committee at their meeting held on 19th April, 2010.

Mr. Abhimanyu J. Thackersey was appointed as an Executive Director from 8th June, 2011 by the Board of Directors of the Company and his remuneration was recommended to the Board of Directors by the Remuneration Committee at their meeting held on 10th August, 2011.

(iv) Remuneration Policy:

The Non-executive Directors do not draw any remuneration from the Company other than the sitting fees. Presently, the Company does not have any Stock Option Scheme.

(v) Details of remuneration paid to Executive Director during the period from 1st April, 2010 to 31st March, 2011:

(In Rupees)

| Name | Salary | Benefits* | Contribution to P.F. | Total |
|---|---|---|---|---|
| Mr. Hrishikesh J. Thackersey Executive Director | 6,00,000/- | 1,00,000/- | 72,000/- | 7,72,000/- |

* Benefits include House Rent Allowance, Gas & Electricity, Furnishings, Reimbursement of Medical Expenses and Leave Travel Expenses, Subscription to Club Fees, Personal Accident Insurance Premium, Company's Contribution to Provident Fund and Superannuation Funds.

(vi) Details of fees paid to Non-Executive Directors during the period from 1st April, 2010 to 31st March, 2011 are given below:

(In Rupees)

| Name of Directors | Sitting Fees | | Total |
|---|---|---|---|
| | Board Meeting | Committee Meeting | |
| Mr. Chandrahas K. Thackersey | 30,000 | -- | 30,000 |
| Mr. Raoul S. Thackersey | 30,000 | -- | 30,000 |
| Mr. Jagdish U. Thackersey | 30,000 | -- | 30,000 |
| Dr. K.H. Sahiar | 35,000 | 5,000 | 40,000 |
| Mr. K.D. Vora | 35,000 | 5,000 | 40,000 |
| Mr. Naresh R. Kara | 35,000 | 5,000 | 40,000 |

**C) Shareholders/Investors Grievance Committee:**

Since Clause 49 of the Listing Agreement was not applicable to the company upto previous financial year i.e. 2009-2010, the Company had not constituted its Shareholders/ Investors Grievance Committee. However the same has been constituted in the meeting of the Board of Directors held on 8th June, 2011.

The Shareholders/ Investors Grievance Committee consist of following Directors:

(a) Mr. Naresh R. Kara : Chairman
(b) Mr. R.S. Thackersey : Member
(c) Mr. A.J. Thackersey : Member
(d) Mr. C.K. Thackersey : Member

The Shareholders / Investors Grievance Committee monitors the Shareholders' grievances, reviews existing investors redressal system and suggests measures for improvements, discusses report of Registrars and Transfer Agent and practicing Company Secretary's Certificate under Clause 47 of Listing Agreement.

Mr. Pravin N. Patil, Company Secretary is the Compliance Officer. The Company received 25 complaints/queries from shareholders/investors which have been resolved to the satisfaction of the complaints. None of the shareholders/ investors complaints were pending unresolved as on 31.3.2011.

In order to expedite the process of share transfers, the Board of Directors of the Company has delegated the power of share transfers, split, transposition etc. to a Committee which meets once in a month for the purpose.

Shares lodged for transfer in the physical form either at the Registered Office of the company or at the Registrar's office were normally processed at the earliest within 30 days from the date of receipt provided the documents are complete in all respects. There were no share transfers pending for more than 30 days as on 31.3.2011.

The Company has designated an exclusive e-mail ID called complaint@hindoostan.com for redressal of shareholders' complaints / grievances.

2.3 (i) **Annual General Meetings and Extra Ordinary General Meeting held in last three years:**

| AGM | Year | Date | Time | Venue |
|---|---|---|---|---|
| 104th | 2007-08 | 17th September, 2008 | 11.00 A.M. | Sir Vithaldas Chambers, Mumbai-400 001 |
| 105th | 2008-09 | 29th September, 2009 | 11.30 A.M. | Sir Vithaldas Chambers, Mumbai-400 001 |
| 106th | 2009-10 | 30th September, 2010 | 11.30 A.M. | Sir Vithaldas Chambers, Mumbai-400 001 |

| EGM | Year | Date | Time | Venue |
|---|---|---|---|---|
| Court Convened Shareholders Meeting | 2010-11 | January 15, 2011 | 2.30 P.M. | Sir Vithaldas Chambers, Mumbai-400 001 |

(ii) Whether any Special Resolution passed in previous 3 AGMs:

| AGM Date | Special Resolutions passed |
|---|---|
| 17th September, 2008 | Nil |
| 29th September, 2009 | Nil |
| 30th September, 2010 | Appointment of Mr. Hrishikesh J. Thackersey as Executive Director and payment of managerial remuneration thereof. |

(iii) Whether Special Resolution were put through postal ballot last year : No

(iv) Are votes proposed to be conducted through postal ballot this year : No

**3. Other Disclosures:**

(a) There are no materially significant transactions with related parties viz., Promoters, Directors or the Management, their Subsidiaries or relatives etc., having potential conflict with Company's interest at large.

(b) The Company has followed all relevant Accounting Standards and Indian GAAP while preparing the financial statements.

(c) During the year under review, a detailed exercise on Business Risk Management was carried out and reviewed periodically covering the entire spectrum of business operations by the Risk Committee and Steering Committee formed by the Company. The Board has been informed about the risk assessment and minimization procedures through means of a properly defined framework as required under Clause 49 of the Listing Agreement. Business risk assessment, evaluation and management is an on-going process within the Company.

(d) The Company did not make any Public Issues, Right Issues or Preferential Issues in the year under review.

(e) The Company has complied with the requirements of the Bombay Stock Exchange/SEBI and Statutory Authority on all matters related to capital markets during the last three years. No penalties or strictures have been imposed on the Company by these authorities.

(f) The Board has adopted the Code of Conduct and Ethics (the Code). The Code is a comprehensive guide applicable to all Directors and members of Senior Management. The Code has been communicated to all the Directors and Senior Management, Executives and the compliance of the same has been affirmed by them. A Declaration signed by the Executive Directors affirming the compliance is annexed separately in this Annual Report.

(g) There was no pecuniary relationship or transactions of Non-executive Directors vis-à-vis the Company during the year under review. The Company has no stock option policy as part of remuneration package applicable for Whole-time Director or its employees.

(h) The Executive Directors/Chief Finance Officer certification as stipulated in Clause 49 is annexed separately in this Annual Report.

(i) The FOREX exposures are monitored periodically and necessary cover is taken in consultation with FOREX experts to limit the risk of adverse exchange rate movement.

**4. Reconciliation of Share Capital Audit:**

A qualified Practicing Company Secretary / Chartered Accountant carried out Secretarial Audit to reconcile the total admitted Capital with NSDL and CDSL and total issued and listed capital of the Company as per books. The Secretarial Audit report confirms that the total issued/paid-up capital is in accordance with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

**5. Non-mandatory requirements:**

(i) The Chairman is a Non-executive Director. The Company has not reimbursed any expenses incurred for maintenance of his office or in the performance of his duties.

(ii) The Company is publishing its quarterly and half-yearly results in the newspapers therefore they are not sent to each shareholder. However, the Company furnishes such results on receipt of a request from the shareholders.

(iii) The Company has an open-door policy where employees have access to their HODs who participate in monthly forum meetings with the management and any instances of non-adherence to the Code of Conduct or un-ethical behaviour or any issues concerning the business of the Company are brought up to the notice of Management and resolved from time to time.

6. **Means of Communication:**

| | | |
|---|---|---|
| (i) | Quarterly Results<br>Which newspapers normally published in | - Free Press Journal (English) and Navshakti (Marathi), both at Mumbai. |
| (ii) | Any web site, where displayed | - Company's website viz., www.hindoostan.com |
| (iii) | Whether it also displays official News Releases | - No |
| (iv) | Presentations made to Institutional investors / analysts | - No |
| (v) | Whether Management Discussion & Analysis is a part of Annual Report | - Yes |

7. **General Shareholder information:**

| | | |
|---|---|---|
| (i) | **AGM: Date, time and venue** | : 15th September, 2011 at 11.30 a.m. at Patkar Hall, Marine Lines, Mumbai – 400 020 |
| (ii) | **Financial calendar 2011-12 (Tentative):** | |
| | First Quarterly Results | : August, 2011 |
| | Second Quarterly Results | : October/November, 2011 |
| | Third Quarterly Results | : January/February, 2012 |
| | Fourth Quarterly Results | : May, 2012 |
| (iii) | **Date of Book Closure** | : September 8, 2011 to September 15, 2011 (both days inclusive) |
| (iv) | **Dividend payment date** | : Will be dispatched/credited on or after 21st September, 2011. |
| (v) | **Listing on Stock Exchange** | : Bombay Stock Exchange Limited |

Annual Listing Fee for the year 2011-12 has been paid to Bombay Stock Exchange Limited.

| | | |
|---|---|---|
| (vi) | **Stock Code** | : Bombay Stock Exchange Limited (BSE) |
| | EQUITY | : Code No.509895 |
| | ISIN No. | : INE 832D01020 |

(vii) **Market Price Data:**

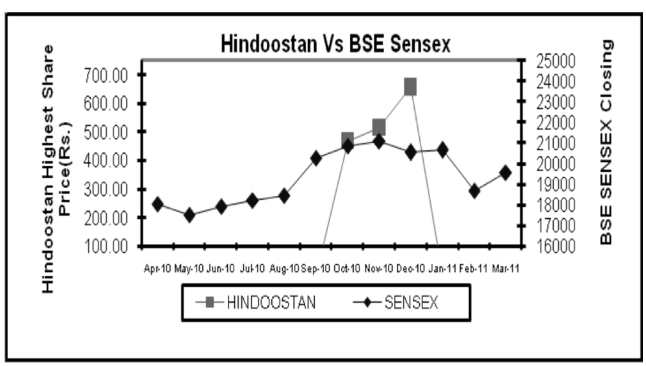
The details of monthly highest & lowest quotations of the Equity Shares (Rs.100/- each) of the Company at the Bombay Stock Exchange Limited.

| Months | Quotation at Bombay Stock Exchange Ltd. | |
|---|---|---|
| | High (Rs.) | Low (Rs.) |
| April'2010 | - | - |
| May'2010 | - | - |
| June'2010 | - | - |
| July'2010 | - | - |
| August'2010 | - | - |
| September'2010 | - | - |
| October'2010 | 467.25 | 467.25 |
| November'2010 | 515.1 | 490.6 |
| December'2010 | 657.3 | 540.85 |
| January'2011 | - | - |
| February'2011 | - | - |
| March'2011 | - | - |

(No trade except in the month of October, November and December, 2010)

(viii) **Performance in comparison to broad based indices:**

**Hindoostan Vs BSE Sensex**



**Registrar and Transfer Agent:**

The Company has engaged the services of M/s. Computech Sharecap Ltd., SEBI registered Category-I Registrar as its Share Transfer Agent for both physical and demat segments of Equity Shares of the Company. Shareholders are advised to approach M/s. Computech Sharecap Ltd., for processing the transfers, sub-division, consolidation, splitting of securities, demat and remat request directly to Registrar and Transfer Agent. Shareholders have the option to open their accounts with either National Securities Depository Ltd. (NSDL) or Central Depository Services (India) Ltd. (CDSL) as the Company has entered into agreements with both these depositories.

Computech Sharecap Limited,
147, Mahatma Gandhi Road,
Opp. Jehangir Art Gallery,
Mumbai - 400 023.
Tel: 022 – 22635000/1/2/3/4
Fax: 022 - 22635005
E-mail : helpdesk@computechsharecap.com

**(x) Dematerialisation of Equity Shares:**

The Equity Shares of the Company has been traded in physical as well as in dematerialized form. Nearly 79.01% shares are still held under physical form as on 31.3.2011.

