



Dhanlaxmi

Fabrics Limited

**19th
Annual Report
2010 - 11**

BOARD OF DIRECTORS

Shri Ramautar S. Jhavar - Chairman
Shri Vinod S. Jhavar - Managing Director
Shri Mahesh S. Jhavar - Director
Shri N. C. Sharma - Director
Shri Durgesh Kabra - Director
Shri Mihir Mehta - Director

AUDITORS

S. G. Kabra & Co.
Chartered Accountants

BANKERS

ING Vysya Bank,
AXIS Bank,
ABN - AMRO Bank N.V.
State Bank of India

REGISTRAR & SHARE TRANSFER AGENTS

Bigshare Services Private Limited
E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka,
Andheri (East), Mumbai - 400 072.
Tel. No. 091-022-28473474 / 28470653 / 40430200
Fax No. 091-022-28475207 ❖ email : investor@bigshareonline.com.

REGISTERED OFFICE

Manpada Road, Bhopar Village, Dombivli (East), Thane - 421 204. Maharashtra.
Tel. No. : 091-0251- 2870589 / 590 / 591
Fax No. : 091-0251-2870545 ❖ email : info@dfi.net.in

CORPORATE OFFICE

285, Princess Street, Jhavar House, 2nd Floor, Mumbai - 400 002.
Tel No. : 091-022-22008176/7 ❖ Fax No. 091-022-22089558

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NOTICE

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Members of **Dhanlaxmi Fabrics Limited** will be held at the Registered Office of the Company at Manpada Road, Bhopar Village, Dombivli (East), Thane - 421 204, Maharashtra on Saturday, the **24th day of September, 2011 at 1.00 P.M.** to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2011 and the Profit & Loss Account of the year ended on that date together with the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Shri Durgesh Kabra, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

For and on behalf of the Board of Directors

Place : Mumbai
Date : 12th August, 2011

Ramautar S. Jhawar
Chairman

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER.**
2. **Proxies, in order to be effective, must be received at the Company's Registered Office not later than 48 (Forty Eight) hours before the time fixed for the holding the meeting.**
3. The Register of Members and Share Transfer Books shall remain closed from Saturday, 17th September, 2011, to Saturday 24th September, 2011 (both days inclusive)
4. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their queries to the Compliance Officer of the Company, so as to reach the Registered Office of the Company at least seven days before the date of the meeting, to enable the Company to make available the required information at the meeting, to the extent possible.

5. Members are requested to notify immediately any change of address, to their respective Depository Participant (DP) in respect of their electronics share accounts and to the Company's Registrar & Share Transfer Agents, Bigshare Services Private Limited at E-2/3, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai-400 072 in respect of their physical share folios.
6. Members are requested to bring their copy of Annual Report to the Meeting.
7. Members are requested to bring the Attendance slip sent herewith duly filled for attending the Meeting.
8. The relevant details as required by Clause 49 of the Listing Agreement entered into with the Stock Exchange, of persons, seeking re-appointment as Directors under Item Nos. 2 and 3 above, is annexed.

BRIEF RESUME OF PERSONS PROPOSED TO BE RE-APPOINTED AS DIRECTORS OF THE COMPANY AT THE ANNUAL GENERAL MEETING :

Name	Shri Durgesh Kabra
Date of Birth	04-06-1963
Qualifications	Chartered Accountant
Expertise in specific functional areas :	Audit & Finance
Directorship in other Companies :	NIL
Name of Cos. in Committees of which holds Membership/Chairmanship	NIL
No of Shares held in Dhanlaxmi Fabrics Limited	NIL

For and on behalf of the Board of Directors

Place : Mumbai
Date : 12th August, 2011

Ramautar S. Jhwar
Chairman

REGISTERED OFFICE : Manpada Road, Bhopar Village, Dombivli (East), Thane - 421 204, Maharashtra.

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting their Nineteenth Annual Report on the business operations and activities of the Company together with the audited accounts for the Financial year ended on 31st March, 2011.

FINANCIAL RESULTS:

(Rs. In Lacs)

Particulars	Year ended 31 st March 2011	Year ended 31 st March 2010
Income from Operations	5103.77	4847.70
Operating Profit	773.64	644.18
Less : Interest	108.56	110.36
Less : Depreciation	466.57	479.75
Profit before Tax	198.51	54.07
Less : Provision for Tax	123.61	8.35
Profit after Tax	74.90	45.72
Less : Deferred Tax Liability	0.00	8.89
Add : Deferent Tax Assets	63.48	0.00
Add : Income Tax for Earlier year	4.56	0.00
Add : MAT Credit Entitlement	0.00	27.10
Net Profit for the year	142.94	63.93
Add : Balance brought forward	1415.84	1351.91
Balance Carried to Balance Sheet	1558.78	1415.84

OPERATIONS :

For the financial year ended 31st March 2011 the Sales & Other Income of the Company increased marginally to Rs. 5103.77 Lacs as compared to Rs.4847.70 Lacs in Previous Year. The Net Profit of the Company for the year under review is of Rs. 142.94 Lacs as compared to previous year Net Profit of Rs. 63.93 Lacs.

FUTURE OUTLOOK :

The Future of Indian Textile Industry is looking really bright. Your Directors are planning to go ahead with backward intigration of production facilities by setting up warping, sizing and a weaving unit to ensure the timely supply of quality grey fabric at a cheaper cost, which will help unto boost Ready Fabric sales of your company with a Brand Name of "Dhanlaxmi Fabrics".

DIVIDEND :

With a view to conserve resources the Board does not recommend any dividend for the year 2010-2011.

DIRECTORS :

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri Durgesh Kabra, Director of the Company, retire by rotation and being eligible, offer himself for re-appointment at the ensuing Annual General Meeting. Your Directors recommend their re-appointment.

Shri S. Sivaswami has resigned from the directorship of the Company w.e.f. 24th December 2010.

Breif profile of the Director proposed to be re-appointed is annexed to the Notice of the ensuing Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to Section 217, (2AA) of the Companies Act,1956, your Directors confirm the following :

- In the preparation of the annual accounts, the applicable standards have been followed.
- that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2011 and of the Profit of the Company for that period.
- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- that the Annual accounts for the year ended 31st March, 2011 have been prepared on a going concern basis.

AUDITORS :

M/s. S. G. Kabra & Co., Chartered Accountants, the Statutory Auditors of the Company retires at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The members are requested to appoint the Auditors and authorise the Board to fix their remuneration.

AUDITORS' REPORT :

The observations made by the Auditors of the Company in their report read with relevant notes as given in the Notes to the Accounts for the year ended 31st March 2011, are self-explanatory and therefore do not call for any further comments under Section 217 (3) of the Companies Act, 1956.

FIXED DEPOSITS :

During the year under review, the Company has not accepted or renewed any deposits within the meaning of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 and rules made there under.

CORPORATE GOVERNANCE :

A Report on Corporate Governance together with a Management Discussion and Analysis report along with a Certificate from M/s. Ramesh Chandra Mishra, Company Secretary in practice, regarding compliance of requirements of Corporate Governance pursuant to clause 49 of the Listing Agreement with the Stock Exchange are annexed hereto.

PARTICULARS AS PER SECTION 217 (2A) OF COMPANIES ACT, 1956 :

During the year under review, none of the employees of the Company was in receipt of remuneration aggregating Rs. 24,00,000/- or more per annum, if employed throughout the year, or Rs. 2,00,000/- or more per month, in case employed for part of the year. Hence, there are no particulars to be annexed to this report as required under section 217(2A) of the Companies Act, 1956 and the rules made there under.

SUBSIDIARIES :

The Balance Sheet as at 31st March, 2011 and the Profit & Loss Account for the year ended on that date along with the Directors' and Auditors' Reports and Statement Pursuant to Section 212 of the Companies Act, 1956 relating to Western Chlorides & Chemicals Pvt. Ltd., Dhanesh Fabrics Pvt. Ltd. and DFL Fabrics Pvt. Ltd. subsidiaries of the Company are attached to this report and shall be treated as forming part of the report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO :

Particulars as required under section 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 are given in the Annexure-I to this report.

ACKNOWLEDGEMENTS:

The Directors express their grateful appreciation for the support and co-operation received from Banks, Government Authorities, Customers, Vendors and Members during the year under review. The Directors wish to place on record their deep sense of appreciation for the committed services of the Executives, Staff and Workers of the Company.

Place : Mumbai
Date : 12th August, 2011

For and on behalf of the Board

Ramautar S. Jhawar
Chairman

ANNEXURE - I TO DIRECTORS' REPORT**Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:**

During the year under review, the Company had strict control on wasteful electrical consumption.

Conservation of Energy :

1. Energy conservation :- Adequate measures taken : **NIL**
2. Additional investment and proposals, if any, being implemented for reduction of consumption : **NIL**
3. Impact of the measure at (1) and (2) above for reduction of energy consumption and consequent impact on the cost of production of goods : **Marginal**
4. Total energy consumption and energy consumption per unit of production are as under :

	Year Ended 31-03-2011	Year Ended 31-03-2010
A) Power and Fuel Consumption		
1. Electricity		
a) Purchased		
Unit (Lacs)	45.23	38.83
Total Amount (Rs. in Lacs)	264.61	213.40
Avg. Rate / Unit (Rs.)	5.85	5.50
b) Own generation (Through D.G. Set)		
Unit (Lacs)	0.53	0.28
Diesel Oil Consumed Ltrs. (Lacs)	0.32	0.22
Total Amount (Rs. in Lacs)	12.76	7.84
Avg. Rate per Ltr. (Rs.)	39.88	35.64
2) Coal		
Quantity (M.Tonn)	11366	6419
Total Amount (Rs. in Lacs)	521.48	327.88
Avg. Rate/M.Tonnes (Rs.)	4588	5108
B. Consumption Per Kg. of Production		
Production (Lac Kgs.)	29.50	26.43
Electricity (Rs.)	8.97	8.07
Diesel Oil (Rs.)	0.43	0.30
Coal (Rs.)	17.68	12.41

Technology Absorption :

The Company does not need any technology up-gradation for its existing business.

Foreign Exchange Earnings And Outgo : (Rs. in Lacs)

	2010-11	2009-10
Foreign Exchange Outgo	NIL	80.57
Foreign Exchange Earned	NIL	NIL

For and on behalf of the Board

Place : Mumbai
Date : 12th August, 2011

Ramautar S. Jhawar
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS REPORT :**(a) Industry Structure and Developments :**

The Government of India is keenly interested in promoting the Brand "Made In India" in global market. As the textile industry is the second largest sector of economy in providing employment opportunities, the Government is committed to the growth and betterment of this sector.

The Government is also supporting this expansion mood by way of Textile Park Scheme, wherein the Government is providing capital subsidy for such park upto 40% on the total infrastructure facilities in Textile Parks.

With the phasing out of Multi Fiber Agreement (MFA) from 1st January, 2005, which had imposed quota regime on Indian Textile Exports, it has opened the way for the most competitive developing countries to develop stronger clusters of textiles. The infusion of fresh capital in this sector has been evidenced by numerous companies setting up projects for spinning, weaving, processing, embroidery and garments and by way of various public issues of companies engaged in this line of business. The Companies are also expanding their line of operation by way of forward and backward integration of production facilities. The healthy capital market conditions, with series of 'bull run' on bourses, has boosted the dreams of Indian Textile industry to attain new heights in textile manufacturing and export.

(b) Opportunities & Threats :

The imminent opening up of the export markets without the fetters of the quota system, the strong demand for fabrics from the garment sector and the slew of policy initiatives by the Government to revitalize the industry are key factors that have led to a more favourable business environment and enhanced investor interest.

The removal of mandatory duty on pure cotton will lead to increased transparency especially in the cotton yarn market. Tax compliant mills will now have a fair deal in the market as against Tax evading/exempted mills.

The Company has set up Wind power projects, One in Dhulia, Maharashtra which is having capacity of 1.25 M.G. producing 24 Lacs units of power p.a. and second in Nettur, Tamilnadu having the capacity of 2 M. G. which is likely to produce 42 lacs units per annum.

The opening of the doors of World markets by dismantling of quotas by January 2005 is a tremendous opportunity for cost-effective and quality producers although China is expected to offer stiff competition. In order to reap the opportunities.

(c) Segment-wise or product-wise performance :

The Company's main business Segment is Textile Processing but from the year 2006-2007 the company has entered into the field of Wind Power generation in Nettur, Tamilnadu, to sale the generated power to Tamilnadu Electricity Board. The Turnover and Profit figures of both the segments are shown separately in Notes to Accounts.

The geographical segment is India.

d) Outlook :

The Company is proactively responding to the changing business environment and is confident of sustaining its market share by improving competitive position in the market. The overall business outlook for the company is promising with improvement in overall economic environment. Efforts towards higher operational efficiencies shall continue. The company continues to examine the possibilities of expansion and will make the necessary investments when attractive opportunities arise.

e) Risks and Concerns :

The Company continues to remain focused on its core competence product i.e. textile products. Competition in the market place continues to have an impact on the Company's operational performance and also exerts pressure on the margins.

f) Internal Control Systems and their Adequacy :

The Company's operating and business control procedures have been framed in order that they ensure efficient use of resources and comply with the procedures and regulatory requirements. The Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition and that transactions are authorised, recorded and reported correctly.

g) Discussions on financial performance with respect to operational performance:

In spite of the adverse effect of increase in input cost your company has achieved marginal growth of 5.28% in turnover and 18.24% in operational profit comparing to previous year.

	(Rs. in Lacs)	
	2010-11	2009-10
Turnover		
Processing Charges Fab./Yarn	2839.66	2110.86
Fabrics / Yarn Sale	2105.01	2539.46
Power	159.10	197.38
Total	5103.77	4847.70
Profitability		
Net Profit after Taxation	142.94	63.93
Less : Profit on Sale of Fixed Assets	0.71	10.47
Less ; Keyman Insurance Surrender Value (Net of IT)	79.02	0.00
Net Profit by Operation	63.21	53.46

h) Human Resource Development :

The Company believes that the human resources are vital resource in giving the Company a competitive edge in the current business environment. The company's philosophy is to provide congenial work environment, performance oriented work culture, knowledge acquisition / dissemination, creativity and responsibility. As in the past, the Company enjoyed cordial relations with the employees at all levels.

CORPORATE GOVERNANCE REPORT**Company's philosophy on Code of Corporate Governance**

Good Corporate Governance is a continuous process that needs to be comprehensive for maximum effectiveness. Your Company firmly believes in Corporate Governance as an ideological cornerstone and a strategic driver for long term success. The Company fundamentally believes that good Corporate Governance should be an internally driven need and is not to be looked upon as an issue of compliance dictated by statutory requirements.

A. Board Composition :**Size and composition of the Board**

The Board presently consists of a majority of Non-Executive Directors, having rich and varied experience. The Board comprises of One (1) Executive Director and Five (5) Non-Executive Directors of which Three (3) are Independent. The Chairman of the Board is a Non-Executive Director.

The constitution of the Board as on 31st March 2011 is given below :

DIRECTOR	Executive/Non-Executive/Independent*	Number of other		
		Directorships*	Committee Member-Ships #	Committee Chairman-Ships #
Shri Ramautar S. Jhavar	Chairman, Non-Executive	1	-	-
Shri Vinod S. Jhavar	Managing Director, Executive	-	-	-
Shri Mahesh S. Jhavar	Non-Executive	1	-	-
Shri N. C. Sharma	Non-Executive, Independent	-	-	-
Shri Durgesh Kabra	Non-Executive, Independent	-	-	-
Shri Mihir Mehta	Non-Executive, Independent	2	-	-

Shri S. Sivaswami has resigned w.e.f. 24th December 2010.

* Other Directorships exclude Directorships held in Private Limited Companies.

Committee Membership does not include Membership / Chairmanship in Committee of Directors of Dhanlaxmi Fabrics Limited.

B. Board Meetings

The Board Meetings are generally held at the Administrative Office of the Company. The Agenda for each meeting along with explanatory notes are drafted and distributed well in advance to the Directors. Every Board Member is free to suggest the inclusion of items on the agenda. The Board meets at least once a quarter to review the quarterly results and other items on the agenda, and also on the occasion of the Annual Shareholders' Meetings. When necessary, additional meetings are held.

Five Board Meetings were held during the year ended 31st March, 2011 i.e. on 7th May 2010, 13th August 2010, 29th October 2010, 11th February 2011 and 18th March 2011.

The Table hereunder gives the attendance record of the Directors during Financial Year 2010-2011.

Name of the Directors	Number of Board Meetings held	Number of Board Meetings attended	Whether attended last AGM
Shri Ramautar S. Jhavar	5	5	Yes
Shri Vinod S. Jhavar	5	5	Yes
Shri Mahesh S. Jhavar	5	5	No
Shri N.C. Sharma	5	5	Yes
Shri Durgesh Kabra	5	1	No
Shri S. Sivaswami *	5	-	No
Shri Mihir Mehta	5	4	Yes

* Shri S. Sivaswami has resigned w.e.f. 24th December 2010.

C. Board Committees

Currently, the Board has four committees - the Audit Committee, the Shareholders'/Investors' Grievance Committee, the Remuneration Committee, and the Management Committee.

The Board is responsible for the constitution, co-opting and fixing the terms of service for committee members of all the committees.

1. Audit Committee

As required under Section 292A of the Companies Act, 1956 read with the provisions of Clause 49 of the Listing Agreement, the Board has constituted an Audit Committee. It comprises of Two (2) Non-Executive, Independent Directors and One (1) Non-Executive Director. The Committee is headed by Shri N. C. Sharma and comprises of Shri Durgesh Kabra and Shri Ramautar S. Jhavar as its members.

The Audit Committee of the Company is entrusted with the responsibility to supervise the Company's internal control and financial reporting process and inter-alia performs the following functions.

- * overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial Statements are correct, sufficient and credible
- * recommending the appointment and removal of the external Auditors fixation of Audit fee and approval for payment of any other services;
- * reviewing with management the Annual financial Statements before submission to the Board;
- * reviewing with management and external Auditors, the adequacy of internal control systems;
- * reviewing the adequacy of cost Audit function.
- * discussing with cost Auditors any significant findings and follow up on such issues.
- * discussing with the external Auditors before the Audit commences on the nature and scope of Audit, as well as having post Audit discussion to ascertain the area of concern, if any;
- * reviewing the Company's financial and risk management policies; and
- * examining reasons for substantial default in the payment to Shareholders (in case of non-payment of declared dividends) and creditors, if any.

Attendance of Members at the Audit Committee Meetings :

The meetings of the Audit Committee are also attended by the Statutory Auditors as special invitees. During the year ended 31st March, 2011 i.e. on 7th May 2010, 13th August 2010, 29th October 2010 and 11th February 2011.

The table hereunder gives the attendance record of the Audit Committee Members during Financial Year 2010-2011.

Name of the Audit Committee Members	No. of Meetings held	No. of Meetings attended
Shri N.C. Sharma	4	4
Shri Ramautar S. Jhavar	4	4
Shri Durgesh Kabra	4	4
Shri S. Sivaswami *	4	-

* Shri S. Sivaswami has resigned w.e.f. 24th December 2010.

The Committee has recommended to the Board the appointment of M/s. S.G. Kabra & Co., Chartered Accountants, as the statutory and Independent Auditors of the Company for the Financial Year ending 31st March, 2012 and that necessary resolution for appointing them as Auditors be placed before the Shareholders.

2 Remuneration Committee:

As on 31st March 2011, the Remuneration Committee consists of three members, Shri N. C. Sharma and Shri Durgesh Kabra, both of them being Non - Executive Independent Directors. and Shri Mahesh S. Jhawar being Non-Executive Director. Shri N. C. Sharma is the Chairman of the Remuneration Committee.

The broad terms of reference of the Remuneration Committee is to ensure that the remuneration practices of the Company in respect of the Senior Executives including the Executive Directors are competitive keeping in view prevalent compensation packages so as to recruit and retain suitable individual(s) in such capacity.

a) Remuneration Policy :

Non-Executive Directors are paid sitting fees for each meeting of the Board attended by them. Remuneration including perquisites and commission paid to the Managing Director of the Company are recommended by the Remuneration Committee approved by the Board and is within the limits set by the shareholders at the General Meetings.

Presently, the Company does not have any stock option plan or performance linked incentives for its Directors.

b) Details of Remuneration to Executive Directors for the Financial year ended 31st March 2011 are as under :

Name	Salary and Perquisites	Performance Incentive/ bonus	Commission	Total
Shri Vinod S. Jhawar Managing Director	13.44 Lacs	NIL	NIL	13.44 Lacs

c) Shareholding in the Company and Remuneration paid to Non-Executive Directors :

Name of the Non Executive Directors	Equity Share held (Number)	Sitting Fees (Rs. in Lacs)
Shri Ramautar S. Jhawar	647830	0.16
Shri Mahesh S. Jhawar	39,100	0.16
Shri N.C. Sharma	Nil	0.16
Shri Durgesh Kabra	Nil	0.04
Shri S. Sivaswami	50	0.00
Shri Mihir Mehta	Nil	0.16

During the year ended 31st March 2011, no meeting of Remuneration Committee was held.

3 Shareholders' / Investors' Grievance Committee:

As at 31st March 2011, the Shareholders'/Investor grievance committee consists of Shri N. C. Sharma and Shri Durgesh Kabra, both of them being Non-Executive Independent Directors. and Shri Ramautar Jhawar Non-Executive Director. Shri N. C. Sharma is the Chairman of the Committee and acts as the Compliance Officer.

The Shareholders'/Investor grievance committee inter-alia deals with various matters relating to redressal of shareholders and investors complaints like delay in transfer/ transmission of shares, non-receipt of balance sheet, non-receipt of dividends etc. and also recommends measures to improve the performance of investor services.

Meetings And Attendance ;

Four Share holders' / Investors Grievance Committee meetings were held during the year ended 31st March, 2011.

The attendance record of members is given in the table hereunder :

Name of the Shareholders' / Investors' grievance Committee Members	No. of Meetings held	No. of Meetings attended
Shri N.C. Sharma	4	4
Shri Durgesh Kabra	4	4
Shri S. Sivaswami *	4	-

* Shri S. Sivaswami has resigned w.e.f. 24th December 2010.

The Committee expresses satisfaction with the company's performance in dealing with investors' grievance and its share transfer system.

Details of Shareholders' complaints received, not solved and pending during the Financial year ended 31st March, 2011.

The total number of complaints received and replied to the satisfaction of the shareholders during the year ended 31st March 2011 were 2. There were no pending / unattended complaints as on 31st March 2011.

4. Management Committee

As at 31st March 2011, the Management Committee consists of Shri Vinod S. Jhawar, Shri Ramautar S. Jhawar, Shri Mahesh S. Jhawar and Shri N. C. Sharma. The Committee is headed by N. C. Sharma.

The Management Committee meetings are generally held at the Registered office of the Company. Agenda for each meeting are drafted and circulated in advance to the Directors. Every Committee Member is at a liberty to suggest the inclusion of items on the agenda. There is however no schedule as to when a Management Committee meeting is held. These meetings are held only to take a review of the overall functioning of the company.

Meetings And Attendance ;

There were only Two Management Committee Meetings during the year ended 31st March, 2011, i.e. on 18th September, 2010 and 12th March, 2011.

The table hereunder gives the attendance record of the Members.

Name of the Directors	No. of Meetings held	No. of Meetings attended
Shri Vinod S. Jhawar	2	2
Shri Ramautar S. Jhawar	2	2
Shri Mahesh S. Jhawar	2	2
Shri N.C. Sharma	2	2
Shri S. Sivaswami *	2	-

* Shri S. Sivaswami has resigned w.e.f. 24th December 2010.

D. General Body Meetings :

Details of last Three Annual General Body Meetings are given here under :

Year	Date	Venue/Details of Special Resolution passed	Time
2008	20/09/2008	Manpada Road, Bhopar Village, Dombivli (East), Thane-421 204. Special resolution was passed.	1:00 P.M.
2009	19/09/2009	Manpada Road, Bhopar Village, Dombivli (East), Thane-421 204. Special resolution was passed.	1:00 P.M.
2010	25/09/2010	Manpada Road, Bhopar Village, Dombivli (East), Thane-421 204. No Special resolution was passed.	1.00 P.M.

Special Resolution :

1. In the Annual General Meeting held on 20th September, 2008 following Special Resolutions were passed :

Preferential issue of 25,60,000 Equity Shares of Rs. 10/- (Rupees Ten only) each for cash at a premium of Rs. 35/- (Rupees Thirty Five only) per share aggregating Rs. 11,52,00,000/- (Rupees Eleven Crores Fifty Two Lacs only)

2. In the Annual General Meeting held on 19th September, 2009 following Special Resolutions were passed :

As per the recommendation of the Remuneration Committee and pursuant to the provisions of Section 198, 269, 309 and 311 read with schedule XIII to the Companies Act 1956 and subject to such approvals as may be necessary Shri Vinod S. Jhawar be and is hereby re-appointed as Managing Director of the company for a period of 3 years with effect from 1st November 2009.

E. Disclosures :

- There are no transactions of material nature with Directors/ Promoters or any related entity, which will have any potential conflict with the interests of the Company at large except the transactions mentioned under the Annexure to be Auditors' Report which form a part of the Auditors' Report for the year ended 31st Marh, 2011.
- There is no non-compliance by the Company or any penalties, strictures imposed by the Stock Exchange. SEBI or any other Statutory authority on any matter related to capital markets, during the last three years' period.
- The Company has not established the non-mandatory requirement of Whistle Blower Policy. However, the Company's personnel have access to the Chairman of the Audit Committee in cases such as concerns about unethical behaviour, frauds and other grievances. No personnel of the Company have been denied access to the Audit Committee.
- The Company has complied with all mandatory requirements of Clause 49 of the Listing Agreement and has framed the Remuneration Committee which is amongst the Non-Mandatory Requirements.

F. Means of Communication to the Shareholders :

The quarterly results of the Company are published in two news papers in compliance with the provisions of Clause 41 of the Listing Agreement. Generally, the same are published in "Free Press Journal" (English Language) and Nav-Shakti (Marathi Language)". As the results of the Company are published in the newspapers, half yearly reports are not sent to each household of shareholders. The quarterly results as well as the proceedings of the Annual General Meetings are submitted to the Stock Exchange, Mumbai immediately after the conclusion of the respective meeting. No presentations were made to the institutional investors or to analysts during the year under review.

G. Certificate on Corporate Governance :

As required by Clause 49 of the Listing Agreement, a certificate issued by Mr. Ramesh Chandra Mishra, Practicing Company Secretary, regarding compliance with Corporate Governance norms is given as an Annexure to this Report.

H. CEO Declaration :

The Managing Director of the Company has certified positively to the Board on the matters specified under Clause 49 (V) of the Listing Agreement.

I. General Shareholder Information :

- Date, time and venue of Annual General Meeting of Shareholders : 24th September 2011, 1.00 p.m. Manpada Road, Bhopar Village, Dombivli (East), Thane-421 204.
- Financial Year : 2010-2011
- Dates of book closures : 17th September 2011 to 24th September 2011 (both days inclusive)
- Financial Calendar (tentative and subject to change) : **Financial reporting for the quarter ended**
June 30 2011 : by August 15, 2011,
September 30, 2011 : by November 15, 2011,
December 31, 2011 : by February 15, 2012
March 31, 2012 : by May 15, 2012
Annual General Meeting for year ended March 31st 2012, by September 30th, 2012.
- Listing on Stock Exchanges : Bombay Stock Exchange Limited
- Stock Code : 521151
- Demat ISIN No. in NSDL & CDSL : INE 953 D 010116
- Listing Fees : Paid for year 2011-2012 to The Stock Exchange, Mumbai
- Registered Office : Manpada Road, Bhopar Village, Dombivli (East), Thane-421 204. Maharashtra.
- Registrar and Share Transfer agents : Bigshare Services Private Limited
E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai-400 072.
Tel. No. : 091-022- 28473474/28470653/ 40430200
Fax No. : 091-022-28475207
Email : investor@bigshareonline.com

10. Share Transfer System :

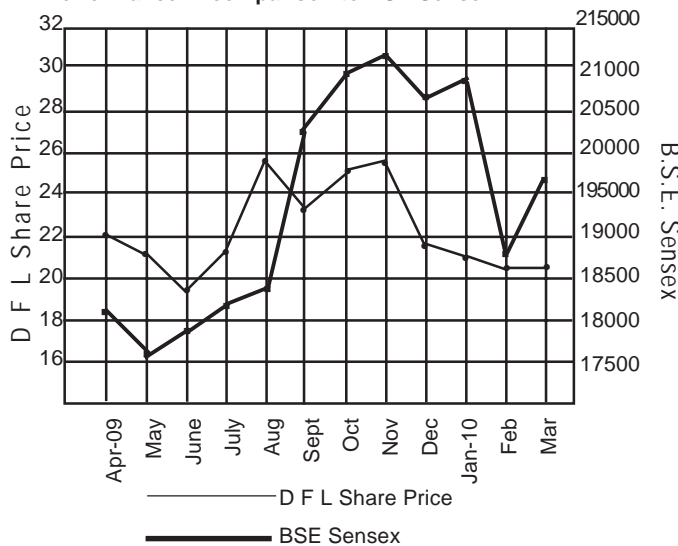
Shares sent for physical transfer are generally registered and returned within a period of 30 days from the date of receipt, if the documents are clear in all respects. The Share Transfer committee of the Company meets as often as required. Most of the Share Transfers are handled by the Registrar and Transfer Agents and timely reports are sent by them to the Company in respect of transfers that have taken place for the approval of Shareholders' Grievance Committee in its Meeting.

The total number of shares transferred in physical form during the year 2010-2011 was 6400 shares.

11. Stock Market price data :

Monthly high and low at the Bombay Stock Exchange Limited, Mumbai for financial year ended 31st March 2011 :

Month	Volume	Dhanlaxmi Fabrics		BSE Sensex	
		High Rs.	Low Rs.	High	Low
April, 2010	12175	22.00	17.45	18048	17277
May	9569	20.90	19.10	17537	15960
June	7468	19.20	16.45	17920	16318
July	4032	21.05	17.30	18238	17396
August	15515	25.85	18.00	18475	17820
September	47746	23.60	21.70	20268	18027
October	21935	25.00	20.00	20855	19769
November	9046	25.35	20.10	21109	18955
December	2695	21.80	15.85	20552	19075
January, 2011	1452	21.40	18.25	20665	18038
February	990	20.90	18.00	18691	17296
March	2042	20.90	18.95	19575	17792

12. Performance in comparison to BSE Sensex :**13. Distribution of Shareholding as on March 31, 2011**

No. of Equity Shares held	No. of Shareholders	% of Shareholders	Amt. in Rs.	% of Total
1 - 5,000	774	79.71	1668240	1.94
5,001 - 10,000	76	7.83	658540	0.77
10,001 - 20,000	39	4.02	612440	0.71
20,001 - 30,000	16	1.65	408620	0.48
30,001 - 40,000	18	0.82	280450	0.33
40,001 - 50,000	11	1.13	515430	0.60
50,001 - 1,00,000	7	0.72	511280	0.60
1,00,001 - & Above	40	4.12	81156000	94.57
TOTAL	971	100	85811000	100

14. Categories of Shareholding as on March 31, 2011.

Category	Shareholders		Shares	
	Number	% of Shareholders	Number	% of Total Capital
Promoters	36	3.71	5948558	69.32
Mutual Fund	1	0.10	300000	3.50
Private Corporate Bodies	42	4.33	1838898	21.43
NRIs / OCBs	5	0.51	2235	0.03
Indian Public	887	91.35	491409	5.72
Total	971	100.00	8581100	100.00

15. Dematerialisation of shares and liquidity. :

The Company has established required connectivity with Central Depository Services (India) Limited and National Securities Depository Limited and the same are available in electronic segment under ISIN No. INE953D01016.