**(xi) Outstanding GDRs/Warrants, Convertible Bonds, Conversion date & likely impact on equity:**

Not Applicable

**(xii) Distribution of Shareholding as on 31st March, 2011:**
(Erstwhile The Sirdar Carbonic Gas Co. Ltd.)

| Group of Shares | No. of Shareholders | No. of shares held | % to Total Shares |
|---|---|---|---|
| 1 to 500 | 170 | 6,643 | 9.41 |
| 501 to 1000 | 5 | 3,723 | 5.27 |
| 1001 to 2000 | 8 | 11,450 | 16.22 |
| 2001 to 3000 | 3 | 10,459 | 14.82 |
| 3001 to 4000 | 5 | 3,723 | 5.27 |
| 4001 to 5000 | 0 | 0 | 0 |
| 5001 to 10000 | 2 | 13,450 | 19.06 |
| 10001 and above | 0 | 0 | 0 |
| **Total** | **198** | **70,584** | **100.00** |

(xiii) **Shareholding Pattern as at 31st March, 2011:**
(Erstwhile The Sirdar Carbonic Gas Co. Ltd.)*

| | No. of Shares held | % |
|---|---|---|
| Promoters | 45,025 | 63.79 |
| Persons acting in concert | -- | -- |
| Banks, Financial institutions, Mutual Funds, Insurance companies | 3,000 | 4.25 |
| Private Corporate Bodies | 3,661 | 5.19 |
| Indian Public | 17,551 | 24.86 |
| NRIs / OCBs | 1,347 | 1.91 |
| **Total** | **70,584** | **100.00** |

* Subsequently the shareholding pattern has been changed on allotment of shares to the shareholders of the erstwhile The Hindoostan Spg. & Wvg. Mills Ltd.

**(xiv) Plant Location:**

Ambarnath Unit : Plot No. B-24, MIDC Industrial Area, Additional Ambarnath – 421 506 Dist : Thane, Maharashtra

Karad Unit : Plot No.D-1, MIDC Industrial Area, Village Taswade, Taluka Karad, Dist. Satara – 415 109

**(xv) Address for correspondence:**

**Registered Office & Head Office:**

Hindoostan Mills Ltd,
`Sir Vithaldas Chambers’,
16, Mumbai Samachar Marg,
Mumbai – 400 001.
Telephone : 2204 0846
Fax No : 2283 3841

(The above report was placed before the Board at its Meeting held on 10th August, 2011 and the same was approved).

## DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT

As provided under Clause 49 of the Listing Agreement, it is hereby declared that an affirmation with respect to compliance with the Code of Conduct of the Company from all the Board members and Senior Management personnel of the Company will be taken for the financial year 2011-2012.

Place : Mumbai
Dated : 10th August, 2011

**HRISHIKESH J. THACKERSEY**
*Executive Director*

**ABHIMANYU J. THACKERSEY**
*Executive Director*

## CEO / CFO CERTIFICATION

We, Hrishikesh J. Thackersey, Abhimanyu J. Thackersey, Executive Directors and Ms. Heena Shah, Chief Finance Officer of the Company, to the best of our knowledge and belief, certify that:

(a) We have reviewed financial statements and the cash flow statements for the period and that to the best of our knowledge 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 existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the period which are fraudulent, illegal or violative of the Company's Code of Conduct.

(c) We have reviewed the internal controls and procedures, and to the best of our knowledge and information, we affirm that the Company has adequate internal controls and procedures.

(d) Based on our knowledge and information:

  (i) there have been no changes in the accounting policies during the period;

  (ii) no significant changes in internal controls during the period; and

  (iii) there have been no instances of significant fraud during the period, which has come to the knowledge of the management.

**HRISHIKESH J. THACKERSEY**
*Executive Director*

**ABHIMANYU J. THACKERSEY**
*Executive Director*

Place : Mumbai
Dated : 10th August, 2011

**HEENA SHAH**
*Chief Finance Officer*

## AUDITORS' CERTIFICATE

To the Members,
**Hindoostan Mills Limited**

We have examined the compliance of condition of Corporate Governance by **Hindoostan Mills Limited** for the year ended on March 31,2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Bombay Stock Exchange.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned 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 H. N. Motiwalla & Co.,**
Chartered Accountants
F.R.No. 111949W

H. N. Motiwalla
Partner
M.No. 11423

Mumbai : August 10, 2011

## MANAGEMENT DISCUSSION AND ANALYSIS

### A. BUSINESS SEGMENT – TEXTILES

**Industry Structure & Development**

The Indian textile industry experienced considerable growth during the financial year 2010-11. Domestic demand for cotton textiles grew during the period and the industry at large has benefited from this development.The export market also showed improved trends but remained highly volatile.

However, the market has also been adversely affected by the unprecedented increase in raw material prices. The price of cotton has almost risen by 100% during the year and yarn prices have also witnessed an increase of almost 75-80% which has made it challenging to maintain margins.These conditions have begun to negatively impact the consumption of cotton and search for cheaper replacements has begun.

The domestic market on the whole is expected to grow at a steady pace. Innovation and optimization in technology and manufacturing methods coupled with strong raw material procurement strategies will lead to success of industry players.

**Review and Analysis**

The operational and financial performance of the company has improved in spite of input prices and operational challenges.The demand for superior quality fabric has been good particularly in the domestic market. Continuation of this momentum is a great challenge and stability in prices would play a major role in this area. The company continues to focus on core competencies and strong operational principles to enable its growth.

**Opportunities and Threats**

The continuous increase in the cotton and yarn prices during the financial year 2010-11 seems to have begun moving downwards. This could lead to a slowdown in consumption in the short term and industry wide shift in the supply and demand.The increasing rupee value in the international market could also affect textile exports.

The company has a diversified range of products and continues its efforts towards product development. These efforts should contribute to better margins and reduced exposure to the threats of raw material volatility as well as stiff competition from other players.

**Outlook**

On account of recent amalgamation of the Company, it has plans to upgrade the marketing strategies as well as its manufacturing capabilities. We continue to focus on delivering quality products to our customers with commitment and timeliness. The Company has no interest burden which isan added advantage to the Company to improve the bottom line. Domestic consumption on the whole has a positive outlook at the present time, but will be dictated by the behavior of raw material prices in the near future.

**Risks and Concerns**

The consumer demand could get impacted due to inflationary pressure on the market. Non-availability of quality cotton at reasonable prices throughout the year has disturbed the Indian Textile Industry. Cost competitiveness in the international market could be crucial. Sudden change in government policies such as change in the interest rates, price inflation, quotas and limitations on quantity of cotton and yarn etc. could affect the growth rate of the Company.

**Internal Control Systems and their Adequacy**

The company has adequate Internal Control Systems to ensure that all its assets are properly safeguarded. The systems and procedures of the Company are designed to ensure proper internal controls to give true and accurate information to the management. The management continuously reviews the Internal Control Systems and procedures to ensure smooth and efficient conduct of business. Internal audits are being conducted by an independent firm of Chartered Accountants. Various economic measures and improvements in certain areas suggested by Internal Auditors are also discussed from time to time in the Audit Committee Meetings for all round improvement in the working of the Company. The Internal Auditors periodically interact with Audit Committee of the Board of Directors of the Company to discuss various internal control issues.

### B. BUSINESS SEGMENT – ROLL MANUFACTURING

**Industry Structure and Development**

The roll manufacturing industry continues to be a niche industry that is served by four competitors. Our company maintains its position as the premium roll supplier, offering a better quality product and commanding a premium price. The demand for rolls depends largely on the nature of operations of our customers, namely, textile processing units and paper mills. Investment by our customers in increased capacity will increase the demand for our products, while poor market conditions and temporary shutdowns will reduce demand. A large portion of our customers are from the unorganized sector and certain areas of the country are known to be very price sensitive, while others are willing to purchase a quality product. Raw materials for the company include steel, cotton hard waste, special paper, non-woven materials, and plastic sleeves. The business requires a high level of after-sales service and therefore requires a well trained sales and service team. There have not been any major structural developments affecting the industry in the last year.

**Opportunities and Threats**

As the company is dependent on the textile processing and paper industries for demand, the industry downturn in the last quarter may pose a threat for the company in the coming financial year. On the other side, the company's foray into manufacturing rolls for the steel and automotive industry is an area of opportunity. Successful trials in this segment may lead to further demand from existing and new customers.

**Segmental Review and Analysis**

The past year was a good one for the company in which it posted record sales and profits. The capital expenditure by textile processing units, and increased use of calendar machines, resulted in a good demand for new rolls, which increased sales and profits. Towards the end of the year, increased raw material prices, especially of cotton hard waste, led to a reduction in margins. Due to stiff competition in this market, it was difficult to pass on all the increased costs to customers. We have had difficult relations with labour at the factory, and this resulted in some disruptions over the course of the year.

**Risks and Concerns**

The company is subjected to limited availability of a primary raw material, fine count cotton hard waste, which is a waste product of spinning mills. For imported raw materials where there are no local substitutes, suppliers may pass on increased costs and this may reduce our margins.

**Outlook**

The outlook of the company is largely dependent on the state of the textile and paper processing industries. As the company establishes itself in the steel and automotive industries, the potential for growth is substantial.

**Human Resources / industrial relations**

The Company had around 350 employees as on 31st March, 2011. Occupational health, safety and environment were given due importance through training and awareness programmes. Measures for safety of employees, their training, welfare and development, attracting and retaining talent continued to receive top priority. Functional trainings for plant employees at Karad were undertaken during the period towards competency building.

**Cautionary Statement**

The statements made in this report on Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include availability of raw materials and their prices and domestic and global demand and supply conditions, changes in Government regulations and tax policies, economic developments within India and so many other incidental and relevant factors.

The Company assumes no responsibility in respect of the forward looking statements herein, which may undergo changes in future on the basis of subsequent developments, information or events.

## AUDITOR'S REPORT

**The Shareholders of**
Hindoostan Mills Limited
Mumbai

1. We have audited the attached consolidated balance sheet of Hindoostan Mills Ltd. (erstwhile The Sirdar Carbonic Gas Company Ltd), as at March 31,2011, and also the consolidated profit and loss account and the consolidated 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 have 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 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 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, on the basis of such checks of the books and records of the Company as we considered appropriate and the information and explanations given to us during the course of our audit.

4. Further we report that:

   a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper Books of Account as required by law, have been kept by the Company so far as appears from our examination of the Books of Account.

   c) The Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the Books of Account.

   d) In our opinion, the Profit & Loss Account and the Balance Sheet of the Company comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956.

   e) On the basis of written representations received from the Directors 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 under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

   f) In our opinion and to the best of our information and according to the explanations given to us, the accounts, read together with the notes, particularly note no 1 of schedule 18 thereto, in respect of amalgamation of The Hindoostan Spg. & Wvg. Mills Limited with the Company w.e.f. 01-04-2010 as per the Order of Hon'ble High Court of Bombay dated 1st April, 2011, whose financial statements and information along with its subsidiary viz. Hindoostan Technical Fabrics Limited has been audited by M/s. M. A. Parikh & Co., Chartered Accountants give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view.

      i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011

      ii) In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and

      iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For H. N. Motiwalla & Co.**
Chartered Accountants
(F. R. No. 111949W)

**H. N. Motiwalla**
Partner
(M. No. 11423)

Place: Mumbai

Date: August 10, 2011

## ANNEXURE TO THE AUDITORS' REPORT*

*(*Referred to our Report of even date on the accounts of Hindoostan Mills Ltd. for the year ended March 31, 2011)*

1. (a) The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets

   (b) As explained to us, fixed assets have been physically verified by the management during the year, no material discrepancies were noticed on such verification.

   (c) During the year, the company has not disposed off a substantial part of the fixed assets.

2. (a) The inventories have been physically verified by the management during the year. In our opinion, the frequency of physical verification is reasonable, except cloth lying with third party processors, for which confirmation has been obtained

   (b) In our opinion, 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. Discrepancies noticed on physical verification of stocks as compared to book records have been properly dealt with in the books of account.