16. Plant Location:

Manpada Road, Bhopar Village,
Dombivli (East), Thane-421 204.
Maharashtra

17. Address for correspondence :

Bigshare Services Private Limited
E-2/3, Ansa Industrial Estate,
Sakivihar Road, Saki Naka, Andheri (E),
Mumbai-400 072.
Tel. No. : 0 28473474/28470653/40430200
Fax No.: 091-022-28475207
Email : investor@bigshareonline.com

18. Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity.

There are no outstanding convertible instruments as on date.

For and on behalf of the Board

Place : Mumbai
Date : 12th August, 2011

Ramautar S. Jhwar
Chairman

PRACTICING COMPANY SECRETARIES' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of,
DHANLAXMI FABRICS LIMITED
MUMBAI.

We have reviewed the relevant records of Dhanlaxmi Fabrics Limited (the Company) for the year ended on 31st March 2011, relating to compliance with the requirements of Corporate Governance as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management.

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

In our opinion and according to the information and explanations given to us, we state that to the best of our knowledge the Company has complied with the conditions of Corporate Governance stipulated in the aforesaid clause of the Listing Agreement.

Based on the report given by the Company's Registrar and Share Transfer Agents to the Shareholders Committee, we state that no investors' grievance matters are pending for a period exceeding one month, against the Company.

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.

Place : Mumbai
Date : 12th August, 2011

Ramesh Chandra Mishra
Company Secretary
FCS No :- 5477

CODE OF CONDUCT DECLARATION

Pursuant to Clause 49 I(D) of the Listing Agreement entered into with the Stock Exchange, I hereby declare that all the Board Members and senior management personnel of the Company have affirmed compliances with the Code of Conduct for the year ended 31st March, 2011.

Place : Mumbai
Date : 12th August, 2011

Vinod S. Jhavar
Managing Director

CEO / CFO CERTIFICATION TO THE BOARD

I Certify that :-

- a. I have reviewed the financial statement and the cash flow statement for the year 2010- 2011 and that to the best of our knowledge and belief :
- * These statements do not contain any materially untrue statement or omit any material fact contain statements that might be misleading;
 - * These statements together present a true fair view of the companies 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 year 2010-2011 which are fraudulent, illegal or violative of the companies code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of the internal control, if any, of which we are aware of and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the Auditors and the Audit Committee -
- * Significant changes in internal control over the financial reporting during the year 2010-2011.
 - * Significant changes in accounting policies during the year 2010-2011 and that the same have been disclosed in the notes to the financial statements; and
 - * Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over the financial reporting.

For DHANLAXMI FABRICS LIMITED

sd/-

Vinod S. Jhwar
Managing Director

Place : Mumbai
Date : 12th August, 2011

AUDITORS' REPORT

To
The Members of
Dhanlaxmi Fabrics Limited

We have audited the attached Balance Sheet of Dhanlaxmi Fabrics Limited as at 31st March, 2011, and also the Profit & Loss Account and Cash Flow Statement of the Company for the year ended on that date, annexed thereto.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion in these financial statements based on our audit.

We have conducted our audit in accordance with Auditing Standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by The Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of section 227(4A) of the Companies Act 1956, and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 & 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

- a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit .
- b) In our opinion, proper books of account, as required by the law have been kept by the Company so far as it appears from our examination of books and records .
- c) The Balance Sheet, Profit & Loss Accounts and Cash Flow Statement, dealt with by this report, are in agreement with the books of account.
- d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement, dealt with by this report, comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of The Companies Act, 1956.
- e) On the basis of written representations received from the Directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause(g) of sub section (1) of section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the Accounting policies and Notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - i. In the case of Balance Sheet of the State of affairs of the Company as at 31st March 2011,
 - ii. In the case of Profit & Loss Account of the Profit for the year ended on that date, and
 - iii. In the case of Cash Flow Statement of the cash flows for the year ended on that date.

For S. G. Kabra & Co.
Chartered Accountants
FR No. 104507 W

S. G. Kabra
Partner
Membership No. 38867

Place : Mumbai
Date : 12th August, 2011

ANNEXURE TO THE AUDITORS' REPORT
(Annexure referred to in our report of even date)

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets .
- (b) The Company has phased programme of physical verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Management has physically verified certain fixed assets during the year. Discrepancies noticed on such physical verification as compared to book records, which were not material, have been properly adjusted in the books of account.
- (c) Fixed assets disposed off during the year were not substantial and, therefore, do not affect the going concern assumption.
2. (a) The inventory, except material lying with third parties and in transit, has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
- (b) The procedure for the physical verification of inventory followed by the management are in our opinion, reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) In our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account.
3. In respect of loans secured or unsecured, granted or taken by the Company to / from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956;
 - (a) The Company has granted an unsecured loan to its two subsidiary companies M/s. DFL Fabrics Pvt. Ltd. aggregating to Rs. 83.50 Lacs and Rs. 29.50 Lacs to M/s. Dhanesh Fabrics Pvt. Ltd.
 - (b) In our opinion and according to the information and explanations given to us, the rate of interest, wherever applicable and other terms and conditions are not prima facie prejudicial to the interest of the Company.
- (c) In respect of loan granted and taken by company, no amount has been repaid during the year and the loans are interest free and repayable on demand.
- (d) There is no overdue amount in respect of loan granted and taken by the company.
4. In our opinion and according to the information and explanations given to us, during the course of audit, there are adequate internal control procedures commensurate with size of the Company and nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods. Further, on the basis of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control procedures.
5. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register in pursuance of section 301 of the Act, have been so entered.
- (b) In respect of transactions with parties with whom transactions exceeding the value of five lacs rupees have been entered during the financial year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time except in case of some transactions which we are unable to comment owing to the specialized nature of the items involved and absence of any comparable prices.
6. During the year, the Company has not accepted any deposits from the public.
7. In our opinion the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the Cost Accounting records, maintained by the Company pursuant to the Rules prescribed by the Central Government for the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We are, however, not required to make a detailed examination of such books and records.

9. a) According to the records of the Company, undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales Tax, Wealth -Tax, Excise - Duty, Cess and other statutory dues have been regularly deposited with the appropriate authorities during the year.
- b) According to the information and explanations given to us and as per the books and records examined by us, there are no dues of Income-Tax, Sales Tax, Excise Duty and Cess which have not been deposited on account of any dispute.
10. There are no accumulated losses of the Company at the end of the financial year. There are no cash losses during the financial year.
11. According to the information and explanations given to us and as per the books and records examined by us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders.
12. According to the information and explanations given to us, the Company has not granted intercorporate advances / Loans on the security by way of pledge of share, debentures and other securities.
13. The Company does not fall within the category of Chit Fund / Nidhis / Mutual Benefit Fund / Society and hence the related reporting requirements are not applicable.
14. In respect of the Company's dealing in shares and other securities, proper records have been maintained of the transaction and contracts and timely entries have been made there in. The shares, debentures and other securities held by the Company have been held by the Company in its own name except to the extent of the exemption granted under section 49 of the Act.
15. The Company has not given any guarantees against loans taken by others from banks and financial institutions.
16. In our opinion and according to the information and explanations given to us, the term loans raised during the year by the Company have been applied for the purpose for which the said loans were obtained, where such end use has been stipulated by the lenders.
17. According to information and explanation given to us and as per the books and records examined by us, as on the date of Balance Sheet, the funds raised by the Company on short term basis have not been applied for Long Term Investments. Long Term Funds have not been applied for Short Term Investments.
18. According to information and explanation given to us the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
19. The Company has not issued any debentures and accordingly no securities were required to be created in respect of debentures.
20. The company has not raised any money by way of public issues during the year.
21. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud by the Company, noticed and reported during the year, nor have we been informed of such case by the management.

For S.G.Kabra & Co.
Chartered Accountants
FR No.. 104507 W

S. G. Kabra
Partner
M. No. 38867

Place : Mumbai
Date : 12th August, 2011

BALANCE SHEET AS AT 31ST MARCH 2011

(Rs. in Lacs)

PARTICULARS	SCHEDULE	AS AT 31-03-2011	AS AT 31-03-2010
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
SHARE CAPITAL	"A"	858.11	858.11
RESERVES & SURPLUS	"B"	2556.62	2413.68
DEFERRED TAX LIABILITY (Refer Note 13 of schedule "Q")		676.22	739.70
LOAN FUNDS			
SECURED LOANS	"C"	1261.56	1262.79
UNSECURED LOANS	"D"	33.40	33.40
		1294.96	1296.19
GRAND TOTAL		5385.91	5307.68
APPLICATION OF FUNDS			
FIXED ASSETS			
GROSS BLOCK	"E"	5728.21	5798.07
LESS: DEPRECIATION		2974.97	2571.39
NET BLOCK		2753.24	3226.68
CAPITAL WORK IN PROGRESS		469.73	743.44
INVESTMENTS	"F"	67.08	67.08
CURRENT ASSETS, LOANS & ADVANCES			
INVENTORIES	"G"	351.99	417.36
SUNDRY DEBTORS		1170.19	1282.64
CASH / BANK BALANCES		21.24	20.33
LOANS, ADVANCES & DEPOSITS		1089.77	592.67
		2633.19	2313.00
LESS : CURRENT LIABILITIES & PROVISIONS			
CURRENT LIABILITIES	"H"	412.04	882.72
PROVISIONS		125.29	159.80
		537.33	1042.52
NET CURRENT ASSETS		2095.86	1270.48
GRAND TOTAL		5385.91	5307.68
NOTES TO ACCOUNTS			
"Q"			

As per our report of even date attached,

For **S. G. Kabra & Co.**
Chartered Accountants
FR NO. 104507 W
S. G. Kabra
Partner
M. No. 38867

For and on behalf of the Board,

Ramautar S. Jhawar
Chairman

Vinod S. Jhawar
Managing Director

Mahesh S. Jhawar
Director

Place : Mumbai
Date : 12th August, 2011

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

(Rs. in Lacs)

PARTICULARS	SCHEDULE	FOR THE YEAR ENDED 31-03-2011	FOR THE YEAR ENDED 31-03-2010
INCOME			
SALES & PROCESSING CHARGES	"I"	5103.77	4847.70
OTHER INCOME	"J"	145.60	16.84
	TOTAL	5249.37	4864.54
EXPENDITURE			
DECREASE IN STOCK	"K"	80.42	198.14
PURCHASES	"L"	2050.48	2159.46
RAW MATERIAL CONSUMED	"M"	1332.47	1015.58
MANUFACTURING EXPENSES	"N"	734.76	611.13
ADMINISTRATIVE EXPENSES	"O"	277.60	236.05
FINANCIAL EXPENSES	"P"	108.56	110.36
	TOTAL	4584.29	4330.72
PROFIT BEFORE DEPRECIATION & TAX		665.08	533.82
LESS: DEPRECIATION		466.57	479.75
PROFIT BEFORE TAX		198.51	54.07
LESS : PROVISION FOR TAX		123.61	8.35
PROFIT AFTER TAX		74.90	45.72
LESS : DEFERRED TAX LIABILITY		0.00	8.89
ADD : INCOME TAX FOR EARLIER YEAR		4.56	0.00
ADD : MAT CREDIT ENTITLEMENT		0.00	27.10
ADD : DEFERRED TAX ASSETS		63.48	0.00
NET PROFIT		142.94	63.93
ADD. : BALANCE BROUGHT FORWARD FROM LAST YEAR		1415.84	1351.91
BALANCE CARRIED TO BALANCE SHEET		1558.78	1415.84
EARNINGS PER SHARE IN RUPEES		1.67	0.74

NOTES ON ACCOUNTS

"Q"

As per our report of even date attached

For and on behalf of the Board,

For S. G. Kabra & Co.
Chartered Accountants
FR NO. 104507W

S. G. Kabra
Partner
M. No. 38867

Place : Mumbai
Date : 12th August, 2011

Ramautar S. Jhavar
Chairman

Vinod S. Jhavar
Managing Director

Mahesh S. Jhavar
Director

SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rs. in Lacs)

PARTICULARS	AS AT 31-03-2011	AS AT 31-03-2010	PARTICULARS	AS AT 31-03-2011	AS AT 31-03-2010
SCHEDULE "A"			SCHEDULE "C"		
SHARE CAPITAL			SECURED LOANS		
AUTHORISED CAPITAL			TERM LOAN		
15000000, Equity Shares of Rs.10/- each (Previous year 15000000 Equity Shares of Rs.10/- each.)	1500.00	1500.00	FROM ING VYSYA BANK	670.42	1008.52
			FROM ABN AMRO BANK	0.00	40.00
			(Secured by way of first charge over the entire fixed assets of the company., both present & future created out of the term loan, Personal guarantee of three Directors and Corporate guarantee of M/s. Western Chloride & Chemicals Pvt. Ltd. subsidiary of the Company. Paripassu charges on the unincumbered assets with ING Vysya Bank and ABN Amro Bank)		
TOTAL	1500.00	1500.00			
ISSUED, SUBSCRIBED & PAID UP CAPITAL			CASH CREDIT FROM ING VYSYA BANK		
8581100 Equity Shares of Rs. 10/- each fully paid up.(Previous year 8581100 Equity Shares of Rs.10/- each.)	858.11	858.11	WCDL FROM ING VYSYA BANK	191.14	214.27
			(Secured by way of Hypothecation of Stock and Book Debts & Personal Guarantee of three directors and corporate Guarantee of M/s Western Chloride & Chemicals Pvt. Ltd. Subsidiary of the Company)	400.00	0.00
TOTAL	858.11	858.11		TOTAL	1261.56
SCHEDULE "B"			SCHEDULE "D"		
RESERVES & SURPLUS			UNSECURED LOANS		
GENERAL RESERVE			Promtech Impex Pvt. Ltd.		
Opening Balance	101.84	81.94		33.40	33.40
Add : Capital subsidy received	0.00	19.90		TOTAL	33.40
SUB-TOTAL	101.84	101.84			
EQUITY SHARE PREMIUM					
	896.00	896.00			
PROFIT & LOSS A/C.					
Opening Balance	1415.84	1351.91			
Add : Profit during the year	142.94	63.93			
SUB-TOTAL	1558.78	1415.84			
TOTAL	2556.62	2413.68			

SCHEDULE "E" FIXED ASSETS

(Rs. in Lacs)