3. (a) According to information and explanations given to us, erstwhile The Hindoostan Spg. & Wvg. Mills Ltd. has granted interest free unsecured loan repayable on demand to its Subsidiary Company which is covered in the register maintained under section 301 of the Companies Act, 1956 amounting to Rs.239.70 lakhs. The maximum amount involved during the year and the outstanding balance of such loan as at the year ended is Rs.239.70 lakhs and Rs.222.78 lakhs respectively.

   (b) The rate of interest and other terms and conditions of such unsecured loans, in our opinion, are not prima facie prejudicial to the interest of the Company.

   (c) Since the loan is interest free and repayable on demand, the question of its regular payment of principal and interest does not arise.

   (d) Since the loan is interest free and repayable on demand, the question of their overdue amounts being more than Rs.1 lakh, does not arise and hence clause 4(iii)(d) of the Order is not applicable.

   (e) The company has not taken any unsecured loan repayable on demand from any party covered in the register maintained under section 301 of the Act and hence, clause 4(iii)(e) of the Order is not applicable.

4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchases of inventory, fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in system of internal control.

5. (a) In our opinion and according to the information and explanations given to us, transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.

   (b) According to the information and explanations given to us, that the transactions made with party in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, exceeding in aggregating the value of rupees five lakhs during the year have been made at price which are reasonable having regard to prevailing market price of such goods, material and services.

6. According to the information and explanations given to us, the company has not accepted any deposit from the public as defined under the provisions of section 58A and 58AA of the Companies Act, 1956.

7. The Company's Internal audit system needs to be strengthened.

8. We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the 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 made and maintained.

9. (a) According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Service tax, Custom Duty, Excise duty, cess and any other statutory dues have generally been deposited on time during the year with the appropriate authorities. There are no arrears of the aforesaid dues as on the date of the Balance Sheet outstanding for more than six months from the date they became payable.

(b) According to the records of the Company, and according to information and explanations given to us the dues of Income-tax/Sales- tax/Wealth-tax/Service-tax/ Custom-duty/ Excise-duty/Cess which have not been deposited on account of any disputes are as under:

| Sr No | Name of the Statute | Nature of Dues | Amount (Rs. In lakhs) | Forum where dispute is pending |
|---|---|---|---|---|
| 1. | Maharashtra Sales tax on the transfer of property in goods involved in the execution of the work contract (Reenacted) Act, 1989 | Sales-tax on work contract (1991-92 to 2000-01) | 39.64 | Deputy Commissioner of Sales-tax (Appeal)-I |
| 2. | Maharashtra Sales tax & Central Sales tax Act. | Sales tax & Central Sales tax (2000-01 to 2004-05) | 74.97 | Deputy Commissioner of Sales-tax (Appeal)-I |
| 3 | Income tax | Income tax (Asst. Yr. 2007-08) | 3.12 | Income tax Appellate Tribunal |
| 4. | Income tax | Income tax (Asst. Yr. 1993-94) | 50.34 | Income tax Appellate Tribunal |
| 5. | Central Excise Act | Excise Duty (1977-02) | 38.04<br>2.49 | Asst./DC/ of Central Excise<br>JC of Central Excise |
| 6. | Central Excise Act | Excise Duty (2000-03) | 39.11 | Commissioner of (Appeals), Central Excise |
| 7 | Central Excise Act | Excise Duty (1996-03) | 71.07 | CEGAT |
| 8. | Central Excise Act | Excise Duty (1994-99) | 29.73 | Supreme Court |

10. The Company has no accumulated losses at the end of the current financial year The company has not incurred cash losses during the financial year and in immediately preceding financial year.

11. According to the records of the company and as per the information and explanations given to us there was no default in repayment of dues to a financial institution or bank.

12. According to the records of the company and as per the information and explanations given to us, the Company has not granted loans and advances 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 Company 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. The company is not dealing in shares/ securities and hence provisions of clause 4(xiv) of the order is not applicable.

15. According to the records of the company, and as per the information and explanations given to us the Company has not given guarantees for loans taken by others from banks and financial Institutions.

16. According to the records of the company, and as per the information and explanations given to us, the Company has not taken the term loan and hence provision of clause 4(xvi) of the order is not applicable.

17. According to the records of the company, and as per the information and explanations given to us and on an overall examination of the balance sheet of the Company, it has not raised funds on short-term basis, which have been used for long term investments.

18. According to the records of the company, and as per the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.

19. According to the records of the company, and as per the information and explanations given to us the Company has no debenture outstanding as at the year-end. Therefore the question of creating a security for the same does not arise.

20. The Company has not raised any money by public issue during the year covered by our report.

21. According to the records of the company, and as per the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

## BALANCE SHEET AS AT 31ST MARCH, 2011

| | | Schedule No. | Rs. in Lac | Current Year Rs. in Lac | Previous Year Rs. in Lac |
|---|---|---|---|---|---|
| **I** | **SOURCES OF FUNDS:** | | | | |
| | **1. SHAREHOLDERS' FUNDS:** | | | | |
| | a) Share Capital | 1 | 166.45 | | 70.58 |
| | b) Reserves and Surplus | 2 | 9,259.77 | | 2,364.78 |
| | | | | **9,426.22** | 2,435.36 |
| | **2. DEFERRED TAX LIABILITY (NET)** | | | **-** | 62.05 |
| | **TOTAL** | | | **9426.22** | 2,497.41 |
| **II** | **APPLICATION OF FUNDS:** | | | | |
| | **1. FIXED ASSETS** | 3 | | | |
| | a) Gross Block | | 11,512.03 | | 1,101.98 |
| | b) Depreciation | | 8,738.04 | | 667.80 |
| | c) Net Block | | 2,773.99 | | 434.18 |
| | d) Capital work in progress | | 343.72 | | - |
| | | | | **3,117.71** | 434.18 |
| | **2. INVESTMENTS** | 4 | | **1,171.20** | 2,036.22 |
| | **3. DEFERRED TAX ASSETS** | | | **1.49** | - |
| | **4. CURRENT ASSETS, LOANS AND ADVANCES** | | | | |
| | a) Inventories | 5 | 2,093.22 | | 96.30 |
| | b) Sundry Debtors | 6 | 1,389.44 | | 3.24 |
| | c) Cash and Bank Balances | 7 | 1,493.92 | | 77.44 |
| | d) Loans and Advances | 8 | 1,765.34 | | 168.90 |
| | | | 6,741.92 | | 345.88 |
| | **Less: CURRENT LIABILITIES AND PROVISIONS** | | | | |
| | a) Current Liabilities | 9 | 1,249.73 | | 243.69 |
| | b) Provisions | 10 | 356.37 | | 75.18 |
| | | | 1,606.10 | | 318.87 |
| | **NET CURRENT ASSETS** | | | **5,135.82** | 27.01 |
| | **TOTAL** | | | **9426.22** | 2,497.41 |
| Accounting Policies and Notes forming part of Accounts | | 18 | | | |

As per our attached Report of even date

**For H. N. Motiwalla & CO.**
*Chartered Accountants*
*Firm Registration No. 111949W*

**H. N. Motiwalla**
*Partner*

Mumbai, Dated: 10th August, 2011

For and on behalf of the Board

**Sudhir Thackersey**
*Chairman*

**A. J. Thackersey**
*Executive Director*

Mumbai, Dated: 10th August, 2011

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

| | Schedule No. | Rs. in Lac | **Current Year Rs. in Lac** | Previous Year Rs. in Lac |
|---|---|---|---|---|
| **INCOME:** | | | | |
| Sales | 11 | | **9,636.98** | 613.94 |
| Compensation from rendering Business Centre Services [Including tax deducted at source Rs.3.57 lac (Previous Year: Rs.19.06 lac)] | | | **35.71** | 116.74 |
| Other Income | 12 | | **970.61** | 175.67 |
| Increase / (Decrease) in Stocks | 13 | | **201.89** | (16.10) |
| | | | **10,845.19** | 890.25 |
| **EXPENDITURE:** | | | | |
| Manufacturing and Other Expenses | 14 | 8,035.25 | | 351.26 |
| Staff Costs | 15 | 630.67 | | 158.89 |
| Administrative and Selling Expenses | 16 | 1,001.03 | | 162.91 |
| Interest | 17 | — | | 7.23 |
| Depreciation / Amortisation | | 196.21 | | 53.40 |
| | | | **9,863.16** | 733.69 |
| **PROFIT BEFORE TAXATION** | | | **982.03** | 156.56 |
| **Less: Provision for Taxation** | | | | |
| Current | | | **188.90** | 37.00 |
| Deferred ( Assets ) / Liabilities | | | **(1.49)** | (9.74) |
| **PROFIT AFTER TAXATION** | | | **794.62** | 129.30 |
| Add: Excess / (Short) Provision of Earlier Year | | | **62.05** | (2.03) |
| Add: Provision of Doubtful Debts Written Back | | | — | 18.45 |
| **PROFIT AFTER TAX** | | | **856.67** | 145.72 |
| Balance brought forward from Previous Year | | | **90.00** | 90.00 |
| **AMOUNT AVAILABLE FOR APPROPRIATION** | | | **946.67** | 235.72 |
| **APPROPRIATIONS:** | | | | |
| Add: Profit transfered pursuant to the Scheme of Amalgamation | | | **44.65** | 91.11 |
| Less: Proposed Dividend | | | **166.45** | 35.29 |
| Tax on Proposed Dividend | | | **27.00** | 5.86 |
| Transfer to General Reserve | | | **85.00** | 195.68 |
| **Balance Carried to Balance Sheet** | | | **712.87** | 90.00 |
| **Earning Per Share** (Refer Note No.15 in Schedule 18) | | | | |
| Basic / Diluted Earning per Share | | | **47.74** | 183.19 |
| Nominal Value of Share | | | **10** | 100 |
| Accounting Policies and Notes forming part of Accounts | 18 | | | |

As per our attached Report of even date

**For H. N. Motiwalla & CO.**
*Chartered Accountants*
*Firm Registration No. 111949W*

**H. N. Motiwalla**
*Partner*

Mumbai, Dated: 10th August, 2011

For and on behalf of the Board

**Sudhir Thackersey**
*Chairman*

**A. J. Thackersey**
*Executive Director*

Mumbai, Dated: 10th August, 2011

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

| | | Rs. in Lac | Current Year Rs. in Lac | Previous Year Rs. in Lac |
|---|---|---|---|---|
| A. | **Cashflow From Operating Activities** | | | |
| | Net Profit before Taxation | | **982.03** | 156.56 |
| | **Adjustment for :** | | | |
| | Depreciation | 196.21 | | 53.40 |
| | Prior period adjustment | — | | 16.42 |
| | Inventory written down during the year | 499.00 | | |
| | Dividend income (Incl.Subsidiaries) | — | | 3.61 |
| | Interest expense | — | | 7.23 |
| | Loss on sale of Fixed Assets (Net) | 5.14 | | (0.14) |
| | Dimunition in value of Investment | 14.63 | | — |
| | Profit on sale of Investment (Net) | (552.59) | | (52.83) |
| | Sundry credit balance / excess provision written back | (1.51) | | (12.82) |
| | Bad Debts and Debit balances written off | 5.68 | | 4.21 |
| | Interest income (Incl.Subsidiary) | (85.72) | | (10.64) |
| | Provision for doubtful debts no longer required | (6.02) | | |
| | Dividend income | (96.46) | | (52.92) |
| | | | **(21.64)** | (44.48) |
| | | | **960.39** | 112.08 |
| | Operating Profit before working Capital Changes | | | |
| | Changes in : | | | |
| | Inventories | (927.59) | | 50.17 |
| | Trade and other receivables | (969.43) | | 53.80 |
| | Trade and other payable | 150.58 | | 23.92 |
| | Provisions (Excluding Income tax) | 733.58 | | 10.90 |
| | | | **(1,012.86)** | 138.79 |
| | Cash generated from Operations | | **(1,034.50)** | 250.87 |
| | Direct Taxed paid (Net of Refunds) | | **(255.69)** | (44.60) |
| | Net Cash From Operating Activities | | **(1,290.19)** | 206.27 |
| B. | **Cashflow from Investing Activities :** | | | |
| | Purchase of Fixed Assets | (1,834.89) | | (18.64) |
| | Sale of Fixed Assets | 4.85 | | 19.01 |
| | Interest received | 85.72 | | 10.34 |
| | Dividend received | 96.46 | | 39.69 |
| | Investment purchased and sold (Net) | 3,332.94 | | (11.65) |
| | Net cash used in Investing Activities | | **1,685.08** | 38.75 |

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011. (*Contd.*)

| | | Rs. in Lac | **Current Year Rs. in Lac** | Previous Year Rs. in Lac |
|---|---|---|---|---|
| C. | **Cashflow from Financing Activities** | | | |
| | Dividend paid | (41.03) | | (28.99) |
| | Interest paid | — | | (8.18) |
| | Repayment of long term borrowings (Net) | — | | (166.39) |
| | Net cash used in financing activities | | **(41.03)** | (203.56) |
| | Net Increase in cash and cash equivalents | | **353.86** | 41.46 |
| | Cash and Cash equivalents at the beginning of the year | | **77.44** | 29.98 |
| | Cash and Cash equivalents at the beginning of the year -transferor Company | | **1062.62** | 6.00 |
| | Cash and Cash equivalents at the end of the year | | **1493.92** | 77.44 |

Notes :

1 Cash and Cash equivalents denote cash and bank balances at the year end.

2 Direct Taxes paid (Net of refunds) is treated as arising from operating activities and is not bifurcated between investing and financing activities.

3 Previous year's figures have been regrouped whereever necessary.

As per our attached Report of even date

**For H. N. Motiwalla & CO.**
*Chartered Accountants*
*Firm Registration No. 111949W*

**H. N. Motiwalla**
*Partner*

Mumbai, Dated: 10th August, 2011

For and on behalf of the Board

**Sudhir Thackersey**
*Chairman*

**A. J. Thackersey**
*Executive Director*

Mumbai, Dated: 10th August, 2011

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

| | Rs. in Lac | Current Year Rs. in Lac | Previous Year Rs. in Lac |
|---|---|---|---|
| **SCHEDULE ' 1 '** | | | |
| **SHARE CAPITAL** | | | |
| **Authorised:** | | | |
| 2,27,67,500 (Previous Year 2,53,000 of Rs.100 each) Equity Shares of Rs.10/- each | | **2,276.75** | 253.00 |
| 2,500 (Previous Year 2,500) 5 % Redeemable Cumulative "A" Preference Shares of Rs.10/-each | | **0.25** | 0.25 |
| 7,80,000 (Previous Year 7,80,000) 15 % Non Convertible Redeemable Non Cumulative Preference Shares of Rs.10/-each | | **78.00** | 78.00 |
| 1,00,00,000 (Previous Year Nil) Preference Shares of Rs.10/-each | | **1,000.00** | - |
| Nil (Previous Year 2,37,500) Unclassified Shares of Rs.10/- each | | **-** | 23.75 |
| **TOTAL** | | **3,355.00** | 355.00 |
| **Issued and Subscribed** | | | |
| 16,64,548 (Previous Year 70,584 of Rs.100) Equity Shares of Rs. 10 each fully paid up. | | **166.45** | 70.58 |
| Out of above 9,58,708 shares of Rs.10 each are alloted on 27th June, 2011 as fully paid up without payment being received in cash pursuant to the Scheme of Amalgamation Sanctioned by the Order of the High Court of Bombay dated 1st April, 2011. | | | |
| **TOTAL** | | **166.45** | 70.58 |

| | Rs. in Lac | Current Year Rs. in Lac | Previous Year Rs. in Lac |
|---|---|---|---|
| **SCHEDULE ' 2 '** | | | |
| **RESERVES AND SURPLUS** | | | |
| Capital Reserve | 0.10 | | 0.10 |
| Add: Adjustment on Amalgamation | 1,076.01 | | — |
| (Refer Note No.1 (b) of Schedule18) | | **1,076.11** | 0.10 |
| Share Premium | 95.00 | | 95.00 |
| Add: Transferred on Amalgamation | 492.78 | | — |
| | | **587.78** | 95.00 |
| Capital Redemption Reserve | 62.63 | | 62.63 |
| Add:Transferred on Amalgamation | 21.00 | | — |
| | | **83.63** | 62.63 |
| Reserve under Sec45-I C of Reserve Bank of India Act | | **48.47** | 48.47 |
| General Reserve: | | | |
| As Per last Balance Sheet | 2,068.58 | | 1,863.77 |
| Add: Transferred on Amalgamation | — | | 3.33 |
| Add: Transferred on Amalgamation | 4,597.33 | | — |
| Add: Adjustment on Amalgamation | — | | 2.19 |
| Add: Adjustment on Amalgamation | — | | 3.61 |
| Add: Transferred from Profit and Loss Account | 85.00 | | 195.68 |
| | | **6,750.91** | 2,068.58 |
| Balance in Profit and Loss Account | | **712.87** | 90.00 |
| **TOTAL** | | **9,259.77** | 2,364.78 |

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

**SCHEDULE ' 3 '**

**FIXED ASSETS (At Cost Less Depreciation)**

Rs. in Lac

| Description | GROSS BLOCK | | | | | DEPRECIATION | | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at 1/4/2010 | Additions on Amalgamation | Additions during the year | Deductions during the year | As at 31/03/2011 | Upto 1/4/2010 | Additions on Amalgamation | Provided during the year | Deductions during the year | Upto 31/03/2011 | As at 31/03/2011 | As at 31/03/2010 |
| Freehold Land | — | 5.90 | — | — | **5.90** | — | — | — | — | — | 5.90 | - |
| Leasehold Land and Buildings * | 51.95 | 73.02 | — | — | **124.97** | 9.41 | 11.61 | 1.23 | — | 22.25 | 102.72 | 42.54 |
| Buildings | 202.10 | 1,423.31 | — | — | **1,625.41** | 94.38 | 981.49 | 41.02 | — | 1,116.89 | 508.52 | 107.72 |
| Plant and Machinery | 729.26 | 7,294.44 | 1,344.62 | 185.30 | **9,183.02** | 495.89 | 6,822.06 | 114.84 | 176.03 | 7,256.76 | 1,926.26 | 233.37 |
| Electrical Installations | 45.16 | 237.45 | 3.84 | — | **286.45** | 29.81 | 190.65 | 8.71 | — | 229.17 | 57.28 | 15.35 |
| Furniture, Fittings and Equipments | 26.80 | 40.78 | 37.32 | — | **104.90** | 20.13 | 24.94 | 10.76 | — | 55.83 | 49.07 | 6.67 |
| Motor Vehicles | 46.71 | 4.51 | 91.10 | 3.91 | **138.41** | 18.18 | 0.40 | 15.11 | 3.20 | 30.49 | 107.92 | 28.53 |
| Air Conditioner | — | 5.19 | 7.08 | — | **12.27** | — | 2.83 | 1.10 | — | 3.93 | 8.34 | — |
| Computer | — | 22.84 | 7.86 | — | **30.70** | — | 19.28 | 3.44 | — | 22.72 | 7.98 | — |
| **Total** | **1,101.98** | **9,107.44** | **1,491.82** | **189.21** | **11,512.03** | **667.80** | **8,053.26** | **196.21** | **179.23** | **8,738.04** | **2,773.99** | **434.18** |
| **Previous Year** | (1,122.37) | — | (18.64) | (39.03) | **(1,101.98)** | (634.57) | - | (53.40) | (20.16) | (667.80) | (434.18) | |

* Amount amortised in respect of Leasehold land for the expired period of lease.

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

### SCHEDULE '4'

### INVESTMENTS

| | Rs. in Lac | **Current Year Rs. in Lac** | Previous Year Rs. in Lac |
|---|---|---|---|
| **Long Term Investment** | | | |
| **A Non Trade Investments** | | | |
| **Quoted:** | | | |
| (a) Nil (P.Y.47,70,744) Equity shares of Rs.10/- each fully paid up in The Hindoostan Spinning & Weaving Mills Ltd. | - | | 522.23 |
| (b) 12,300 (P.Y.12,300) Equity shares of Rs.10/- fully paid in Bank of India | 5.54 | | 5.54 |
| (c) 60 (P.Y.60) Equity shares of Rs.2/- each fully paid up in Siemens Ltd. | 0.01 | | 0.01 |
| Government Securities: | | | |
| 3% Conversion loan of the face value of Rs.1000 each (Deposited with Central Excise) | 0.01 | | 0.01 |
| | | **5.56** | 527.79 |
| **Unquoted:** | | | |
| Other companies: (fully paid-up) | | | |
| (a) Equity Shares of Rs.10 each | | | |
| Nil ( P.Y. 3,50,000) Equity Shares of Lexicon Finance Ltd. | - | | 35.00 |
| | - | | 35.00 |
| (b) Preference Shares of Rs.10 each | | | |
| (a) 13,334 ( P.Y.13,334) Shares of Bhishma Realty Limited | 1.33 | | 1.33 |
| (b) 13,333 (P.Y.13,333)Shares of Capricon Realty Limited | 1.33 | | 1.33 |
| | 2.66 | | 2.66 |
| (c ) In Equity Shares (Fully Paid): | | | |
| Yeshwant Sahakari Sakhar Karkhana Ltd. | | | |
| 42 (P.Y.42 ) Shares of Rs.5,000/- each | 2.10 | | - |
| Less : Provision for diminution in value | 2.10 | | - |
| | - | | - |
| | | **2.66** | 37.66 |
| **B. Immovable Property:** | | | |
| 5/8 th Share in Bruce Street Property at cost ( P.Y. 1/8th Share) | | **35.34** | 0.30 |