Description of the Assets	Gross Block at Cost				Depreciation				Net Block	
	As at 1-04-2010	Addition during the year	Sold during the year	Total as at 31-03-2011	Upto 31-03-2010	Provided for the year	Adjusted during the year	Upto 31-03-2011	As at 31-03-2011	As at 31-03-2010
1. Land	122.36	2.79	0.00	125.15	0.00	0.00	0.00	0.00	125.15	122.36
2. Building	416.18	0.00	0.00	416.18	168.20	13.90	0.00	182.10	234.08	247.98
3. Plant & Machinery	3314.50	41.02	106.31	3249.21	1464.10	270.45	56.25	1678.30	1570.91	1850.40
4. Electrical Installation	100.86	0.00	0.00	100.86	55.89	4.79	0.00	60.68	40.18	44.97
5. Pipe Fitting	34.63	0.00	0.00	34.63	17.33	3.58	0.00	20.91	13.72	17.30
6. Furniture & Fixture	104.29	0.00	0.00	104.29	45.35	6.60	0.00	51.95	52.34	58.94
7. Laboratory Equipment	24.10	0.00	0.00	24.10	7.08	1.14	0.00	8.22	15.88	17.02
8. Office Equipment	6.88	0.00	0.00	6.88	3.59	0.33	0.00	3.92	2.96	3.29
9. Air Conditioner	8.94	0.00	0.00	8.94	4.29	0.42	0.00	4.71	4.23	4.65
10. Computer	34.14	0.84	0.00	34.98	33.71	0.36	0.00	34.07	0.91	0.43
11. Motor Vehicle	71.39	0.00	8.20	63.19	28.91	6.36	6.74	28.53	34.66	42.48
12. Misc. Fixed Assets	28.80	0.00	0.00	28.80	7.31	1.37	0.00	8.68	20.12	21.49
SUB-TOTAL	4267.07	44.65	114.51	4197.21	1835.76	309.30	62.99	2082.07	2115.14	2431.31
Wind Power Division										
1. Land	10.00	0.00	0.00	10.00	0.00	0.00	0.00	0.00	10.00	10.00
2. Plant And Machinery	1521.00	0.00	0.00	1521.00	735.63	157.27	0.00	892.90	628.10	785.37
Sub Total	1531.00	0.00	0.00	1531.00	735.63	157.27	0.00	892.90	638.10	795.37
Total	5798.07	44.65	114.51	5728.21	2571.39	466.57	62.99	2974.97	2753.24	3226.68
PREVIOUS YEAR	5560.32	301.93	64.18	5798.07	2151.39	479.75	59.75	2571.39	3226.68	
Capital Work in Progress	469.73			(Previous Year 743.44)						

SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rs. in Lacs)

PARTICULARS	AS AT 31-03-2011	AS AT 31-03-2010	PARTICULARS	AS AT 31-03-2011	AS AT 31-03-2010
SCHEDULE "F"			SCHEDULE "H"		
INVESTMENTS			CURRENT LIABILITIES & PROVISIONS		
UNQUOTED (AT COST)			CURRENT LIABILITIES		
2999 Equity Shares of Western Chlorides & Chemicals Pvt. Ltd. (subsidiary Company) @Rs.2170/- per share, face value Rs. 100/- each.	65.08	65.08	SUNDRY CREDITORS	338.65	797.01
9999 Equity Shares of Dhanesh Fabrics Pvt Ltd. (subsidiary Company) @Rs.10/- per share.	1.00	1.00	ADVANCE RECEIVED FROM CUSTOMERS	1.02	6.31
9980 Equity Shares of DFL Fabrics Pvt Ltd. (subsidiary Company) @Rs.10/- per share.	1.00	1.00	OTHER LIABILITIES	53.86	54.50
			OUTSTANDING EXPENSES	18.51	24.90
TOTAL	67.08	67.08	SUB TOTAL	412.04	882.72
			PROVISIONS:		
			INCOME TAX PROVISION	123.78	158.29
			FRINGE BENEFIT TAX PROVISION	1.51	1.51
SCHEDULE "G"			SUB TOTAL	125.29	159.80
CURRENT ASSETS, LOANS & ADVANCES.			TOTAL :	537.33	1042.52
INVENTORIES					
(At lower of cost or Realisable value, as certified by Managing Director)					
YARN, CLOTH & W.I.P.	241.35	321.77			
DYES & CHEMICALS	72.51	64.44			
COAL	5.61	1.50			
PACKING MATERIAL	7.03	6.92			
DIESEL	0.35	0.38			
STORES & SPARES	25.14	22.35			
POWER	0.00	0.00			
SUB TOTAL	351.99	417.36			
SUNDRY DEBTORS			SCHEDULES FORMING		
(Unsecured, Considered good)			PART OF THE PROFIT & LOSS ACCOUNT		
MORE THAN SIX MONTHS	119.36	222.97			
OTHERS	1050.83	1059.67			
SUB TOTAL	1170.19	1282.64	PARTICULARS	FOR THE YEAR ENDED 31-03-2011	FOR THE YEAR ENDED 31-03-2010
CASH & BANK BALANCES					
CASH BALANCES	3.14	4.55			
BALANCE WITH SCHEDULE BANKS	6.66	4.34			
FIXED DEPOSIT WITH BANKS	11.44	11.44			
SUB TOTAL	21.24	20.33			
LOANS, ADVANCES & DEPOSITS			SCHEDULE "I"		
ADVANCES TO SUPPLIERS	78.64	27.16	SALES & PROCESSING CHARGES		
ADVANCES TO STAFF	7.93	6.59	PROCESSING CHARGES (FABRICS)	2363.79	1721.76
PREPAID EXPENSES	4.36	4.37	PROCESSING CHARGES (YARN)	475.87	389.10
SUNDRY DEPOSITS & ADVANCES	998.84	554.55	FABRICS SALES	2081.67	2483.56
SUB TOTAL	1089.77	592.67	YARN SALES	23.34	55.90
			POWER SALES	159.10	197.38
TOTAL	2633.19	2313.00	TOTAL	5103.77	4847.70
			SCHEDULE "J"		
			OTHER INCOME		
			INTEREST INCOME	24.20	5.89
			PROFIT ON SALE OF MACHINERY	0.71	9.81
			PROFIT ON SALES OF MOTOR VEHICLE	0.00	0.66
			SUNDRY BALANCE WRITTEN OFF	0.01	0.00
			KEYMAN INSURANCE SURRENDER VALUE	118.33	0.00
			RENT RECEIVED	0.00	0.48
			CARBON CREDIT	2.35	0.00
			TOTAL	145.60	16.84

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

(Rs. in Lacs)

PARTICULARS	FOR THE YEAR ENDED 31-03-2011	FOR THE YEAR ENDED 31-03-2010	PARTICULARS	FOR THE YEAR ENDED 31-03-2011	FOR THE YEAR ENDED 31-03-2010
SCHEDULE "K"			SCHEDULE "O"		
INCREASE / (DECREASE) IN STOCK			ADMINISTRATIVE EXPENSES		
OPENING STOCK					
YARN	69.31	30.88	SALARY, BONUS AND OTHERS (Incl. P.F. and E.S.I.contribution)	170.09	123.83
FABRICS	212.81	447.88	RENT, RATES & TAXES	2.69	2.85
WORK IN PROGRESS	39.65	35.11	TRAVELLING EXPENSES	1.18	0.68
POWER	0.00	6.04	POSTAGE & TELEGRAPH	0.63	0.59
SUB-TOTAL	<u>321.77</u>	<u>519.91</u>	LEGAL & PROFESSIONAL FEES	4.59	4.66
LESS CLOSING STOCK			PRINTING & STATIONERY	7.30	6.63
YARN	32.97	69.31	ADVERTISING	1.47	0.73
FABRICS	158.15	212.81	CONVEYANCE	3.58	4.52
WORK IN PROGRESS	50.23	39.65	REGISTRATION FEE FOR CARBON CREDIT	0.88	0.00
POWER	0.00	0.00	LOAN PROCESSING FEE FOR STAMP DUTY	5.21	3.26
SUB-TOTAL	<u>241.35</u>	<u>321.77</u>	BANK CHARGES	0.31	0.25
TOTAL	<u>(80.42)</u>	<u>(198.14)</u>	DEMATE CHARGES	0.46	0.36
SCHEDULE "L"			GENERAL EXPENSES	6.63	3.45
PURCHASES			LISTING FEES	0.17	0.18
YARN	78.64	163.94	VEHICLE EXPENSES	4.74	3.32
FABRICS	1971.84	1995.52	SALES PROMOTION	7.39	0.04
TOTAL	<u>2050.48</u>	<u>2159.46</u>	COMMISSION & BROKERAGE	23.88	35.22
SCHEDULE "M"			TRUNK & TELEPHONE CHARGES	3.48	3.99
RAW MATERIAL CONSUMED			STAFF WELFARE	1.64	1.89
DYES & CHEMICALS	644.70	573.33	GRATUITY FUND CONTRIBUTION	2.95	2.15
PACKING MATERIAL	80.27	60.53	AUDITORS REMUNERATION :		
DIESEL	12.76	7.84	AUDIT FEES	0.55	0.55
COAL	521.48	327.88	INTERNAL AUDIT FEES	0.77	0.77
STORES & SPARES	73.26	46.00	MEDICAL EXPENSES	3.80	1.00
TOTAL	<u>1332.47</u>	<u>1015.58</u>	LIC KEYMAN INSURANCE	7.94	16.29
SCHEDULE "N"			DIRECTORS REMUNERATION	13.44	13.44
MANUFACTURING EXPENSES			SITTING FEES	0.68	0.56
JOB WORK CHARGES PAID	64.18	71.24	PREFERENTIAL SHARE ALLOTMENT EXPENSES	1.15	0.00
ELECTRICITY CHARGES	264.61	213.40	SUNDRY BALANCE W/OFF	0.00	4.84
WATER EXPENSES	144.14	113.44	TOTAL	<u>277.60</u>	<u>236.05</u>
REPAIRS & MAINTENANCES	38.32	41.18	SCHEDULE "P"		
LABOUR CHARGES	154.10	92.10	FINANCIAL EXPENSES		
FREIGHT & FORWARDING EXPENSES	11.25	12.93	BANK INTEREST-CASH CREDIT	11.19	8.38
LABORATORY EXPENSES	0.64	0.53	INTEREST ON TERM LOAN (NET OF T U F)	65.42	101.98
INSURANCE	5.83	5.10	INTEREST ON WC DL	31.95	0.00
PROPERTY TAX	4.74	4.74	TOTAL	<u>108.56</u>	<u>110.36</u>
CONTRIBUTION FOR HAZARDOUS WASTE	0.90	0.35			
ANALYSIS CHARGES	0.79	0.33			
CONTRIBUTION TO CENTRAL ETP	0.00	7.70			
DRAINAGE CHARGES	45.26	48.09			
TOTAL	<u>734.76</u>	<u>611.13</u>			

SCHEDULE ATTACHED TO AND FORMING PART OF THE ACCOUNT:**SCHEDULE "Q"****NOTES TO ACCOUNTS****1. SIGNIFICANT ACCOUNTING POLICIES:****a) General**

The Company follows accrual basis of accounting & recognizes Income & Expenditure on accrual basis except Bonus which is accounted on cash basis. The accounts are prepared on historical cost convention and materially comply with the Mandatory Accounting Standards issued by the Institute of Chartered Accountants of India.

b) Fixed Assets

Fixed assets are stated at cost of acquisition, inclusive of inward freight, duties and taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational, start-up and trial run expenses form part of the value of the assets capitalized. As per practice, expenses incurred on modernization / debottle necking / relocation / relining of plant and equipment are capitalized. The lease hold land, acquired on lease is not treated as assets of the Company and lease rent are charged off as revenue expenses.

c) Depreciation

Depreciation is provided on Fixed Assets used during the year under straight line method at the rates specified in schedule XIV of the Companies Act, 1956 on tripple shift basis.

d) Valuation of Inventories

- Finished goods at cost or Market Value whichever is less.
- Raw materials, consumable stores, packing material, and screen & engraving material at cost.

e) Foreign Currency Transaction :-

Foreign Exchange Outgo	-	Rs. NIL
Foreign Exchange Earned	-	Rs. NIL

f) Un-provided contingent liabilities are disclosed in the accounts by way of notes giving the nature and quantum of such liabilities.

g) CONTINGENT LIABILITIES:

a) Contingent liabilities not provided for in respect of	As at
	31-03-2011
	(R. in Lacs)
i) Bank Guarantees	Rs. 11.44
ii) Property Tax for the year 2010-2011	Rs. 4.74
iii) Maharashtra State Electricity Distribution Co. Ltd. For Wheeling & Rewheeling Charges.	Rs. 74.66
iv) Shri Dhairyashaal Mane Textile Park, Ichalkaranji Bills for Common Infrastructure raised by park are under dispute as per M.O.U signed by the Park.	Rs. 514.78

2. In the opinion of Board of Directors, the "Current Assets, Loans & Advances" have a value, on realisation in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.

3. RETIREMENT BENEFITS :

The Company provides for gratuity to all employees. The benefit is in the form of lump sum payments to vested employees on retirement, on death while in employment or on termination of employment of an amount equivalent to 15 days basic salary payable for each completed year of service. Vesting occurs upon completion of five years of service. The Company makes annual contributions to funds administered by trustees and managed by LIC OF INDIA for amounts notified by the said Insurance Company. The Company accounts for the liability for future gratuity benefits based on an independent external actuarial valuation carried out annually as at March 31.

- As stipulated in AS 28 the Consideration is given at each balance sheet date to determine, whether there is any indication of impairment of the carrying amount of the Companies Fixed Assets. If any indications exists: an Assets recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an assets exceeds its recoverable amount. The recoverable amount is greater than the net selling price and value in use. In Assessing value in use, the estimated future Cash Flows are discounted to their present value based on an appropriate discount factor.
- Disclosure under section 22 of the Micro, Small and Medium enterprises Development Act, 2006 could not be furnished as none of the suppliers of the Company have provided the details of their registration under the said Act.

6. ADDITIONAL INFORMATION :

	2010-2011	2009-2010
CAPACITY & PRODUCTION		
a. Licensed Capacity	N.A.	N.A.
b. Installed Capacity		
Processing Capacity		
Fabric	30 Lac Kgs. or 180 Lac Mtr p.a.	30 Lac Kgs. or 180 Lac Mtr p.a.
Yarn	6.80 Lac Kgs. p.a.	6.80 Lac Kgs. p.a.
c. Actual Production		
COTTON & MMF	209.14 Lac Mtrs.	177.13 Lac Mtrs.
HOSIERY FABRICS	0.06 Lac Kgs.	0.12 Lac Kgs.
	i.e. equivalent to 209.42 Lac Mtrs.	i.e. equivalent to 177.73 Lac Mtrs.
	23.81 Lac Kgs.	21.01 Lac Kgs.
Yarn	5.69 Lac Kgs.	5.42 Lac Kgs.

7. Management Remuneration

Remuneration to		(Rs. in Lacs)
Managing Director	13.44	13.44

8. Auditors Remuneration

Audit Fee	0.55	0.55
Internal Audit Fee	0.77	0.77

9. VALUE OF RAW MATERIAL CONSUMED :

Raw - Material	Quantity	FOR THE YEAR ENDED 31-03-2011		FOR THE YEAR ENDED 31-03-2010	
		Rs. in lacs	%	Rs. in lacs	%
Dyes & Chemicals	There are numerous items in dyes & chemicals	644.70	48.38	573.33	56.45
Packing Materials	In packing material each item cost is less than 5% of total consumption, so there is no principal item of consumption	80.27	6.02	60.53	5.96
Diesel	----- Do -----	12.76	0.96	7.84	0.77
Stores & Spares	----- Do -----	73.26	5.50	46.00	4.53
Coal	2010-11 11366 M.T. 2009-10 6419 M.T.	521.48	39.14	327.88	32.29
TOTAL		1332.47	100.00	1015.58	100.00

10 (A). PARTICULARS OF PURCHASES, SALES & STOCK OF FABRICS :

PARTICULARS	FOR THE YEAR ENDED 31-03-2011		FOR THE YEAR ENDED 31-03-2010	
	Qty. in Lac	Rs. in Lacs	Qty. in Lac	Rs. in Lacs
PURCHASES/MFD				
WOVEN FABRICS Mtr.	31.89	2104.65	32.08	2063.19
KNITTED FABRICS Kgs.	0.00	0.00	0.27	66.69
TOTAL		2104.65		2130.88
SALES :				
WOVEN FABRICS Mtr.	31.21	2081.67	35.40	2404.49
KNITTED FABRICS Kgs.	0.00	0.00	0.27	79.07
TOTAL		2081.67		2483.56
Opening Stock :				
WOVEN FABRICS Mtr.	3.55	212.81	7.37	447.88
WIP (Value Addition)	0.00	39.65	0.00	35.11
TOTAL		252.46		482.99
Closing Stock :				
WOVEN FABRICS Mtr.	3.86	158.15	3.35	212.81
WIP (Value Addition)	0.00	50.23	0.00	39.65
TOTAL		208.38		252.46

* Cost of purchases includes purchase of fabrics , cost of yarn consumed and expenses incurred , for weaving and knitting.