**SCHEDULE '4' (Cont..)**

| | | | | **Current Year** | Previous Year |
|---|---|---|---|---|---|
| | | | Rs. in Lac | **Rs. in Lac** | Rs. in Lac |
| **Current Investments** | | | | | |
| **A. In Units (Unquoted ):** | | | | | |
| - | (P.Y. : 97,560.975) | BIRLA SUN LIFE INT. EQUITY FUND | - | | 10.00 |
| 175,267.443 | (P.Y. : 166,137.165) | BIRLA SUN LIFE SAVINGS FUND INSTL. | 17.54 | | 16.63 |
| - | (P.Y. : 529,041.078) | BIRLA SUN LIFE SHORT TERM FUND | - | | 53.88 |
| - | (P.Y. : 159,0439.103) | BIRLA SUN LIFE MIP II - SAVINGS 5 PLAN | - | | 180.00 |
| 43,019.4491 | (P.Y. : Nil ) | BIRLA SUN LIFE CASH MANAGEMENT -GROWTH | 10.00 | | - |
| - | (P.Y. : 2,33,396.184) | DSP BLACKROCK BALANCED FUND | - | | 60.00 |
| - | (P.Y. : 84,889.643) | DSP BLACKROCK TOP 100 EQUITY FUND | - | | 25.00 |
| 121,511.532 | (P.Y. : 121,511.532) | DSP BLACKROCK WORLD GOLD FUND | 17.13 | | 17.12 |
| - | (P.Y. : 48,899.756) | FRANKLIN ASIAN EQUITY FUND | - | | 5.00 |
| - | (P.Y. : 1,53,518.148) | FRANKLIN TEMPLETON INDIA BALANCE FUND | - | | 45.00 |
| - | (P.Y. : 98,118.280) | FRANKLIN TEMPLETON INDIA INDEX FUND NIFTY PLAN | - | | 45.00 |
| 197,201.374 | (P.Y. : 1,97,201.374) | HDFC PRUDENCE FUND | 75.00 | | 75.00 |
| - | (P.Y. : 1,097,355.374) | HDFC CASH MANAGEMENT FUND | - | | 110.00 |
| 4,039,488.547 | (P.Y. : Nil ) | HDFC CASH MANAGEMENT FUND TAP DAILY DIVIDEND | 405.22 | | - |
| 1,277,268.028 | (P.Y. : 811384.27) | HDFC CASH MANAGEMENT FUND - TAP | 138.89 | | 82.83 |
| - | (P.Y. : 50,000.000) | LICMF TOP HUNDERED FUND | - | | 5.00 |
| - | (P.Y. : 3,096,337.806) | LICMF SAVING PLUS FUND | - | | 310.34 |
| 292.810 | (P.Y. : 292.810) | RELIANCE LIQUID PLUS FUND | 2.94 | | 2.94 |
| - | (P.Y. : 622,254.655) | RELIANCE MF MONTHLY INCOME PLAN | - | | 70.00 |
| 178,103.290 | (P.Y. : 168,632.587) | RELIANCE QUARTERLY INTERVAL FUND | 17.81 | | 16.87 |
| - | (P.Y. : 50,000.000) | SUNDARAM BNP PARIBAS ENERGY OPPORTUNITIES FUND | - | | 5.00 |
| 27,657.621 | (P.Y. : 27,657.621) | STANDARD CHARTERED PREMIER EQUITY FUND | 5.00 | | 5.00 |
| - | (P.Y. : 100,000.000) | TATA INDO- GLOBAL INFRASTRUCTURE FUND | - | | 10.00 |
| - | (P.Y. : 50,000.000) | UTI - INFRASTRUCTURE ADVANTAGE FUND | - | | 5.00 |
| | | | | **689.53** | 1,155.61 |

**SCHEDULE '4' (Cont..)**

| | | | Rs. in Lac | **Current Year Rs. in Lac** | Previous Year Rs. in Lac |
|---|---|---|---|---|---|
| **B.** | **In Equity Shares(Quoted):** | | | | |
| 550 | (P.Y. : 550) | LARSEN & TOUBRO LTD | 9.74 | | 9.74 |
| 3 | (P.Y. : Nil) | AGRO TECH FOODS LTD. | 0.01 | | - |
| 314 | (P.Y. : 274) | AXIS BANK LTD. | 3.21 | | 2.73 |
| 379 | (P.Y. : 379) | FULFORD INDIA LTD. | 2.46 | | 2.46 |
| 700 | (P.Y. : Nil) | GUJARAT GAS CO. LTD. | 1.96 | | - |
| 467 | (P.Y. : 467) | ICRA LTD. | 3.70 | | 3.70 |
| 2,144 | (P.Y. : 2,144) | INDRAPRASTHA GAS LTD. | 3.50 | | 3.50 |
| 59,327 | (P.Y. : 7,182) | IL & FS INVESTMENT MANAGERS LTD. | 26.64 | | 3.24 |
| 4,192 | (P.Y. : 1,238) | MAHARASHTRA SCOOTER LTD. | 14.43 | | 2.19 |
| - | (P.Y. : 226) | MONTSANTO INDIA LTD. | - | | 3.52 |
| 2,668 | (P.Y. : 426) | MPHASIS LTD. | 16.47 | | 2.99 |
| 214 | (P.Y. : Nil) | NESCO LTD. | 1.19 | | - |
| 56,906 | (P.Y. : Nil) | NOIDA TOLL BRIDGE LTD | 17.92 | | - |
| 532 | (P.Y. : 532) | NOVARTIS INDIA LTD. | 2.78 | | 2.78 |
| 11,662 | (P.Y. : 5,210) | PETRONET LNG LTD | 8.87 | | 3.87 |
| 3,718 | (P.Y. : Nil) | PIRAMAL HEALTH CARE LTD. | 18.09 | | - |
| - | (P.Y. : 7,249) | SONATA SOFWARE LTD. | - | | 2.67 |
| 14,000 | (P.Y. : Nil) | STANDARD CHARTERED PLC (IDR) | 16.84 | | - |
| 354 | (P.Y. : 354) | WYETH LTD. | 2.48 | | 2.48 |
| 393 | (P.Y. : Nil) | ZENOTECH LAB LTD | 0.45 | | - |
| 2,458 | (P.Y. : 2,458) | ZICOM ELECTRONIC SECURITY SYSTEMS LTD. | 3.23 | | 3.23 |
| - | (P.Y. : 3,500) | CASTROL INDIA LTD | - | | 24.50 |
| 2,200 | (P.Y. : 2,200) | BENCHMARK GOLDEES | 34.62 | | 34.62 |
| | | | 188.59 | | 108.22 |
| | Less : Provision for diminution in value of Investment | | 14.63 | | - |
| | | | | **173.96** | 108.22 |
| **C.** | **In Debentures:** | | | | |
| 1 | (P.Y. : 1) | ABK CONCULTANTS PVT. LTD. | 10.40 | | 106.02 |
| 250 | (P.Y. : Nil) | NIFTY LINKED SERIES 2010/C | 253.75 | | - |
| - | (P.Y. :9,000) | L & T FINANCE LTD. | - | | 100.62 |
| | | | | **264.15** | 206.64 |
| | | **TOTAL** | | **1,171.20** | 2,036.22 |

Notes:

| | | Current Year | Previous Year |
|---|---|---|---|
| 1. | Aggregate Value of Quoted Investment | **443.67** | 842.65 |
| 2. | Market Value of Quoted Investment | **489.38** | 1,467.26 |
| 3. | Aggregate Value of Unquoted Investment including immovable property | **732.53** | 1,193.58 |

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

### SCHEDULE ' 5 '
### INVENTORIES
**(Taken, valued and certified by the Management of the Company)**
**(At lower of Cost or Net Realisable Value)**

| | | Rs. in Lac | **Current Year Rs. in Lac** | Previous Year Rs. in Lac |
|---|---|---|---|---|
| 1) | Packing Materials and Stores | | **123.79** | 4.90 |
| 2) | Tools and Implements | | **1.40** | 0.75 |
| 3) | Stock in trade: | | | |
| | (a) Raw Materials | 1,294.47 | | 89.51 |
| | (b) Finished Goods | 378.92 | | 0.59 |
| | (c) Work-in-Process | 293.64 | | 0.55 |
| | | | **1,967.03** | 90.65 |
| 4) | Property under development | 500.00 | | - |
| | Less : written down during the year | 499.00 | | - |
| | (Refer Note No.7 of Schedule 18 ) | | **1.00** | - |
| | **TOTAL** | | **2,093.22** | 96.30 |

### SCHEDULE ' 6 '
### SUNDRY DEBTORS

| | | Rs. in Lac | **Current Year Rs. in Lac** | Previous Year Rs. in Lac |
|---|---|---|---|---|
| **1)** | **Debts outstanding for a period exceeding six months:** | | | |
| | Considered Good | 20.99 | | 0.55 |
| | Considered Doubtful | 0.26 | | - |
| | | 21.25 | | 0.55 |
| 2) | Other Debts | | | |
| | Considered Good | 1,368.45 | | 2.69 |
| | | 1,389.70 | | 3.24 |
| | Less: Provision for Doubtful Debts | 0.26 | | - |
| | | | **1,389.44** | 3.24 |
| | **TOTAL** | | **1,389.44** | 3.24 |

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

| | Rs. in Lac | Current Year Rs. in Lac | Previous Year Rs. in Lac |
|---|---|---|---|
| **SCHEDULE ' 7 '** | | | |
| **CASH AND BANK BALANCES** | | | |
| **1) Cash on hand** | | **13.21** | 3.94 |
| **(Includes cheques on hand Rs.1.77 lakhs) ( P.Y. Nil)** | | | |
| **2) Bank Balances** | | | |
| **With Scheduled Banks** | | | |
| (i) Current Accounts (Includes Rs. 1.16 lacs in respect of Employees security Deposit Account.) ( P.Y.Nil) | | **132.40** | 42.13 |
| (ii) Short Term Deposit Accounts (includes Rs. 5 lac for Margin money for export bills, Rs.1296 lacs in respect of margin money for LC for Capital Goods and Rs.7.73 lacs as lien for issuing Bank Guarantee) (P.Y. Nil) | | **1,348.31** | 31.37 |
| (Rs.5.06 lac as lien for issuing Bank Guarantee for Hindoostan Technical Fabrics Ltd.) (P.Y.Nil) | | | |
| **TOTAL** | | **1,493.92** | 77.44 |

| | Rs. in Lac | Current Year Rs. in Lac | Previous Year Rs. in Lac |
|---|---|---|---|
| **SCHEDULE ' 8 '** | | | |
| **LOANS AND ADVANCES** | | | |
| **Unsecured and Considered Good** | | | |
| 1) Advances recoverable in cash or in kind or for the value to be received | 759.96 | | 59.66 |
| Less : Provision | (48.93) | | - |
| | | **711.03** | 59.66 |
| 2) Advance payment of taxes (net of provisions) | | **1,028.35** | 102.98 |
| 3) Balance with Central Excise Collectorate | | **5.28** | 5.05 |
| 4) Interest accrued but not due on Deposits | | **20.68** | 1.21 |
| **TOTAL** | | **1,765.34** | 168.90 |

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

### SCHEDULE ' 9 '

**CURRENT LIABILITIES**

| | | Rs. in Lac | **Current Year Rs. in Lac** | Previous Year Rs. in Lac |
|---|---|---|---|---|
| 1) | Sundry Creditors (*) | | **859.62** | 84.72 |
| 2) | Deposits received | | **144.70** | 122.97 |
| 3) | Unclaimed Dividend ( ** ) | | **2.20** | 2.08 |
| 4) | Advances from Customers | | **243.21** | 33.92 |
| | **TOTAL** | | **1,249.73** | 243.69 |

* **Refer Note No.8 of Schedule 18**

** **Amount payable to Investor Education and Protection Fund - Rs. Nil**

### SCHEDULE ' 10 '

**PROVISIONS**

| | | **Current Year Rs. in Lac** | Previous Year Rs. in Lac |
|---|---|---|---|
| 1) | Proposed Dividend | **166.45** | 35.29 |
| 2) | Tax on Proposed Dividend | **27.00** | 5.86 |
| 3) | Provision for Gratuity and Leave Encashment | **162.92** | 34.03 |
| | **TOTAL** | **356.37** | 75.18 |

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

| | | Current Year | Previous Year |
|---|---|---|---|
| | Rs. in Lac | Rs. in Lac | Rs. in Lac |
| **SCHEDULE ' 11 '** | | | |
| Sales | | | |
| Manufactured Bowls | 605.16 | | 440.01 |
| Less : Excise Duty paid | 49.38 | | 31.60 |
| | | **555.78** | 408.41 |
| Refiling Charges of Bowls | | **149.06** | 142.33 |
| Sale of Cloth (Including Yarn & Waste) | | **8,932.14** | - |
| **TOTAL** | | **9,636.98** | 613.94 |

### SCHEDULE ' 12 '

### OTHER INCOME

| | Current Year Rs. in Lac | Previous Year Rs. in Lac |
|---|---|---|
| Interest on fixed and other deposits etc. [Including tax deducted at source Rs.4.44 lacs ( P.Y: Rs.1.03 lacs)] | **85.72** | 10.64 |
| Dividend Received | **96.46** | 52.92 |
| Insurance Claim Received | **0.72** | 1.08 |
| Sundry Credit Balances Written Back | **0.80** | 12.82 |
| Profit on Sale of Fixed Assets | **-** | 0.14 |
| Profit on Sale of Investments | **552.59** | 52.83 |
| Miscellaneous Income | **174.84** | 41.24 |
| Lease Rent Received [Including tax deducted at source Rs 4.25 lacs (P.Y: Rs.0.45 lacs) | **38.64** | 4.00 |
| Duty Drawback | **13.31** | - |
| Excess Provision of earlier years written back | **1.51** | - |
| Provision for Doubtful debts no longer required written back | **6.02** | - |
| **TOTAL** | **970.61** | 175.67 |

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

| | Rs. in Lac | **Current Year Rs. in Lac** | Previous Year Rs. in Lac |
|---|---|---|---|
| **SCHEDULE ' 13 '** | | | |
| **INCREASE / (DECREASE) IN STOCKS** | | | |
| **Stock as on 31-3-2011** | | | |
| Finished Goods | | **378.92** | 0.59 |
| Work-in-Process | | **293.64** | 0.55 |
| | | **672.56** | 1.14 |
| Less :Opening Stock as on 1-4-2010 | | | |
| Finished Goods | 0.59 | | 5.84 |
| Work-in-Process | 0.55 | | 11.40 |
| | 1.14 | | 17.24 |
| Transferred on Amalgamation as on 1-4-2010 | | | |
| Finished Goods | 250.31 | | - |
| Work-in-Process | 219.22 | | - |
| | 469.53 | | - |
| | | **470.67** | 17.24 |
| **TOTAL** | | **201.89** | (16.10) |

| | Rs. in Lac | **Current Year Rs. in Lac** | Previous Year Rs. in Lac |
|---|---|---|---|
| **SCHEDULE ' 14 '** | | | |
| **MANUFACTURING AND OTHER EXPENSES** | | | |
| Raw Materials Consumed | | **5,832.84** | 261.75 |
| Raw materials destroyed in fire | | **-** | 8.12 |
| Purchase of Cloth | | **824.60** | - |
| Stores and Spares Consumed | | **471.02** | 8.38 |
| Tools | | **1.39** | 1.64 |
| Power and Fuel | | **599.31** | 6.18 |
| Processing charges for Fabric and Yarn | | **97.41** | - |
| Insurance | | **16.32** | 1.69 |
| Repairs and Maintaince : | | | |
| - Machinery | 42.76 | | 10.81 |
| - Buildings | 29.85 | | - |
| - Others | 37.87 | | 22.32 |
| | | **110.48** | 33.13 |
| Packing, Forwarding and Railway Freight | | **62.49** | 27.18 |
| Supervision and Other Service Charges | | **19.39** | 3.19 |
| **TOTAL** | | **8,035.25** | 351.26 |

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

| | | Current Year | Previous Year |
|---|---|---|---|
| | Rs. in Lac | Rs. in Lac | Rs. in Lac |
| **SCHEDULE ' 15 '** | | | |
| **STAFF COSTS** | | | |
| Salaries, Wages and Bonus | | **498.31** | 72.96 |
| Contribution to Provident and Other Funds | | **40.23** | 8.79 |
| Gratuity | | **50.55** | 8.43 |
| Compensation, etc. to workmen | | **6.00** | 27.22 |
| Staff Welfare Expenses | | **21.79** | 5.83 |
| Remuneration & Perquisites to Directors | | **13.79** | 35.66 |
| **TOTAL** | | **630.67** | 158.89 |
| **SCHEDULE ' 16 '** | | | |
| **ADMINISTRATIVE AND SELLING EXPENSES** | | | |
| Rent | | **21.65** | 0.40 |
| Rates and Taxes | | **27.96** | 7.42 |
| Commission and Brokerage | | **144.36** | 5.71 |
| Advisiory,Custodian & Management Fees | | **10.13** | 1.11 |
| Directors' Fees | | **4.75** | 1.70 |
| Bad Debts & Debit balances written off | | **5.68** | 33.32 |
| Donations | | **4.99** | 5.00 |
| Royalty | | **-** | 4.73 |
| Expenses for Amalgamation | | **12.08** | 5.34 |
| Loss on Sale of Fixed Assets | | **5.14** | - |
| Miscellaneous Expenses | | **250.66** | 98.18 |
| Inventory written down during the year | | **499.00** | - |
| Diminution in value of Investment | | **14.63** | - |
| **TOTAL** | | **1,001.03** | 162.91 |
| **SCHEDULE ' 17 '** | | | |
| INTEREST | | | |
| On Term Loan | | - | 7.23 |
| **TOTAL** | | - | 7.23 |

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

## SCHEDULE – ' 18 '

## NOTES ON ACCOUNTS:

**Significant Accounting Policies:**

**A. Basis of accounting:**

The Company follows the mercantile system of accounting and recognises income and expenditure on accrual basis. Financial statements are based on historical cost.

**Use of Estimates:**

The preparation of financial statements in conformity with the Generally Accepted Accounting Principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and reported amounts of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the year in which the results materialize/ are known.

**1. Fixed assets and Depreciation:**

Fixed Assets are recorded at cost of acquisition or construction.

Depreciation for the year is provided on the written down value except on Plant and Machinery at Ambernath Plant acquired before 2001 and Plant and Machinery at Karad Plant which is provided on straight line method at the rates prescribed in Schedule XIV to the Companies Act, 1956.

**2 Investments:**

Long term investments are stated at cost less diminution in the investments if any. Further current investments are stated at cost or market value whichever is lower.

Investment made through Portfolio Management Services account is reflected by way of opening and closing stock and no transaction wise details have been shown.

**3. Inventories:**

A) Ambernath Unit:

Stock of raw materials, packing materials and semi finished goods are valued at lower of cost or net realisable value and for this purpose cost is determined on following basis:

1. Raw Materials

At cost or net realisable value whichever is lower. Cost includes incidental expenses like freight ,transport, custom duty etc.

2. Process stock

Cost comprises of Raw Material cost and processing cost.

3. Packing Materials

Packing materials are valued at cost. Cost is considered on First In First Out Basis

4. Finished goods

Finished Goods are valued at lower of cost or net realisable value and for this purpose the cost is determined on job costing basis.

**SCHEDULE ' 18 '**

**NOTES ON ACCOUNTS** ***(Contd.)***

B) Karad Unit:

1) Stores and Spares

At weighted average cost or net realizable value whichever is lower.

2) Raw Materials

At monthly average cost or net realizable value whichever is lower.Cost includes incidental expenses like freight, transport etc.

3) Process Stock and Finished Goods

At monthly average cost or net realizable value whichever is lower.

Cost comprises of cost of conversion and other costs incurred in bringing the inventory to their present location and condition.

**4. Employee Benefits:**

Contributions payable to the Company's Superannuation Scheme of L.I.C and Provident Fund are charged to revenue. The provision for leave encashment and Gratuity is determined on actuarial basis as per the Accounting Standard (AS-15) as per Companies (Accounting Standards) Rules, 2006.

**5. Foreign currency transactions:**

Transactions in foreign currency are recorded at prevailing rates i.e. in the original rate of exchange in force at the time the transactions are effected. Monetary items in the nature of current assets and liabilities denominated in foreign currencies, to the extent not covered by foreign exchange contracts, are accounted at the exchange rates prevailing on the Balance Sheet date. Gains/losses arising out of fluctuations in exchange rates are accounted for in the profit and loss account except where they relate to the acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets as required under schedule VI of the Companies Act, 1956

**6. Taxes on income:**

Income Taxes are accounted for in accordance with Accounting Standard – 22 on " Accounting for Taxes on Income" (AS-22) issued by the Institute of Chartered Accountants of India. Tax expenses comprises both current tax and deferred tax. Current tax is measured at the amount expected to be paid to/recovered from the tax authorities using the applicable tax rates. Deferred tax assets and liabilities are recognized for future tax consequence attributable to timing difference between taxable income and accounting income that are measured at relevant enacted tax rates. At each Balance Sheet date, the Company reassesses unrealized deferred tax assets, to the extent they become reasonably certain or virtually certain of realization, as the case may be.

**7. Revenue Recognition:**

a) Revenue from domestic sale is recognized on transfer of significant risks and rewards of ownership.

b) Revenue from export sale (including duty drawback) is recognized on transfer of significant risks and rewards of ownership.

c) Dividend income is recognized when the right to receive dividend is established.

d) Revenue in respect of insurance/other claims, interest etc. is recognized only when it is reasonably certain that ultimate collection will be made.

**8 Accounting of value added tax :**

VAT input credit is accounted on accrual basis on purchase of materials / goods.

**SCHEDULE ' 18 '**

**NOTES ON ACCOUNTS *(Contd.)***

9. **Provision, Contingent liabilities and Contingent Assets:**

   Provision involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in th Notes. Contingents assets are neither recognized nor disclosed in the Financial Statement.

10. **Impairment of Fixed Assets:**

    At the end of the each year, the Company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with the Accounting Standard (AS 28) “Impairment of Assets” issued by the Institute of Chartered Accountants of India. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired, when the carrying value of the asset exceeds it recoverable value. The impairment loss recognized in prior accounting period is reversed, if there has been a change in the estimate of recoverable amounts.

**SCHEDULE ' 18 '** ***(Contd.)***

**NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011**

1 a) The scheme of Amalgamation of The Hindoostan Spinning and Weaving Mills Limited (transferor company) with the Company (transferee company) has been sanctioned by the Hon'ble High Court of Bombay vide its Order dated 1st April,2011 with effect from 1st April,2010, being the appointed date. Accordingly, pursuant to the said Order all assets and liabilities (including reserves) of the said transferor Company have been recorded in the transferee Company at their respective book value.

b) The Amalgamation has been accounted for under the "Pooling of Interest Method" as prescribed by Accounting Standard (AS 14) "Accounting for Amalgamation" issued under the Companies (Accounting Standards) Rules, 2006 . The assets, liabilities and reserves of the transferor Company as at 1st April, 2010 have been taken over at their respective book values subject to adjustments as follows:-

i) A sum of Rs.26.50 lacs has been debited to Capital Reserve due to the cancellation of 28,00,044 equity shares held by the transferee company with the transferor company.

ii) A sum of Rs.1102.51 lacs has been credited to Capital Reserve Account on account of reduction in the capital while issuing the shares to the shareholders of the transferor company as per the ratio prescribed in the Scheme of Amalgamation, which has been sanctioned by the Hon'ble High Court of Bombay.

c) After the amalgamation ,the name of the transferee Company has been changed to "Hindoostan Mills Limited

| | | | Previous Year |
|---|---|---|---|
| | | **Rupees In lac** | Rupees In lac |
| 2 | Estimated amount of contracts remaining to be executed on capital account and not provided for | **1963.47** | - |
| 3 | Contingent Liabilities in respect of : | | |
| | (a) The Income-tax demands in respect of earlier years under dispute and are pending in appeal before higher authorities. In respect of some of the assessment years, the higher authorities have decided the matters fully/partially in favour of the company and are pending before the assessing officer for giving effect thereto | **210.01** | - |
| | (b) Claims against the Company not acknowledged as debts [including disputed demands of Central Excise for Rs.136.44 lakhs (P.Y - Nil),Sales Tax under Works Contract Act Rs. 111 lacs (P.Y. - Rs.111 lacs) | **763.75** | 132.31 |
| | ( c) Government of Maharashtra had served a demand notice for payment of electricity duty @ P15/Unit on power consumption generated in the company's captive power plant at Karad for the period: 1.4.2000 to 30.4.2005, together with penal interest thereon amounting to Rs.228.20 lakhs. The company's writ petition against this levy was decided by the Bombay High Court on 7.11.2009 in favour of the company. The State of Maharashtra has however filed a special leave petition (SLP) in the Supreme Court of India, challenging the High Court order. | | |
| 4 | Managerial Remuneration under Section 198 of the Companies Act, 1956. (Minimum Remuneration) | | |
| | Salary and Perquisites | **12.00** | 29.58 |
| | Contribution to Provident Fund and other Funds | **3.41** | 6.08 |
| | | **15.41** | 35.66 |

**SCHEDULE ' 18 '** ***(Contd.)***

| | | | Rupees In lac | Previous Year Rupees In lac |
|---|---|---|---|---|
| 5 | Payment to Auditors | | | |
| a) | As Auditors | | **5.79** | 1.20 |
| | b) | Tax Audit | **0.22** | 0.20 |
| | c) | In any other matter i.e.limited review,certification etc. | **2.80** | 1.35 |
| | d) | Out of pocket expenses | **0.07** | 0.06 |
| | | | **8.88** | 2.81 |

6 a) The Investment of 42 Shares in Yeshwant Sahakari Sakhar Karkhana Ltd., are held in the names of two Directors of the Company, being its nominees, as required by the bye-laws of the Society. Yeshwant Sahakari Sakhar Karkhana in the earlier year appropriated the deposits /amount payable to the company towards the increased cost of face value of shares and issued the certificate of holding.

b) During the year the Company had sold 3,50,000 Equity shares of Lexicon Finance Limited which was acquired by the earstwhile subsidiaries of the Company during the year 1994-95. The said Company has not declared any dividend for the last several years and there is a substantial erosion in the net worth. Since the shares were not quoted , the Company had to sell the shares lower than the purchase cost as per the valuation report of a Chartered Accountant and accordingly inurred a loss of Rs.28 lacs.