10 (B). PARTICULARS OF PURCHASES, SALES & STOCK OF YARN

PARTICULARS	FOR THE YEAR ENDED 31-03-2011		FOR THE YEAR ENDED 31-03-2010	
	Qty Lac Kgs.	Rs.in Lacs	Qty Lac Kgs.	Rs.in Lacs
Opening Stock	0.38	69.31	0.16	30.88
Yarn Purchase	0.43	78.64	1.03	163.94
Yarn Sales	0.18	23.34	0.28	55.90
Yarn Utilised for Mfg. of Fabric	0.39	78.67	0.53	91.01
Closing Stock	0.24	32.97	0.38	69.31

11. Figures for previous year have been regrouped / rearranged wherever considered necessary.

12. The Company had taken land on lease from Western Chlorides & Chemicals Pvt. Ltd. wholly owned subsidiary company to set up processing plant at Dombivli.

13. Deferred Tax :

The Deferred Tax Liability as on 31 st March, 2011. is as under...	(Rs. in Lacs)
Deferred Tax Liability as on 01-04-2010	739.70
Less : Deferred Tax Assets for the year (Difference between book and tax depreciation)	63.48
Net Deferred Tax Liability	676.22

The Deferred Tax balances have arisen principally on account of timing difference between the depreciation admissible under the Income Tax Act, 1961 and depreciation adjusted in account. Though adjustment has been made in terms of Accounting Standard 22, having regard to the normal capital expenditure which the Company is expected to continue to make in future years, the timing difference not effectively reversed and to cash outgo likely to materialize on account thereof.

14. Related Party Disclosures as required by the Accounting Standard 18 "Related Party Disclosures" are given below :

(a) List of related parties with whom the company entered into transaction during the year in the ordinary course of business.

Associate Companies :

1. Dhanlaxmi Cotex Ltd.
2. Sohanlal Export Fabrics Pvt. Ltd.
3. Sohanlal Jhawar Family Trust.
4. Dhanlaxmi Export Fabrics Pvt. Ltd.
5. Promtech Impex Pvt. Ltd.
6. MR Share Broking Pvt. Ltd.
7. VRM Share Broking Pvt. Ltd.

Wholly Owned Subsidiary

1. Western Chlorides & Chemicals Pvt. Ltd.
2. Dhanesh Fabrics Pvt. Ltd.
3. DFL Fabrics Pvt. Ltd.

Key Management Personnel and Relatives

1. Shri Vinod S. Jhawar - Managing Director

(b) Transaction with related parties: (Rs. in Lacs)

Nature of Transaction	Subsidiaries	Associates	Key Management Personnel	Total
1. Sales & Other Income	549.90	-	-	549.90
2. Purchases	12.01	-	-	12.01
3. Expenditure on service Rent	0.60	-	-	0.60
4. Outstanding balances as on 31-03-2011	-	-	-	-
Receiveables	179.89	-	-	179.89
Payables	-	33.40	-	33.40
5. Managerial Remuneration	-	-	13.44	13.44

15. Earning Per Share :

Computation of Earning Per Share	Year Ended 31-03-2011	Year Ended 31-03-2010
Net Profit after Tax (Rs. in Lacs)	142.94	63.93
Weighted Average of No. of Equity Share of Rs. 10/- each Outstanding during the year (In Lacs)	85.811	85.811
Basic earning per share (Rs.)	1.67	0.74

Note : The Company does not have any outstanding, dilutive potential equity shares, consequently basic earning per share of the Company remains the same.

16. Segment Informaion :

The Company is currently organized into two business operating systems. Textile Processing and Power Generation.

The accounting principles used in preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments. Revenue and direct expenses in relation to segments are categorized based on items that are individually identifiable or allocable on a reasonable basis to that segment. Certain corporate level revenue and expenses, besides financial costs and taxes are not allocated to operating segments and are included in "unallocable".

Assets and liabilities represent assets employed in operations and liabilities owed to a Third party that is individually identifiable or allocable on a reasonable basis to that segment. Assets and liabilities excluded from allocation to operating segments such as investments, corporate debt and taxes etc. are included in "unallocable".

Segment assets employed in the company's various business segments are all located in India. Capital expenditure includes expenditure incurred during the year on acquisition of segment fixed assets.

The company has considered geographical segment as secondary reporting segment for disclosure. For this purpose, revenues are bifurcated based on sales in India and Outside India.

A) Primary Segment :

(Rs. in Lacs)

Particulars	Textile Processing		Power Generaton		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Segment Revenue	4944.67	4650.32	159.10	197.38	5103.77	4847.70
Other Income	143.25	16.84	2.35	0.00	145.60	16.84
Total Income	5087.92	4667.16	161.45	197.38	5249.37	4864.54
Operating Profit	315.71	173.18	(8.64)	18.35	307.07	191.53
Financial Cost	95.83	75.79	12.73	34.57	108.56	110.36
Taxes	55.57	17.24	0.00	0.00	55.57	17.24
Net Profit	164.31	80.15	(21.37)	(16.22)	142.94	63.93
Segment Assets	2115.14	2431.31	638.10	795.37	2753.24	3226.68
Segment Liabilities	1264.96	1116.19	30.00	180.00	1294.96	1296.19
Capital Employed	4469.53	4231.59	916.38	1076.09	5385.91	5307.68
Depreciation	309.30	322.48	157.27	157.27	466.57	479.75

17. Additional information pursuant to the provision of part IV of schedule VI to the Companies Act, 1956 is as per Annexure 1.

As per our report of even date attached,

Signature to Schedule "A" to "Q"
For and on behalf of the Board,

For S. G. Kabra & Co.
Chartered Accountants
FR No. 104507 W

Ramautar S. Jhawar
Chairman

S. G. Kabra
Partner
M. No. 38867

Vinod S. Jhawar
Managing Director

Place : Mumbai
Date : 12th August, 2011

Mahesh S. Jhawar
Director

Annexure 1 (Refer Note No. 17 of Schedule "Q")

Statement in pursuance to part IV of Schedule VI of the Companies Act., 1956.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**I Registration Details**

Registration No.	68861	State Code 11
Balance Sheet Date	31-03-2011	
	For the year ended	(Rs. in Lacs)
	31-03-2011	For the year ended
		31-03-2010

II Capital Raised during the year

Public Issue	NIL	NIL
Bonus Issue	NIL	NIL
Right Issue	NIL	NIL
Private Placement / Others	NIL	NIL

III Position of Mobilisation and Deployment of Funds

Total Liabilities	5385.91	5307.68
Total Assets	5385.91	5307.68

Source of Funds

Paid-up-Capital	858.11	858.11
Secured Loans	1261.56	1262.79
Reserves & Surplus	2556.62	2413.68
Unsecured Loans	33.40	33.40
Deferred Tax liability	676.22	739.70

Application of Funds

Net Fixed Asset	2753.24	3226.68
Capital Work In Progress	469.73	743.44
Net Current Assets	2095.86	1270.48
Investments	67.08	67.08

IV Performance of Company

Turnover	5249.37	4864.54
Total Expenditure	5050.86	4810.47
Profit (Loss) before Tax	198.51	54.07
Profit (Loss) after Tax	142.94	63.93
Earning per Share (Rs.)	1.67	0.74

V Generic Names of Principal product/services of Co.

Item no. 5208 (Bleaching, Dyeing, Printing of Cotton/Rayon Manufactured on Job Basis Processing of Fabrics)

For and on behalf of the Board,

As per our report of even date attached,

For S. G. Kabra & Co.

Chartered Accountants

FR No. 104507 W

S. G. Kabra

Partner

M. No. 38867

Ramautar S. Jhawar

Chairman

Vinod S. Jhawar

Managing Director

Mahesh S. Jhawar

Director

Place : Mumbai

Date : 12th August, 2011

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

(Pursuant to clause 32 of the Listing Agreement)

(Rs. in Lacs)

	FOR THE YEAR ENDED 31-03-2011		FOR THE YEAR ENDED 31-03-2010	
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Net profit/(loss) before tax and extraordinary items		198.51		54.07
Adjustment for:				
Depreciation	466.57		479.75	
Loss on Sale of Assets	0.00		0.00	
Interest paid	108.56		110.36	
Other Income Received	(145.60)	429.53	(16.84)	573.27
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		628.04		627.34
Adjustment for:				
Trade & Other Receivables	(384.65)		(444.25)	
Inventories	65.37		181.99	
Trade Payable	(505.19)	(824.47)	153.11	(109.15)
CASH FLOW FROM OPERATIONS		(196.43)		518.19
Interest Paid	(108.56)		(110.36)	
Direct Tax Paid	(119.05)	(227.61)	(8.35)	(118.71)
Net Cash Flow From Operating Activities (A)		(424.04)		399.48
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(44.65)		(301.93)	
Sales of Fixed Assets	325.23		4.43	
Other Income Received	145.60		16.84	
Investment	0.00	426.18	0.00	(280.66)
Net Cash used in Investing Activities (B)		426.18		(280.66)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from long term borrowings	0.00		0.00	
Repayment of Finance/lease liabilities	(1.23)		(178.24)	
Capital subsidiary received	0.00		19.90	
MAT Credit Entitlement	0.00		27.10	
Increase in Share Capital	0.00		0.00	
Net cash used in financing Activities (C)		(1.23)		(131.24)
Net Increase in Cash & Cash equivalent (A+B+C)		0.91		(12.42)
Cash & Cash Equivalent (Opening Balance)	20.33		32.75	
Cash & Cash Equivalent (Closing Balance)	21.24	0.91	20.33	(12.42)

As per our report of even date attached,

For S. G. Kabra & Co.
Chartered Accountants
FR No. 104507 W

S. G. Kabra
Partner
M. No. 38867

Place : Mumbai
Date : 12th August, 2011

For and on behalf of the Board,

Ramautar S. Jhawar
Chairman

Vinod S. Jhawar
Managing Director

Mahesh S. Jhawar
Director

STATEMENT UNDER SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SBUSIDIARY COMPANY

Sr. No.	Subsidiary Company	Western Chlorides & Chemicals Pvt. Ltd.	Dhanesh Fabrics Pvt.Ltd.	DFL Fabrics Pvt. Ltd.
1	Financial year of the Subsidiary Company ended on	31-03-2011	31-03-2011	31-03-2011
2	Year from which it become subsidiary Companies	01-12-1992	16-08-2007	07-02-2009
3	Country of Incorporation	India	India	India
4	(a) No. of Shares held by the Company & face value	2999 Equity Shares of Rs. 100/-	9999 Equity Shares of Rs.10/-	9980 Equity Shares of Rs.10/-
	(b) Extent of holding	99.99%	99.99%	99.80%
5	Net aggregate amount of subsidiary's Profit/ (Loss) so far as it concerns the members of the Holding Company.			
	a) Not dealt with in the accounts of the Holding Company.			
	For the financial year ended 31 st March, 2011	0.16	2.68	2.73
	For the Previous Financial Years, since it became the Holding Company's Subsidiary.	(0.54)	5.76	3.35
	b) Dealt with in the accounts of the Holding Company.			
	For the financial year ended 31 st March, 2011.	Nil	Nil	Nil
	For the Previous Financial Years, since it became the Holding Company's Subsidiary.	Nil	Nil	Nil

WESTERN CHLORIDES & CHEMICALS PVT. LTD.**Directors' Report**

To,
The Members,
Western Chlorides & Chemicals Pvt. Ltd.

Your Directors present herewith the 40th Annual Report and the audited accounts of the Company for the year ended 31st March, 2011.

FINANCIAL RESULTS :	(Rs. in Lacs)	
	Year ended	Year ended
	31-03-2011	31-03-2010
Profit (Loss) before Depreciation	0.24	0.43
Less :Depreciation	0.01	0.02
Profit/(Loss) Before Tax	0.23	0.41
Less :Provision for Tax	0.07	0.13
Profit /(Loss) after Tax	0.16	0.28
Add: Balance brought forward from previous year	(0.54)	(0.82)
Balance carried to Balance Sheet	(0.38)	(0.54)

DIVIDEND :

In view of the carried forward losses,your Directors regret their inability to recommend any dividend.

DIRECTORS :

There were no changes in the Directorship of the Company during the year under review.

DIRECTORS' RESPONSIBILITY STATEMENT :

The Directors would like to assure the Members that the financial statement for the year under review confirm in their entirety to the requirement of the Companies Act, 1956.

The Directors confirm that :

- The Annual Accounts have been prepared in conformity with the applicable Accounting Standards;
- The Accounting Policies selected and applied on a consistent basis, give a true and fair view of the state of affairs of the Company as at 31st March 2011 and of the profit for the year ended on that date.
- Sufficient care has been taken that adequate accounting records have been maintained for safeguarding the assets of the Company and for prevention and detection of fraud and other irregularities;
- The Annual Accounts have been prepared on a going concern basis.

AUDITORS :

M/s S.G.Kabra & Co. Chartered Accountants retire as Auditors of the Company and are being eligible for reappointment. It is recommended that they be reappointed and their remuneration be fixed.

AUDITORS' REPORT:

Observations made in the Auditors' Report read with eleven Notes in the Notes on Accounts, are self explanatory and their for, do not call for any further comments under Section 217(3) of the Companies Act,1956.

FIXED DEPOSITS :

During the year under review, the Company has not accepted or renewed any deposits within the meaning of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 and rules made there under.

PARTICULARS AS PER SECTION 217 (2A) OF COMPANIES ACT, 1956.

During the year under review, none of the employees of the Company was in receipt of remuneration aggregating Rs. 24,00,000/- or more per annum, if employed throughout the year, or Rs. 2,00,000/- or more per month, in case employed for part of the year. Hence, there are no particulars to be annexed to this report as required under section 217 (A) of the Companies Act, 1956 and the rules made thereunder.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO:

There was no foreign exchange earnings or outgo during the year 2010-2011.

CONSERVATION OF ENERGY :

- | | |
|--|----------------|
| 1. Energy conservation measures taken : | Nil |
| 2. Additional investment and proposals, if any, being Implemented for reduction of consumption : | None |
| 3. Impact of the measure at (1) and (2) above for reduction of energy consumption and consequent impact on the cost of production of goods : | Not Applicable |

Technology Absorption :

The Company does not need any technology up-gradation for its existing business.

ACKNOWLEDGEMENT :

Your Directors take this opportunity to thank all associates for their co-operation.

For and on behalf of the Board

Ramautar S. Jhawar
Director

Mahesh S. Jhawar
Director

Place : Mumbai
Date : 12th August, 2011

Auditors' Report

To,
The Members of
Western Chlorides & Chemicals Pvt. Ltd.

We have audited the attached Balance Sheet of Western Chlorides & Chemicals Pvt. Ltd. as at 31st March, 2011, and also the Profit & Loss Account of the Company for the year ended on that date, annexed thereto.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion in these financial statements based on our audit.

We have conducted our audit in accordance with Auditing Standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of section 227(4A) of the Companies Act 1956, is not applicable to the Company.

Further to our comments in the Annexure referred to above, we report that:

- We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.
- In our opinion, proper books of account, as required by the law have been kept by the Company so far as it appears from our examination of those books.

- The Balance Sheet, Profit & Loss Accounts dealt with by this report, are in agreement with the books of account.
- In our opinion, the Balance Sheet, Profit & Loss Account dealt with by this report, comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- On the basis of written representations received from the Directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause(g) of subsection (1) of section 274 of the Companies Act, 1956.
- In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the Accounting policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India.
 - In the case of Balance Sheet, of the State of affairs of the Company as at 31st March, 2011.
 - In the case of Profit & Loss Account of the Profit for the year ended on that date.

For S. G. Kabra & Co.
Chartered Accountants
FM. No.104507 W

S. G. Kabra
Partner
M. No. 38867

Place : Mumbai
Date : 12th August, 2011

BALANCE SHEET AS AT 31ST MARCH, 2011

(Rs. in Lacs)

Particulars	Schedule	As at 31 st March, 2011		As at 31 st March 2010	
Sources of Funds					
Share Capital	"A"	3.00		3.00	
Reserve & Surplus	"B"	11.07	14.07	11.07	14.07
	TOTAL		14.07		14.07
Application of Funds					
Fixed Assets (Gross Block)	"C"	4.25		53.51	
Less : Depreciation		4.14		4.13	
Net Block			0.11		49.38
Current Assets, Loans & Advances	"D"	14.25		14.04	
Less: Current Liabilities & Provisions "E"		0.67		49.89	
Net Current Assets			13.58		(35.85)
Profit & Loss Account			0.38		0.54
	TOTAL		14.07		14.07
Notes to the Account	"H"				

As per our report of even date attached

For S.G.Kabra & Co.
Chartered Accountants
FR No. 104507 W

S.G.Kabra
Partner
M. No. 38867

Place : Mumbai
Date : 12th August, 2011

For and on behalf of the Board

Ramautar S. Jhawar
Director

Mahesh S. Jhawar
Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 ST MARCH, 2011		(Rs. in Lacs)	
Particulars	Schedule	For the Year Ended 31-03-2011	For the Year Ended 31-03-2010
INCOME			
Other Income	"F"	1.36	1.36
TOTAL		1.36	1.36
EXPENDITURE			
Administrative & Selling Expenses	"G"	1.13	0.95
TOTAL		1.13	0.95
Profit Before Tax		0.23	0.41
Provision for Income Tax		0.07	0.13
Profit After Tax		0.16	0.28
Balance brought down from last year		(0.54)	(0.82)
Balance transferred to Balance Sheet		(0.38)	(0.54)
Notes to the Account	"H"		

As per our report of even date attached
For S.G.Kabra & Co.
 Chartered Accountants FR No. 104507 W
S.G.Kabra
 Partner, M. No. 38867
 Place : Mumbai
 Date : 12th August, 2011

For and on behalf of the Board

Ramautar S. Jhawar
 Director

Mahesh S. Jhawar
 Director

SCHEDULE FORMING PART OF BALANCE SHEET

(Rs. in Lacs)

Particulars	As at 31-03-2011	As at 31-03-2010	Particulars	As at 31-03-2011	As at 31-03-2010
Schedule "A"			Schedule "B"		
Share Capital			Reserves & Surplus		
Authorised			General Reserve	10.62	10.62
5000 Equity Share of Rs.100 each (Previous year 5000 Equity Shares Rs. 100/-each)	5.00	5.00	Investment Allowance Reserve	0.45	0.45
Issued, Subscribed & Paid up			TOTAL	11.07	11.07
3000 equity shares of Rs.100/-each. Fully paid up in cash (Previous year 3000 Equity Shares Rs. 100/-each)	3.00	3.00			

Schedule "C"

(Rs. in Lacs)

Fixed Assets

Description of the Assets	Gross Block at Cost				Depreciation				Net Block	
	As at 1-4-2010	Addition during the year	Sold during the year	Total as at 31-3-2011	Upto 31-3-2010	Provided during the year	Adjusted during the year	Upto 31-3-2011	As at 31-3-2011	As at 31-3-2010
Land	49.26	0.00	49.26	0.00	0.00	0.00	0.00	0.00	0.00	49.26
Building	3.22	0.00	0.00	3.22	3.11	0.01	0.00	3.12	0.10	0.11
Weighing Scale	0.20	0.00	0.00	0.20	0.20	0.00	0.00	0.20	0.00	0.00
Furniture & Fixture	0.28	0.00	0.00	0.28	0.28	0.00	0.00	0.28	0.00	0.00
Office Equipment	0.21	0.00	0.00	0.21	0.21	0.00	0.00	0.21	0.00	0.00
Factory Equipment	0.32	0.00	0.00	0.32	0.31	0.00	0.00	0.31	0.01	0.01
Hand Cart & Cycle	0.02	0.00	0.00	0.02	0.02	0.00	0.00	0.02	0.00	0.00
TOTAL	53.51	0.00	49.26	4.25	4.13	0.01	0.00	4.14	0.11	49.38
PREVIOUS YEAR	53.51	0.00	0.00	53.51	4.11	0.02	0.00	4.13	49.38	

SCHEDULE FORMING PART OF BALANCE SHEET (Rs. in Lacs)

Particulars	As at 31-03-2011	As at 31-03-2010
-------------	---------------------	---------------------

Schedule "D"**Current Assets Loans & Advances****Current Assets:****Cash & Bank Balance**

Cash in hand	12.29	0.76
Bank Balance with Schedule Bank	0.56	11.97
SUB TOTAL	12.85	12.73

Loans and advances

(Unsecured considered good)

Advances recoverable in cash or kind	0.01	0.01
Deposits	0.62	0.62
Other Current Assets	0.77	0.68
SUB TOTAL	1.40	1.31
TOTAL	14.25	14.04

Schedule "E"**Current Liabilities**

Sundry Creditors	0.67	49.89
TOTAL	0.67	49.89

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT (Rs. in Lacs)

Particulars	For the year ended 31-03-2011	For the year ended 31-03-2010
-------------	----------------------------------	----------------------------------

Schedule "F"**Other Income**

Lease Charges Received	0.60	0.60
Interest	0.76	0.76
TOTAL	1.36	1.36

Schedule "G"**Administrative & Selling Expenses**

Salary	1.02	0.90
Depreciation	0.01	0.02
Audit Fees	0.06	0.01
Filing Fees	0.01	0.00
Bank Charges	0.03	0.02
TOTAL	1.13	0.95

Schedule "H"**NOTES TO ACCOUNTS:**(Attached to and forming part of the Accounts for the year ended 31st March, 2011.)**A) Significant Accounting Policies****1. Accounting Policies:**

The Company follows accrual basis of accounting & recognizing Income & Expenditure on accrual basis. The accounts are prepared on historical cost convention and materially comply with the Mandatory Accounting Standards issued by the Institute of Chartered Accountants of India. The significant accounting policies followed by the Company are as stated below :

- Fixed Assets are shown at cost :
- Depreciation is provided on fixed assets using written down value method provided in schedule (xiv) of the Companies Act 1956.
- Investments are valued at cost of acquisition.
- Retirement benefits : Gratuity / Retirement benefits are recorded only on crystallisation of liability on account thereof.
- Recognition of Income & Expenditure Items of Income & Expenditure are generally recognised on accrual basis.

2. Contingent Liabilities : NIL

3. In the opinion of the Board of Directors, the Current Assets, Loans & Advances have a value on realisation, in the ordinary course of business, at least equal to the amount at which they are stated in the Balance Sheet.

4. The Company has leased out its factory land at Dombivli to the Holding Company for setting up Textile process house.

5. Disclosure under section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 could not be furnished as none of the suppliers of the Company have provided the details of their registration under the said Act.

6. Additional information pursuant to provisions 3 & 4 of Part II of Schedule VI of the Company's Act, 1956.

- | | |
|-------------------------------|----------------|
| i. Licensed Capacity | Not Applicable |
| ii. Installed Capacity | Not applicable |
| iii. The Company did not have | |

a) Any employees drawing aggregate remuneration.

- Of Rs. 24 lakhs per annum or more in respect of employees employed throughout the year.
- At a rate equal to Rs. 2 lakh per month or more in respect of employees employed for part of the year.

b) Any imports during the year.

c) Any earnings/expenditure in foreign currency.

d) Any non-resident shareholders.

7. Figures of the previous year have been regrouped wherever necessary.

8. Deferred Tax :

The company has adopted Accounting Standard -22, "Accounting for Taxes on Income" with effect from 1st April 2003. Since the Company has provided depreciation in its books of account as per Income Tax Act 1956. Therefore there is no difference between the depreciation provided in books and depreciation considered in income Tax return so this Accounting Standard is not applicable to the Company.

9. STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE.**I Registration Details**

Registration No.	14919	State Code 11
Balance Sheet Date	31-03-2011	

(Rs. in Thousands)

For the year ended

For the year ended

31-03-2011

31-03-2010

II Capital Raised during the year

Public Issue	NIL	NIL
Bonus Issue	NIL	NIL
Right Issue	NIL	NIL
Private Placement / Others	NIL	NIL

III Position of Mobilisation and Deployment of Funds

Total Liabilities	1407	1407
Total Assets	1407	1407

Source of Funds

Paid-up-Capital	300	300
Secured Loans	0	0
Reserve & Surplus	1107	1107
Unsecured Loans	0	0

Application of Funds

Net Fixed Assets	11	4938
Net Current Assets	1358	(3585)
Accumulated Losses	38	54
Investments	0	0
Misc. Expenditure	0	0
Capital Work in Progress	0	0

IV Performance of company

Turnover	136	136
Total Expenditure	113	95
Profit before Tax	23	41
Profit after Tax	16	28
Earning per Share (Rs.)	5.33	9.33

V Generic Names of Principal product / services of Co.

Item No. N.A.

Signatures to Schedules "A" to "H"

For and on behalf of the Board

As per our report of even date attached

For S.G. Kabra & Co.

Chartered Accountants

FR No. 104507 W

S.G. Kabra

Partner,

M. No. 38867

Place : Mumbai

Date : 12th August, 2011**Ramautar S. Jhawar**

Director

Mahesh S. Jhawar

Director

DHANESH FABRICS PVT. LTD.**Directors' Report**

To,
The Members,
Dhanesh Fabrics Pvt. Ltd.

Your Directors present herewith 12th Annual Report and the audited accounts of the Company for the year ended 31st March, 2011.

FINANCIAL RESULTS :

	(Rs. in Lacs)	
	Year ended 31-03-2011	Year ended 31-03-2010
Sales Turnover	439.15	357.62
Profit Before Tax	3.88	3.08
Less : Provision for Tax	1.20	0.96
Net Profit for the year	2.68	2.12
Add: Balance brought from previous year	5.76	3.64
Balance carried to Balance Sheet	8.44	5.76

DIVIDEND :

With a view to conserve resource your Directors do not recommend any dividend for the year under review.

DIRECTORS :

There were no changes in the Directorship of the Company during the year under review.

DIRECTORS' RESPONSIBILITY STATEMENT :

The Directors would like to assure the Members that the financial statement for the year under review confirm in their entirety to the requirement of the Companies Act, 1956.

The Directors confirm that :

- The Annual Accounts have been prepared in conformity with the applicable Accounting Standards;
- The Accounting Policies selected and applied on a consistent basis, give a true and fair view of the state of affairs of the Company and of the profit for the year ended 31st March 2011.
- Sufficient care has been taken that adequate accounting records have been maintained for safeguarding the assets of the Company and for prevention and detection of fraud and other irregularities;
- The Annual Accounts have been prepared on a going concern basis.

AUDITORS :

M/s S.G.Kabra & Co. Chartered Accountants retires as Auditors of the Company and are being eligible for reappointment. It is recommended that they be reappointed and their remuneration be fixed.

AUDITORS' REPORT:

Observations made in the Auditors' Report read with eleven Notes in the Notes on Accounts, are self explanatory and therefore, do not call for any further comments under Section 217(3) of the Companies Act, 1956.

FIXED DEPOSITS :

During the year under review, the Company has not accepted or renewed any deposits within the meaning of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 and rules made there under.

PARTICULARS AS PER SECTION 217 (2A) OF COMPANIES ACT, 1956.

During the year under review, none of the employees of the Company was in receipt of remuneration aggregating Rs. 24,00,000/- or more per annum, if employed throughout the year, or Rs. 2,00,000/- or more per month, in case employed for part of the year. Hence, there are no particulars to be annexed to this report as required under section 217 (2A) of the Companies Act, 1956 and the rules made thereunder.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO:

There was no foreign exchange earnings or outgo during the year 2010-2011.

CONSERVATION OF ENERGY :

- | | |
|--|----------------|
| 1. Energy conservation measures taken : | Nil |
| 2. Additional investment and proposals, if any, being Implemented for reduction of consumption : | None |
| 3. Impact of the measure at (1) and (2) above for reduction of energy consumption and consequent impact on the cost of production of goods : | Not Applicable |

Technology Absorption :

The Company does not need any technology up-gradation for its existing business.

ACKNOWLEDGEMENT :

Your Directors take this opportunity to thank all associates for their co-operation.

For and on behalf of the Board
Maresh S. Jhavar
Director

Place : Mumbai
Date : 12th August, 2011

Vinod S. Jhavar
Director

Auditors' Report

To,
The Members of
Dhanesh Fabrics Pvt. Ltd.

We have audited the attached Balance Sheet of Dhanesh Fabrics Pvt. Ltd. as at 31st March, 2011, and also the Profit & Loss Account of the Company for the year ended on that date, annexed thereto.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion in these financial statements based on our audit. We have conducted our audit in accordance with Auditing Standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. The Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of section 227(4A) of the Companies Act 1956, is not applicable to the Company.

Further to our comments in the Annexure referred to above, we report that:

- a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit .
- b) In our opinion, proper books of account, as required by the law have been kept by the Company so far as it appears from our examination of the books.
- c) The Balance Sheet, Profit & Loss Accounts dealt with by this report, are in agreement with the books of account.
- d) In our opinion, the Balance Sheet, Profit & Loss Account dealt with by this report, comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- e) On the basis of written representations received from the Directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause(g) of subsection (1) of section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the Accounting policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India.
 - i. In the case of Balance Sheet, of the State of affairs of the Company as at 31st March 2011.
 - ii. In the case of Profit & Loss Account of the Profit for the year ended on that date.