7 The Property under Development refelected in stock in trade is valued at Rs.500 lakhs. The construction work of the residential complex has been completed but settlement of account is pending with the Developer.

Settlement of accounts is a matter of dispute between the Company (Owner) and Developer and there are claims and counter claims. The matter has been referred to arbitration, pending resolution since 2002.

As a measure of prudence, the Company has adopted a conservative approach and has written down the value of inventory by Rs.499 lac however reserving its claim in arbitration.

Accordingly , surplus if any will be accounted in the year in which the arbitration award is finalised.

8 The Company has not received any intimation from the suppliers regarding their status under the Micro,Small and Medium Enterprises Development Act,2006 and hence the disclosures relating to amount unpaid as at the end of the year together with interest paid / payable as required under the said Act have not been furnished and therefore provision for interest,if any, on delayed payments, is not ascertainable at this stage.

9 During the year 2003-04,in terms of Sanctioned Scheme of the erstwhile The Hindoostan Spinning and Weaving Mills Ltd. secured lenders dues were transferred to the SPVs in full settlement of their dues from the company. All secured lenders except Union Bank of India (UBI) have released their charge on the assets of Karad unit. In respect of UBI, the SPV is yet to settle their dues and hence, they continue to hold the charge on the assets of the Karad Unit by way of equitable mortgage.

10 ( i) Deferred tax : In accordance with Accounting Standard ( AS - 22) on Accounting for Tax on Income notified by the Companies (Accounting Standards) Rules,2006 , Deferred Tax Assets consist of substantial amounts of carry forward losses and unabsorbed depreciation under the Income Tax Act, 1961. However, since the availability of sufficient future taxable income against which the said benefits can be set off is not possible to be ascertained with virtual certainty, the Deferred Tax Assets have not been recognised as a measure of abundant caution.

(ii) Current Tax : In view of the unabsorbed Business Losses and Depreciation of the earlier years, provision for normal tax has not been made. However , Provision for Minimum Alternate Tax u/s 115 JB of the Income Tax Act on the Book Profit of the Company has been made for the year ended 31st March 2011.

**SCHEDULE ' 18 '** ***(Contd.)***

11 Additional information under Schedule VI of the Companies Act, 1956.

| | | Unit | Current Year Quantity | Current Year Value Rs. in Lac | Previous Year Quantity | Previous Year Value Rs. in Lac |
|---|---|---|---|---|---|---|
| (i) | Sales: | | | | | |
| | Cloth | Mtrs.in lac | **144.87** | **8,755.83** | - | - |
| | Yarn | Kgs.in lac | **0.90** | **95.46** | - | - |
| | Elastic Calender Bowls | Nos | **349** | **704.44** | 333 | 613.94 |
| | Waste | | | **80.85** | - | - |
| | Carbon Fibre Fabric | Sq.mtr in lac | **30.00** | **0.40** | - | - |
| | | | | **9,636.98** | | 613.94 |
| (ii) | Consumption of Raw Materials: | | | | | |
| | Cotton Hard Waste,Comber Noil, Wool Hard,Polyster Hard | Kgs.in lac | **1.51** | **68.30** | 1.71 | 68.36 |
| | Paper & Veledon:Wool,Flax,Brown,Viledon etc. | Kgs.in lac | **0.25** | **28.04** | 0.21 | 21.93 |
| | Paper & Veledon:Wool,Flax,Brown,Viledon etc. | Sq.Mtrs in lac | **0.05** | **32.08** | 0.05 | 40.01 |
| | Paper & Veledon:Wool,Flax,Brown, Viledon etc. | Nos | **10** | **14.93** | 2 | 5.61 |
| | Iron Steel:Flanges,Shafts,Plates,Lamlass, Chill Bowl etc. | Kgs.in lac | **2.50** | **115.04** | 1.97 | 74.01 |
| | Iron Steel:Flanges,Shafts,Plates,Lamlass, Chill Bowl etc. | Nos | **854** | **38.12** | 656 | 38.98 |
| | Sleeves | Nos | **20** | **31.81** | 8 | 12.85 |
| | Cotton and Fibre-Indian | Kgs. in lac | **31.42** | **2255.88** | - | - |
| | Yarn | Kgs.in lac | **21.94** | **3248.17** | - | - |
| | Carbon Fibre | Kgs.in lac | **9.57** | **0.48** | - | - |
| | | | | **5832.84** | | 261.75 |
| (iii) | a) Opening Stock of Finished Goods: | | | | | |
| | Cloth (packed) | Mtrs.in lac | **-** | **-** | - | - |
| | Add:Transfer on Amalgamation | Mtrs.in lac | **6.65** | **244.88** | - | - |
| | Waste | Kgs.in lac | **-** | **-** | - | - |
| | Add:Transfer on Amalgamation | Kgs.in lac | **0.30** | **5.43** | - | - |
| | Elastic Calender Bowls | Nos | **1** | **0.59** | 15 | 5.84 |
| | | | | | - | - |
| | | | | **250.90** | | 5.84 |
| | b) Closing Stock of Finished Goods: | | | | | |
| | Cloth (packed) | Mtrs.in lac | **6.05** | **369.29** | - | - |
| | Elastic Calender Bowls | Nos | **3** | **2.80** | 1 | 0.59 |
| | Waste | Kgs.in lac | **0.25** | **6.63** | - | - |
| | Carbon Fibre Fabric | Mtrs.in lac | **15.05** | **0.20** | - | - |
| | | | | **378.92** | | 0.59 |

**SCHEDULE ' 18 '** ***(Contd.)***

| | Unit | Current Year Quantity | Current Year Value Rs. in Lac | Previous Year Quantity | Previous Year Value Rs. in Lac |
|---|---|---|---|---|---|
| (iv) Purchase of Cloth | Mtrs.in lac | 18.39 | 824.60 | | - |

(v) Capacity and Production

| Class of goods | | Current Year Licence Capacity | Current Year Installed Capacity | Current Year Actual Production | Previous Year Licence Capacity | Previous Year Installed Capacity | Previous Year Actual Production |
|---|---|---|---|---|---|---|---|
| Cloth | Lac Mtr | **200** | **130** | **127** | - | - | - |
| Yarn | Tonnes | **6,000** | **2,880** | **2,669** | - | - | - |
| Elastic Calender Bowls | Nos | **400** | **400** | **351** | 400 | 400 | 323 |
| Carbon Fibre Fabric | Lac Mtr | **20** | **1** | **-** | - | - | - |
| Carbon Fibre yarn | Tonnes | **4,000** | **-** | **-** | - | - | - |

The licensed and installed capacity is as certified by the management

| (vi) C.I.F. Value of Imports in respect of : | Current Year | Previous Year |
|---|---|---|
| Raw Material,Stores, Components, Spare Parts, Dyes and Chemicals | **302.59** | 49.92 |

| | Current Year Percentage to total Consumption % | Current Year Value Rupees in Lacs | Previous Year Percentage to total Consumption % | Previous Year Value Rupees in Lacs |
|---|---|---|---|---|
| (vii) Value of Raw Materials consumed | | | | |
| Imported | **1.82%** | **106.42** | 30.25% | 79.18 |
| Indigenous | **98.18%** | **5726.42** | 69.75% | 182.56 |
| | **100.00%** | **5832.84** | 100.00% | 261.75 |
| (viii) Value of Stores, Spare Parts and Components, Dyes and Chemicals consumed | | | | |
| Imported | **25.82%** | **121.62** | - | - |
| Indigenous | **74.18%** | **349.40** | 100.00% | 8.38 |
| | **100.00%** | **471.02** | 100.00% | 8.38 |

Note: The above particulars regarding Stores, Spare Parts and Components have been ascertained by the Management on the basis of the information available with them.

| | Current year Rs in Lac | Previous year Rs in Lac |
|---|---|---|
| (ix) Earnings in Foreign Exchange on account of Export of goods on F.O.B. Value | **406.30** | 79.29 |
| (x) Expenditure in Foreign Currency (on accrual basis) on account of | | |
| Commission | **2.66** | - |
| Foreign travel | **10.02** | 15.58 |

**SCHEDULE ' 18 '** ***(Contd.)***

12 Segmental Reporting

a) Primary Business Segment

Rs.in lac

| | Calender Bowls | Leasing | Textile | Carbon Fibre Fabric | Unallocable Corporate | Total |
|---|---|---|---|---|---|---|
| **SEGMENT REVENUE** | | | | | | |
| External | **764** | **-** | **9,070** | **-** | **-** | **9,834** |
| Previous year | (669) | (121) | - | - | - | (790) |
| Intersegment | - | - | - | - | - | - |
| Previous Year | - | - | - | - | - | - |
| **TOTAL REVENUE** | **764** | **-** | **9,070** | **-** | **-** | **9,834** |
| Previous Year | (669) | (121) | - | - | - | (790) |
| **RESULT** | | | | | | |
| Segment Result | **209** | **-** | **963** | **(16)** | **-** | **1,156** |
| Previous year | (85) | (118) | - | - | - | (203) |
| Unallocated Corporate Expenses / Income (Net) | | | | | | **356** |
| Previous year | | | | | | (103) |
| **Operating Profit** | | | | | | **800** |
| Previous year | | | | | | (100) |
| Interest Expenses | | | | | | **-** |
| Previous year | | | | | | (7) |
| Interest / Dividend Income | | | | | | **182** |
| Previous year | | | | | | (64) |
| **Profit Before Tax** | | | | | | **982** |
| Previous year | | | | | | (157) |
| Income Taxes (Incl. Deferred Tax) | | | | | | **187** |
| Previous year | | | | | | (27) |
| **Net Profit** | | | | | | **795** |
| Previous year | | | | | | (130) |
| Excess Provision for Earlier Year | | | | | | **62** |
| Previous year | | | | | | (16) |
| **Net Profit** | | | | | | **857** |
| Previous year | | | | | | (146) |
| **Other Information** | | | | | | |
| Segment Assets | **802** | **1** | **8,352** | **221** | **1,660** | **11,036** |
| Previous year | (568) | (15) | - | - | (2,234) | (2,817) |
| Segment Liabilities | **169** | **33** | **936** | **8** | **464** | **1,610** |
| Previous year | (97) | (123) | - | - | (161) | (381) |
| Capital Expenditure | **25** | **-** | **1,292** | **175** | **-** | **1,492** |
| Previous year | (2) | - | - | - | - | (2) |
| Non Cash Expenditure other than Depreciation | **-** | **-** | **499** | **-** | **-** | **499** |
| Previous year | (2) | - | - | - | - | (2) |
| Depreciation | **49** | **-** | **125** | **1** | **21** | **196** |
| Previous year | (49) | (1) | - | - | (3) | (53) |