Place : Mumbai
Date : 12th August, 2011

For S. G. Kabra & Co.
Chartered Accountants
FR. No. 104507 W

S. G. Kabra
Partner
M. No. 38867

BALANCE SHEET AS AT 31ST MARCH, 2011			(Rs. in Lacs)	
Particulars	Schedule	As at 31 st March, 2011		As at 31 st March 2010
Sources of Funds				
Share Holders Fund				
Share Capital	"A"	1.00		1.00
Reserve & Surplus	"B"	8.44	9.44	5.76
Unsecured Loan	"C"		29.50	0.00
			38.94	6.76
TOTAL				
Application of Funds				
Fixed Assets				
	"D"		0.00	49.27
Current Assets				
Inventory	"E"	53.79		57.02
Sundry Debtors		92.84		93.68
Cash & Bank Balances		17.41		4.72
Loans Advance & Deposits		9.39		2.00
		173.43		157.42
Less Current Liabilities				
Current Liabilities	"F"	132.37		199.04
Provisions		2.16		0.95
		134.53		199.99
Net Current Assets	"G"		38.90	(42.57)
Miscellaneous Expenditure to the Extent not written off			0.04	0.06
			38.94	6.76
TOTAL				
Notes to the Account	"O"			

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011			(Rs. in Lacs)	
Particulars	Schedule	For the Year Ended 31-03-2011	For the Year Ended 31-03 -2010	
INCOME				
Sales of Cloth	"H"	439.15		357.62
Other Income	"I"	0.05		0.09
Increase in Stock	"J"	0.00		35.69
			439.20	393.40
TOTAL				
EXPENDITURE				
Decrease in Stock	"J"	3.23		0.00
Purchase of Cloth	"K"	306.37		293.35
Direct Expenses	"L"	98.88		87.05
Administrative & Selling Expenses	"M"	15.96		6.93
Financial Expenses	"N"	10.86		2.97
Preliminary Expenses W/O	"G"	0.02		0.02
		435.32		390.32
TOTAL				
Profit Before Tax		3.88		3.08
Less :Provision for Income Tax		1.20		0.95
Net Profit After Tax		2.68		2.13
Less income Tax for earlier year		0.00		0.01
Net Profit		2.68		2.12
Add : Balance brought forward from Previous year		5.76		3.64
Balance transferred to Balance Sheet		8.44		5.76
Notes to the Account	"O"			

Signature to Balance Sheet and Profit & Loss Account

As per our report of even date attached
For S.G.Kabra & Co.
 Chartered Accountants, FR No. 104507 W
S.G.Kabra
 Partner, M. No. 38867
 Place : Mumbai
 Date : 12th August, 2011

For and on behalf of the Board
Mahesh S. Jhavar
 Director

Vinod S. Jhavar
 Director

(Rs. in Lacs)

SCHEDULE FORMING PART OF BALANCE SHEET

Particulars	As at 31-03-2011	As at 31-03-2010
Schedule "A"		
Share Capital		
Authorised		
10000 Equity Shares of Rs. 10/- each	1.00	1.00
TOTAL	1.00	1.00
Issued, Subscribed & Paid up		
10000 Equity Shares Rs. 10/- each fully paid up in cash	1.00	1.00
TOTAL	1.00	1.00
Schedule "B"		
Reserves & Surplus		
Profit & (Loss) A/c	8.44	5.76
TOTAL	8.44	5.76
Schedule "C"		
Unsecured Loan		
From Dhanlaxmi Fabrics Ltd.	29.50	0.00
TOTAL	29.50	0.00
Schedule "D"		
Fixed Assets :		
Land		
(Land taken on Lease from Shri Dhairyasheel Mane Textile Park, in Kagal, Kolhapur, M.I.D.C.)	0.00	49.27
TOTAL	0.00	49.27
Schedule "E"		
Current Assets Loans & Advances		
Inventory at Cost		
Stock Cloth	53.79	57.02
SUB TOTAL	53.79	57.02
Sundry Debtors		
(Unsecured considered good)		
More than 6 months	9.43	5.55
Others	83.41	88.13
SUB TOTAL	92.84	93.68
Cash & Bank Balance		
Cash Balance	5.22	1.20
Balance with Bank	12.19	3.52
SUB TOTAL	17.41	4.72
Loans, Advances & Deposits		
Loan & Advances	9.39	2.00
SUB TOTAL	9.39	2.00
TOTAL	173.43	157.42
Schedule "F"		
Current Liabilities & Provisions		
Current Liabilities	1.31	0.27
Sundry Creditors	131.06	198.77
SUB TOTAL	132.37	199.04
Provision for Income Tax	2.16	0.95
SUB TOTAL	2.16	0.95
TOTAL	134.53	199.99
Schedule "G"		
Miscellaneous Expenses to the Extent not written off		
Preliminary Expenses	0.06	0.08
Less : 1/5 Expenses Written off	0.02	0.02
TOTAL	0.04	

SCHEDULE FORMING PART OF PROFIT & LOSS ACCOUNT

Particulars	For the year ended 31-03-2011	For the year ended 31-03-2010
Schedule "H"		
Sale of Cloth	439.15	357.62
TOTAL	439.15	357.62
Schedule "I"		
Other Income		
Sundry Balance W/OFF	0.05	0.09
TOTAL	0.05	0.09
Schedule "J"		
Increase / (Decrease) in Stock		
Opening Stock	57.02	21.33
Less: Closing Stock	53.79	57.02
TOTAL	(3.23)	35.69
Schedule "K"		
Purchase of Cloth	306.37	293.35
TOTAL	306.37	293.35
Schedule "L"		
Direct Expenses		
Processing Charges	89.99	77.36
Printing & Engraving Charges	0.89	1.25
Screen Charges	4.58	6.13
Transport Charges	2.52	1.61
Grey Checking Charges	0.90	0.68
Sampaling Charges	0.00	0.02
TOTAL	98.88	87.05
Schedule "M"		
Administrative & Selling Expenses		
Salary & Wages	13.61	4.30
Trunk & Telephone Expenses	0.01	0.01
Traveling Expenses	0.03	0.08
Conveyance	0.66	0.25
Printing & Stationery	0.03	0.01
Bank Charges	0.00	0.01
Auditors Remuneration	0.62	0.11
Filing Fees	0.01	0.01
Motor Car Expense	0.03	0.36
Commission & Brokerage	0.96	1.77
Courier Charges	0.00	0.02
TOTAL	15.96	6.93
Schedule "N"		
Financial Expenses		
Interest	10.86	2.97
TOTAL	10.86	2.97

Schedule "O"

NOTES TO THE ACCOUNTS :

(Attached to and forming part of the Accounts for the year ended 31st March, 2011.)

A) Significant Accounting Policies

1. Accounting Policies:

The Company follows accrual basis of accounting & recognizing Income & Expenditure on accrual basis. The accounts are prepared on historical cost convention and materially comply with the Mandatory Accounting Standards issued by the Institute of Chartered Accountants of India.

2. In the opinion of the Board of Directors, the Current Assets, Loans & Advances have a value on realisation, in the ordinary course of business, at least equal to the amount at which they are stated in the Balance Sheet.
3. Disclosure under section 22 of the Micro, Small and Medium enterprises Development act, 2006 could not be furnished as none of the suppliers of the Company have provided the details of their registration under the said act.
4. Additional information pursuant to provisions 3 & 4 of Part II of Schedule VI of the Company's Act, 1956.
 - i. Licensed Capacity Not Applicable
 - ii. Installed Capacity Not applicable
 - iii. The Company did not have
 - a) Any employee drawing aggregate remuneration.
 - i. Of Rs. 24,00,000/- per annum or more in respect of employees employed through out the year.
 - ii. At a rate equal to Rs. 2,00,000/- per month or more in respect of employees employed for part of the year.
 - b) Any imports during the year.
 - c) Any Earnings / Expenditure in Foreign Currency.
 - d) Any non-resident shareholders.
5. Contingent Liabilities : NIL

6. PARTICULARS OF PURCHASEES, SALES & STOCK OF FABRICS :

Particulars	For the Year Ended 31-03-2011		For the Year Ended 31-03-2010	
	Quantity (Lac Mtrs.)	Rs. in Lacs	Quantity (Lac Mtrs.)	Rs. in Lacs
Purchases :				
Fabrics	6.49	306.38	7.41	293.35
Sales :				
Fabrics	6.74	439.15	6.16	357.62
Opening Stock :				
Fabrics	1.68	57.02	0.55	21.33
Closing Stock :				
Fabrics	1.42	53.79	1.68	57.02

7. Figures of the previous year have been regrouped / rearranged wherever necessary.
8. Additional information pursuant to the provision of part IV of schedule VI to the Companies Act, 1956 is as per Annexure 1.

Signatures to Schedules "A" to "O"

As per our report of even date attached

For and on behalf of the Board

For S.G. Kabra & Co.

Chartered Accountants

FR No. 104507 W

S.G.Kabra

Partner, M. No. 38867

Place : Mumbai

Date : 12th August, 2011

Mahesh S. Jhawar

Director

Vinod S. Jhawar

Director

ANNEXURE 1 (REFER NOTE NO. 8 OF SCHEDULE "O")

STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE.**I Registration Details**

Registration No. 120739 State Code 11
 Balance Sheet Date 31-03-2011

(Rs. in Thousands)

For the year ended
31-03-2011

For the year ended
31-03-2010

II Capital Raised during the year

Public Issue	NIL	NIL
Bonus Issue	NIL	NIL
Right Issue	NIL	NIL
Private Placement / Others	NIL	NIL

III Position of Mobilisation and Deployment of Funds

Total Liabilities	3894	676
Total Assets	3894	676

Source of Funds

Paid-up-Capital	100	100
Secured Loans	0	0
Unsecured Loans	2950	0
Reserve & Surplus	844	576

Application of Funds

Net Fixed Assets	0	4927
Net Current Assets	3890	(4257)
Accumulated Losses	0	0
Misc. Expenditure	4	6
Capital Work in Progress	0	0

IV Performance of company

Turnover	43920	35771
Expenditure	43532	35463
Profit / (Loss) before Tax	388	308
Profit / (Loss) after Tax	268	212
Earning per Share (Rs.)	26.80	21.20
Dividend (%)	0	0

**V Generic Names of Principal product / services of Co.
Item No. N.A.**

As per our report of even date attached
For S.G. Kabra & Co.
 Chartered Accountants, FR No. 104507 W
S.G.Kabra
 Partner, M. No. 38867
 Place : Mumbai
 Date : 12th August, 2011

For and on behalf of the Board

Vinod S. Jhavar
 Director
Mahesh S. Jhavar
 Director

DFL FABRICS PVT. LTD.**Directors' Report**

To,
The Members,
DFL Fabrics Pvt. Ltd.,

Your Directors present herewith 3rd Annual Report and the audited accounts of the Company for the year ended 31st March, 2011.

FINANCIAL RESULTS : (Rs. in Lacs)

	Year ended 31-03-2011	Year ended 31-03-2010
Sales Turn Over	438.23	399.24
Profit Before Tax	3.95	4.36
Less :Provision for Tax	1.22	1.36
Net Profit after Tax	2.73	3.00
Balance brought forward from last year	3.35	0.35
Balancecarried to Balance Sheet	6.08	3.35

DIVIDEND :

With a view to conserve resources your Directors do not recommend any dividend for the year under review.

DIRECTORS' RESPONSIBILITY STATEMENT :

The Directors would like to assure the Members that the financial statement for the year under review confirm in their entirety to the requirement of the Companies Act, 1956.

The Directors confirm that :

- The Annual Accounts have been prepared in conformity with the applicable Accounting Standards;
- The Accounting Policies selected and applied on a consistent basis, give a true and fair view of the state of affairs of the Company of the profit for the financial year ended 31st March 2011
- Sufficient care has been taken that adequate accounting records have been maintained for safeguarding the assets of the Company and for prevention and detection of fraud and other irregularities;
- The Annual Accounts have been prepared on a going concern basis.

AUDITORS :

M/s S.G.Kabra & Co. Chartered Accountants retires as Auditors of the Company and are being eligible for reappointment. It is recommended that they be reappointed and their remuneration be fixed.

AUDITORS' REPORT:

Observations made in the Auditors' Report read with elevent Notes in the Notes on Accounts, are self explanatory and therefore, do not call for any further comments under Section 217(3) of the Companies Act, 1956

FIXED DEPOSITS :

During the year under review, the Company has not accepted or renewed any deposits within the meaning of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 and rules made there under.

PARTICULARS AS PER SECTION 217(2A) OF COMPANIES ACT, 1956.

During the year under reveiw, none of the employees of the Company was in receipt of remuneration aggregating Rs. 24,00,000/- or more per annum, if employed throughout the year, or Rs. 2,00,000/- or more per month, in case employed for part of the year. Hence, there are no particulars to be annexed to this report as required under section 217 (2A) of the Companies Act, 1956 and the rules made thereunder.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO:

There was no foreign exchange earnings or outgo during the year 2010-2011.

CONSERVATION OF ENERGY :

1. Energy conservation measures taken : Nil
2. Additional investment and proposals, if any, being Implemented for reduction of consumption : None
3. Impact of the measure at (1) and (2) above for reduction of energy consumption and consequent impact on the cost of production of goods : Not Applicable

Technology Absorption :

The Company does not need any technology up-gradation for its existing business.

ACKNOWLEDGEMENT :

Your Directors take this opportunity to thank all associates for their co-operation.

For and on behalf of the Board
Mahesh S. Jhawar
Director

Place : Mumbai
Date : 12th August, 2011

Vinod S. Jhawar
Director

Auditors' Report

To,
The Members of
DFL Fabrics Pvt. Ltd.,

We have audited the attached Balance Sheet of DFL Fabrics Pvt. Ltd., as at 31st March, 2011, and also the Profit & Loss Account of the Company for the year ended on that date, annexed thereto.

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion in these financial statements based on our audit.

We have conducted our audit in accordance with Auditing Standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of section 227(4A) of the Companies Act 1956, is not applicable to the Company.

Further to our comments in the Annexure referred to above, we report that:

- a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit .
- b) In our opinion, proper books of account, as required by the law have been kept by the Company so far as it appears from our examination of the books.
- c) The Balance Sheet, Profit & Loss Accounts dealt with by this report, are in agreement with the books of account.
- d) In our opinion, the Balance Sheet, Profit & Loss Account dealt with by this report, comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- e) On the basis of written representations received from the Directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause(g) of sub section (1) of section 274 of the Companies Act, 1956.

f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the Accounting policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the Accounting Principles generally accepted in India.

i. In the case of Balance Sheet, of the State of affairs of the Company as at 31st March, 2011.

ii In the case of Profit & Loss Account of the Profit for the year ended on that date.

For S. G. Kabra & Co.
Chartered Accountants
FR No. 104507 W

S. G. Kabra
Partner
M. No. 38867

Place : Mumbai
Date : 12th August, 2011

BALANCE SHEET AS AT 31ST MARCH, 2011		(Rs. in Lacs)			
Particulars	Schedule	As at 31st March, 2011		As at 31st March, 2010	
Sources of Funds					
Share Holders' Fund					
Share Capital	"A"	1.00		1.00	
Reserve & Surplus	"B"	6.08	7.08	3.35	4.35
Loan Funds					
Unsecured Loan	"C"		83.50		63.50
	TOTAL		90.58		67.85
Application of Funds					
Current Assets					
Inventory	"D"	42.69		35.56	
Sundry Debtors		126.63		57.86	
Cash & Bank Balances		1.69		11.23	
Loans Advance & Deposits		13.06		13.81	
		184.07		118.46	
Less : Current Liabilities					
Current Liabilities	"E"	90.92		49.26	
Provisions		2.57		1.35	
Net Current Assets		93.49	90.58	50.61	67.85
	TOTAL		90.58		67.85
Notes to the Account					
		L"			
As per our report of even date attached For S.G.Kabra & Co. Chartered Accountants FR No. 104507 W S.G.Kabra Partner M. No. 38867 Place : Mumbai Date : 12 th August, 2011			For and on behalf of the Board Maresh S. Jhawar Director Vinod S. Jhawar Director		

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

(Rs. in Lacs)

Particulars	Schedule	For the Year ended 31-03-2011	For the Year ended 31-03-2010
INCOME			
Sales of Cloth	"F"	438.23	399.24
Other Income	"G"	0.94	0.18
Increase / (Decrease) in Stock	"H"	7.13	14.55
TOTAL		<u>446.30</u>	<u>413.97</u>
EXPENDITURE			
Purchase of Cloths	"I"	399.11	344.03
Direct Expenses	"J"	34.17	57.66
Administrative & Selling Expenses	"K"	9.07	7.92
TOTAL		<u>442.35</u>	<u>409.61</u>
Profit Before Tax		<u>3.95</u>	<u>4.36</u>
Less : Provision for Income Tax		1.22	1.35
Profit After Tax		<u>2.73</u>	<u>3.01</u>
Less : Income Tax for earlier year		0.00	0.01
Net Profit		<u>2.73</u>	<u>3.00</u>
Add.: Balance brought forward from previous year		3.35	0.35
Balance transferred to Balance Sheet		<u>6.08</u>	<u>3.35</u>
Notes to the Account	"L"		

As per our report of even date attached

For S.G.Kabra & Co.