**SCHEDULE ' 18 '** ***(Contd.)***

**b) Secondary segment : Geographical segment.**

| | **Total** | **India** | **Rest of World** |
|---|---|---|---|
| Revenue attributable to location of customers | **9,834** | **9,420** | **414** |
| | (790) | (711) | (79) |
| Segment assets based on their location | **1,389** | **1,293** | **96** |
| | (3) | (3) | - |
| Addition to Fixed assets | **1,469** | **1,469** | **-** |
| | (19) | (19) | - |

13 Employee Benefits:

A Gratuity Rs.in lac

**Reconciliation of opening and closing balances of Defined Benefit Obligation**

| | | |
|---|---|---|
| Present value of Defined Benefit Obligation as on 1st April, 2010 | **78.76** | |
| Interest cost | | **5.83** |
| Current Service Cost | | **7.79** |
| Past service cost | | **0.44** |
| Benefits paid | | **(3.26)** |
| Net Actuarial Loss | | **24.50** |
| Present value of Defined Benefit Obligation as on 31st March, 2011 | | **114.06** |

| | **Expenses recognised during the year** |
|---|---|
| Current Service Cost | **7.79** |
| Interest cost | **5.83** |
| Expected return on Plan Assets | **(0.60)** |
| Acturial Gain / Loss | **25.09** |
| Past Service Cost | **0.44** |
| Net Cost | **38.55** |

| | **Acturial Assumptions** |
|---|---|
| Mortality Table | **LIC(1994-96)** |
| Discount Rate (per annum) | **8.30%** |
| Expected rate of return on Plan Assets | **7.50%** |
| Salary escalation | **6.00%** |

a. The estimates of rate escalation in salary considered in actuarial valuation takes into account inflation,seniority, promotion and other relevent factors including supply and demand in employment market.The above information is certified by the actuary.

b. The expected rate of return on plan assets is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

**SCHEDULE ' 18 '** ***(Contd.)***

**B Leave Encashment**

The liability towards leave encashment for the year ended 31st March, 2011 as per acturial valuation is Rs.48.89 lacs which has been duly provided for.

14 Disclosure in respect of operating leases for assets leased after 1st April, 2001.

Plant & Machinery given on Lease (Rs in lac)

| | | Current Yr | Previous Yr. |
|---|---|---|---|
| 1 | a) Gross carrying amount | - | 29.91 |
| | b) Accumulated depreciation | - | 12.14 |
| | c) Depreciation accumulated in the statement of Profit & Loss account for the year | - | 1.09 |
| 2 | Future minimum payments under the non-cancelable leases: | | |
| | a) Not later than one year | - | - |
| | b) Later than one year but not later than five years | - | - |
| | c) Later than five years | - | - |

| | | | Current Yr | Previous Yr. |
|---|---|---|---|---|
| 15 | Earning per share | | Rs in lac | Rs in lac |
| | Profit after taxation as per Profit & Loss Account | | **794.62** | 129.30 |
| | No.of Equity Shares | | **1664548** | 70584 |
| | Previous Year Earning per Share (of Rs.100/- each) | Rs. | **-** | 183.19 |
| | Current Year Earning per Share (of Rs.10/- each) | Rs. | **47.74** | |

16 a) Major Components of Deferred Tax Assets & Liabilities arising on account of timing differences are: (Rs in lac)

| | Current Yr | Previous Yr. |
|---|---|---|
| **Deferred Tax Liability** | | |
| Depreciation | **-** | 82.81 |
| Less:Deferred Tax Assets | **-** | 20.76 |
| **Net Deferred Tax Liability** | **-** | 62.05 |

b) Deferred Tax Assets of wholly owned subsidiary namely Hindoostan Technical Fabrics Limited stands at Rs.1.49 lacs (P.Y. Rs. Nil)

17 As required by the amendment to clause 32 of the listing agreement vide SEBI Circular No.2/2003 of 10th January,2003 the following disclosure has been made

Current Yr PreviousYr.

| | | | |
|---|---|---|---|
| a | Loans and advances in the nature of loans to Subsidiaries * | **---** | --- |
| b | Loans and advances in the nature of loan to associates | **---** | --- |
| c | Loans and advances in the nature of loans where there is no repayment schedule or repayment beyond seven years or no interest below section 372 A of the Companies Act,1956 | **---** | --- |
| d | Loans and advances in the nature of loans to firms/companies in which directors are interested | **---** | --- |
| e | Investments by the loanee in the shares of the Company as on 31st March,2011 | **---** | --- |

**SCHEDULE ' 18 '** ***(Contd.)***

* During the year, the Company had given interest free loan to its wholly owned subsidiary namely Hindoostan Technical Fabrics Limited. The outstanding loan as on 31/3/11 is Rs.222.78 lacs. Since the Company has prepared consolidated Accounts along with its subsidiary as per section 212(8) of the Companies Act 1956, the said loan amount is not reflected in the financial statement.

18 Related Party Information:

| | |
|---|---|
| Associates / companies where control exists | Capricon Realty Limited , Bhishma Realty Limited ,Delta Investments Ltd, Thackersey Moolji & Co |
| Key Managerial Persons (KMP) | Hrishikesh J.Thackersey<br>Abhimanyu J.Thackersey<br>(Executive Directors) |
| Relative of Key Managerial Person | Jagdish U.Thackersey |
| Subsidiary Company | Hindoostan Technical Fabrics Ltd. |

Rs. in lac

| | | Current Year | Previous Year |
|---|---|---|---|
| 11a | Transaction with KMP's | - | - |
| | | (Excluding remuneration) | |
| 11b | Transaction with relatives of KMP's | **51.00** | - |
| | | Purchase of Motor car | |
| 11c | Transaction with related party | | |
| i) | Thackersey Moolji & Co | | |
| | Rent paid | **8.64** | - |
| ii) | Delta Investments Limited | **-** | 0.17 |
| iii) | Hindoostan Technical Fabrics Limited | | |
| | Rent Received | **0.42** | - |
| | Expenditure incurred by Holding Company on behalf of Subsidiary | **4.90** | - |
| | Expenditure incurred by Subsidiary on behalf of Holding Company | **14.24** | - |
| | Unsecured Loan | | |
| | Loan Given | **239.70** | - |
| | Received during the year | **16.92** | - |
| | Balance as at 31st March, 2011 | **222.78** | - |

Note : The above excludes payment of Dividend

19 The figures of the current year are consolidated figures due to the Amalgamation, hence not comparable with the previous year.

**SCHEDULE ' 18 '** ***(Contd.)***

20 The figures of the previous year have been reclassified, whereever necessary to correspond to the figures of the current year.

21 The amounts in Balance Sheet and Profit and Loss Account are rounded off to the nearest thousand and indicated in lac of Rupees.

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**Signatures to Schedule "1" to "18"**

As per our attached Report of even date

**For H. N. Motiwalla & CO.**
*Chartered Accountants*
*Firm Registration No. 111949W*

**H. N. Motiwalla**
*Partner*

Mumbai, Dated: 10th August, 2011

For and on behalf of the Board

**Sudhir Thackersey**
*Chairman*

**A. J. Thackersey**
*Executive Director*

Mumbai, Dated: 10th August, 2011

## STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

The Hindoostan Spinning and Weaving Mills Limited (HSWML), which was amalgamated with Hindoostan Mills Limited, had a 100% wholly owned subsidiary namely Hindoostan Technical Fabrics Limited (HTFL). HSWML held the entire paid up Capital of Rs.5.00 Lacs as at March 31, 2011 of HTFL. Pursuant to the scheme of amalgamation duly approved by the Hon'ble Bombay High Court vide its order dated April 1, 2011 HTFL became the subsidiary of Hindoostan Mills Limited. The first financial year of HTFL was for the period from July 8, 2010 to March 31, 2011

Hindoostan Technical Fabrics Limited has made a net loss of Rs.14,16,294/- during the first financial year ended on March 31, 2011. The said net loss of the subsidiary has been adjusted in the Annual Accounts of the holding Company i.e. Hindoostan Mills Limited.

Sudhir Thackersey
*Chairman*

A. J. Thackersey
*Executive Director*

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

**I Registration Details**

| | | | |
|---|---|---|---|
| Registration No. | L51900MH1904PTC000195 | State Code | 11 |

| | Date | Month | Year |
|---|---|---|---|
| Balance Sheet Date | 31 | 3 | 2011 |

**II Capital Raised during the year ( Amount in Rs.Thousands )**

| | | | |
|---|---|---|---|
| Public Issue | Nil | Rights Issue | Nil |
| Bonus Issue | Nil | Private Placement | Nil |

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

| | | | |
|---|---|---|---|
| Total Liabilities | 1,103,232 | Total Assets | 1,103,232 |

**Sources of Funds**

| | | | |
|---|---|---|---|
| Paid-Up Capital | 16645 | Reserves & Surplus | 925,977 |
| Secured Loans | Nil | Unsecured Loans | Nil |

**Application of Funds**

| | | | |
|---|---|---|---|
| Net Fixed Assets | 311771 | Investments | 117,120 |
| Net Current Assets | 513,731 | Misc.Expenditure | Nil |
| Accumulated Losses | Nil | | |

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

| | | | |
|---|---|---|---|
| Turnover | 1084519 | Total Expenditure | 986316 |
| Profit Before Tax | 98203 | Profit After Tax | 79462 |
| Earning per Share in Rs. | 47.74 | Dividend Rate % | 100% |

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

| | | | |
|---|---|---|---|
| Item Code No.(ITC Code) | 520800 | Product Description | Cotton Woven Fabrics |
| Item Code No.(ITC Code) | 551400 | Product Description | Synthetic Blended Fabric |
| Item Code No.(ITC Code) | 842000 | Product Description | Elastic Calander Bowls |

For and on behalf of the Board

**Sudhir Thackersey**
*Chairman*

**A. J. Thackersey**
*Executive Director*
Mumbai, Dated: 10th August, 2011

# HINDOOSTAN MILLS LIMITED

Folio No. : *DP ID :

*Client ID :

**PROXY FORM**

I / We ……………………………………………………………………………………………………………………
of ……………………………………………………………… being a Member(s) of the above named Company hereby appoint ……………………………………………………………………… of ………………………
(or failing him / her) ……………………………………………………………………. of ………………………
(or failing him / her) ……………………………………………………………………. of ………………………
as my / our proxy to attend and vote for me / us on my / our behalf at the 107th Annual General Meeting of the Company to be held on Thursday, the 15th September, 2011 at 11.30 a.m. and at any adjournment thereof.

Signed this …………………………… day of …………………………….. 2011

Signed by the said …………………………………………………...

Affix Re.1 Revenue Stamp

Note: The proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the commencement of the meeting.

-----------------------------------------------PLEASE CUT ALONG THIS LINE ---------------------------------------------

**ATTENDANCE SLIP**

**Please complete this attendance slip and hand it over at the entrance of the Meeting Hall.**

Hindoostan Mills Ltd.,
Sir Vithaldas Chambers,
16, Mumbai Samachar Marg,
Mumbai – 400 001.

I hereby record my presence at the 107th Annual General meeting of the Company at "Patkar Hall", Smt. Nathibai Thackersey Road, Mumbai – 400 020, on Thursday, the 15th September, 2011 at 11.30 a.m.

Name of the Member (in block letters) : ______________________________

Member's Folio No./ DP ID / Client ID* : ______________________________

Signature of Member : ______________________________

If Proxy, Name of Proxy : ______________________________

Signature of Proxy : ______________________________

*Applicable to Shareholders holding shares in Demat Form.

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*If undelivered, please return to :*

**HINDOOSTAN MILLS LIMITED**
**Sir Vithaldas Chambers,**
**16, Mumbai Samachar Marg,**
**Mumbai - 400 001.**

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