Chartered Accountants

FR No. 104507 W

S.G.Kabra

Partner, M. No. 38867

Place : Mumbai

Date : 12th August, 2011

For and on behalf of the Board

Mahesh S. Jhavar

Director

Vinod S. Jhavar

Director

SCHEDULE FORMING PART OF BALANCE SHEET (Rs. in Lacs)			SCHEDULE FORMING PART OF PROFIT & LOSS ACCOUNT		
Particulars	As at 31-03-2011	As at 31-03-2010	Particulars	For the year ended 31-03-2011	For the year ended 31-03-2010
Schedule "A"			Schedule "F"		
Share Capital			Sale of Cloth	<u>438.23</u>	<u>399.24</u>
Authorised					
10000 Equity Share of Rs.10/-	<u>1.00</u>	<u>1.00</u>			
TOTAL	<u>1.00</u>	<u>1.00</u>			
Issued, Subscribed & Paid up			Schedule "G"		
10000 equity shares of Rs.10/-each.			Other Income		
Fully paid up in cash	<u>1.00</u>	<u>1.00</u>	Interest Received	<u>0.94</u>	<u>0.18</u>
TOTAL	<u>1.00</u>	<u>1.00</u>	TOTAL	<u>0.18</u>	<u>0.18</u>
Schedule "B"			Schedule "H"		
Reserves & Surplus			Increase /(Decrease) In Stock		
Profit & Loss A/C	<u>6.08</u>	<u>3.35</u>	Opening Stock	<u>35.56</u>	<u>21.01</u>
TOTAL	<u>6.08</u>	<u>3.35</u>	Less : Closing Stock	<u>42.69</u>	<u>35.56</u>
				<u>7.13</u>	<u>14.55</u>
Schedule "C"			Schedule "I"		
Loan Funds			Purchases		
Unsecured Loan	<u>83.50</u>	<u>63.50</u>	Purchase of Cloth	<u>398.36</u>	<u>341.22</u>
TOTAL	<u>83.50</u>	<u>63.50</u>	Purchase of Yarn	<u>0.75</u>	<u>2.81</u>
			TOTAL	<u>399.11</u>	<u>344.03</u>
Schedule "D"			Schedule "J"		
Current Assets Loans & Advances			Direct Expenses		
Inventory at Cost			Processing Charges	<u>26.41</u>	<u>54.21</u>
Stock of Cloth/Yarn	<u>42.69</u>	<u>35.56</u>	Transport Charges	<u>2.13</u>	<u>1.33</u>
Sundry Debtors			Gray Checking Charges	<u>0.07</u>	<u>0.20</u>
(unsecured considered good)			Sampling Expenses	<u>0.50</u>	<u>0.03</u>
More than 6 months	<u>8.92</u>	<u>0.47</u>	Insurance	<u>0.07</u>	<u>0.18</u>
Others	<u>117.71</u>	<u>57.39</u>	Repairs & Maintenance	<u>0.06</u>	<u>0.53</u>
Cash & Bank Balance	<u>126.63</u>	<u>57.86</u>	Electricity Charges	<u>0.65</u>	<u>0.32</u>
Cash Balance	<u>1.17</u>	<u>2.47</u>	WVG Job Work Charges	<u>4.28</u>	<u>0.86</u>
Balance with Bank	<u>0.52</u>	<u>8.76</u>	TOTAL	<u>34.17</u>	<u>57.66</u>
	<u>1.69</u>	<u>11.23</u>			
Loan, Advances & Deposits			Schedule "K"		
Loan & Advances			Administrative & Selling Expenses		
Advance to Suppliers	<u>9.59</u>	<u>12.66</u>	Salary & Wages	<u>4.00</u>	<u>3.65</u>
Advance to Staff	<u>1.35</u>	<u>0.08</u>	Trunk & Telephone Expenses	<u>0.62</u>	<u>0.75</u>
Prepaid Expenses	<u>0.00</u>	<u>0.00</u>	Traveling Expenses	<u>0.29</u>	<u>0.22</u>
Sundry Deperities & Advance	<u>2.12</u>	<u>1.07</u>	Conveyance	<u>0.35</u>	<u>0.52</u>
	<u>13.06</u>	<u>13.81</u>	Auditors Remuneration	<u>0.62</u>	<u>0.11</u>
TOTAL	<u>184.07</u>	<u>118.46</u>	Motor Car Expenses	<u>1.72</u>	<u>2.28</u>
			Staff Welfare	<u>0.13</u>	<u>0.15</u>
Schedule "E"			Filling Fees	<u>0.00</u>	<u>0.01</u>
Current Liabilities & Provisions			Printing Stationery	<u>0.04</u>	<u>0.01</u>
Current Liabilities	<u>15.00</u>	<u>0.00</u>	Courier Charges	<u>0.00</u>	<u>0.01</u>
Advance received from Customer	<u>75.69</u>	<u>49.05</u>	General Expenses	<u>0.01</u>	<u>0.18</u>
Sundry Creditors	<u>90.92</u>	<u>49.26</u>	Donation	<u>0.00</u>	<u>0.01</u>
			Sales Promotion	<u>0.28</u>	<u>0.02</u>
Provision for Income Tax	<u>2.57</u>	<u>1.35</u>	Commission & Brokerage	<u>0.99</u>	<u>0.00</u>
TOTAL	<u>93.49</u>	<u>50.61</u>	Sundry Balance W/O	<u>0.02</u>	<u>0.00</u>
			TOTAL	<u>9.07</u>	<u>7.92</u>

Schedule "L"

NOTES TO THE ACCOUNTS :

(Attached to and forming part of the Accounts for the year ended 31st March, 2011.)

A) Significant Accounting Policies

1. Accounting Policies:

The Company follows accrual basis of accounting & recognizing Income & Expenditure on accrual basis. The accounts are prepared on historical cost convention and materially comply with the Mandatory Accounting Standards issued by the Institute of Chartered Accountants of India.

2. In the opinion of the Board of Directors, the Current Assets, Loans & Advances have a value on realisation, in the ordinary course of business, at least equal to the amount at which they are stated in the Balance Sheet.

3. Disclosure under section 22 of the Micro, Small and Medium enterprises Development act, 2006 could not be furnished as none of the suppliers of the Company have provided the details of their registration under the said act.

4. Additional information pursuant to provisions 3 & 4 of Part II of Schedule VI of the Company's Act, 1956.

i. Licensed Capacity Not Applicable

ii. Installed Capacity Not applicable

iii. The Company did not have

a) Any employees drawing aggregate remuneration.

i. Of Rs. 24,00,000/- per annum or more in respect of employees employed throughout the year.

ii. At a rate equal to Rs. 2,00,000/- per month or more in respect of employees employed for part of the year.

b) Any imports during the year.

c) Any Earnings / Expenditure in Foreign Currency.

d) Any non-resident shareholders.

5. Contingent Liabilities : NIL

6. (A) PARTICULARS OF PURCHASEES, SALES & STOCK OF FABRICS :

	For the year ended 31-03-2011		For the year ended 31-03-2010	
	Quantity (Lac Mtrs.)	Rs. in Lacs	Quantity (Lac Mtrs.)	Rs. in Lacs
Purchases :				
Fabrics	6.19	402.73	6.88	341.22
Sales :				
Fabrics	5.81	438.23	6.66	399.24
Opening Stock :				
Fabrics	0.81	31.94	0.60	21.01
Closing Stock :				
Fabrics	1.00	42.69	0.81	31.94

(B) PARTICULARS OF PURCHASEES, SALES & STOCK OF YARNS :

Purchases	0.01	0.75	0.02	3.62
Consume for Mfg.	0.03	4.37	0.00	0.00
Opening Stock	0.02	3.62	0.00	0.00
Closing Stock	0.00	0.00	0.02	3.62

7. Previous year figures have been regrouped / rearranged wherever necessary.

8. Additional information pursuant to the provision of Part IV of Schedule VI to the Company Act, 1956 is as per Annexure 1.

Signatures to Schedules "A" to "L"

As per our report of even date attached
For S.G. Kabra & Co.
 Chartered Accountants, FR No. 104507 W
S.G. Kabra
 Partner M. No. 38867
 Place : Mumbai
 Date : 12th August, 2011

For and on behalf of the Board

Vinod S. Jhavar
 Director
Mahesh S. Jhavar
 Director

ANNEXURE 1 (REFER NOTE NO. 8 OF SCHEDULE "L")

9. STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE.

I Registration Details

Registration No. 186271 State Code 11
 Balance Sheet Date 31-03-2011

(Rs. in Thousands)

	For the year ended 31-03-2011	For the year ended 31-03-2010
II Capital Raised during the year		
Public Issue	NIL	NIL
Bonus Issue	NIL	NIL
Right Issue	NIL	NIL
Private Placement / Others	NIL	NIL
III Position of Mobilisation and Deployment of Funds		
Total Liabilities	9058	6785
Total Assets	9058	6785
Source of Funds		
Paid-up-Capital	100	100
Secured Loans	0	0
Unsecured Loan	8350	6350
Reserve & Surplus	608	335
Application of Funds		
Net Fixed Assets	NIL	NIL
Net Current Assets	9058	6785
Accumulated Losses	0	0
Misc. Expenditure	0	0
Capital Work in Progress	0	0
IV Performance of company		
Turnover	43917	39942
Expenditure	43522	39506
Profit before Tax	395	436
Profit after Tax	273	300
Earning per Share (Rs.)	27.30	30.00
Dividend	0	0

V Generic Names of Principal product / services of Co.

Item No. N.A.

As per our report of even date attached

For and on behalf of the Board

For S.G. Kabra & Co.

Chartered Accountants, FR No. 104507 W

S.G.Kabra

Partner, M. No. 38867

Place : Mumbai

Date : 12th August, 2011

Mahesh S. Jhawar

Director

Vinod S. Jhawar

Director

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED AUDITORS' REPORT

AUDITOR'S REPORT TO THE SHAREHOLDERS OF DHANLAXMI FABRICS LTD., ON THE CONSOLIDATED FINANCIAL STATEMENTS OF DHANLAXMI FABRICS LIMITED. AND ITS SUBSIDIARIES.

We have audited the attached Consolidated Balance Sheet of Dhanlaxmi Fabrics Limited and its Subsidiary Companies as at 31st March, 2011, the related Profit & Loss Account and consolidated Cash Flow Statement for the year ended on that date. 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.

We have conducted our audit in accordance with the generally accepted Auditing Standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statements. 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 and the reports provide a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India, on the basis of the individual financial statements of Dhanlaxmi Fabrics Limited and its Subsidiary Companies included in the aforesaid consolidation.

On the basis of the information & explanations given to us and on the consideration of the separate audit report on individual audited financial statement of the Company and its Subsidiaries, we are of the opinion that :

- a) The Consolidated Balance Sheet gives true & fair view of the Consolidated state of affairs of the Dhanlaxmi Fabrics Limited and its subsidiaries Western Chlorides & Chemicals Pvt. Ltd., Dhanesh Fabrics Pvt. Ltd. and DFL Fabrics Pvt. Ltd. as at 31st March, 2011 and
- b) The Consolidated Profit & Loss Account gives a true & fair view of the consolidated results of operation of Dhanlaxmi Fabrics Limited and its subsidiaries Western Chlorides & Chemicals Pvt. Ltd., Dhanesh Fabrics Pvt. Ltd. and DFL Fabrics Pvt. Ltd. for the year ended 31st March, 2011.
- c) The Consolidated Cash Flow Statement gives true and fair view of the Consolidated cash flows of Dhanlaxmi Fabrics Limited and its subsidiaries Western Chlorides & Chemicals Pvt. Ltd., Dhanesh Fabrics Pvt. Ltd. and DFL Fabrics Pvt. Ltd. for the year ended 31st March, 2011.

For S. G. Kabra & Co.
Chartered Accountants
FR No. 104507 W

S. G. Kabra
Partner
M. No. 38867

Place : Mumbai
Date : 12th August, 2011

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET AS AT 31 ST MARCH 2011			(Rs. in Lacs)	
PARTICULARS	SCHEDULE	AS AT 31-03-2011	AS AT 31-03-2010	
SOURCES OF FUNDS				
SHARE HOLDERS FUNDS				
SHARE CAPITAL	"A"	858.11		858.11
RESERVES & SURPLUS	"B"	2581.83		2433.32
DEFERRED TAX LIABILITY		676.22		739.70
(Refer note-4 of Schedule "R")				
LOAN FUNDS				
SECURED LOANS	"C"	1261.56	1262.79	
UNSECURED LOANS	"D"	33.40	33.40	1296.19
GRAND TOTAL		5411.12		5327.32
APPLICATION OF FUNDS				
FIXED ASSETS				
GROSS BLOCK	"E"	5732.46	5900.85	
LESS: DEPRECIATION		2979.11	2575.52	
NET BLOCK				3325.33
CAPITAL WORK IN PROGRESSS				
			469.73	743.44
INVESTMENT				
CURRENT ASSETS, LOANS & ADVANCES	"F"		62.08	62.08
INVENTORIES	"G"	448.47		509.94
SUNDRY DEBTORS		1389.66		1434.18
CASH/ BANK BALANCES		53.19		49.01
LOANS, ADVANCES & DEPOSITS		1000.62		546.29
TOTAL		2891.94		2539.42
LESS : CURRENT LIABILITIES & PROVISIONS				
CURRENT LIABILITIES	"H"	636.00		1180.91
PROVISIONS		130.02		162.10
TOTAL		766.02		1343.01
NET CURRENT ASSETS			2125.92	1196.41
MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF	"I"		0.04	0.06
GRAND TOTAL		5411.12		5327.32
NOTES TO ACCOUNTS				
		"R"		
As per our report of even date attached			For and on behalf of the Board	
For S.G. Kabra & Co. Chartered Accountants FR No. 104507 W S.G. Kabra Partner, M. No. 38867 Place : Mumbai Date : 12 th August, 2011			Ramautar S. Jhawar Chairman Vinod S. Jhawar Managing Director Mahesh S. Jhawar Director	

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2011

(Rs. in Lacs)

PARTICULARS	SCHEDULE	FOR THE YEAR ENDED 31-03-2011	FOR THE YEAR ENDED 31-03-2010
INCOME			
SALES & PROCESSING CHARGES	"J"	5981.15	5604.56
OTHER INCOME	"K"	147.95	18.47
TOTAL		6129.10	5623.03
EXPENDITURE			
DECREASE IN STOCK	"L"	76.52	147.90
PURCHASES	"M"	2755.96	2796.84
RAW MATERIAL CONSUMED	"N"	1332.47	1015.58
MANUFACTURING EXPENSES	"O"	867.81	755.84
ADMINISTRATIVE EXPENSES	"P"	303.75	251.83
FINANCIAL EXPENSES	"Q"	119.42	113.33
PRELIMINARY EXPENSES WRITTEN OFF	"I"	0.02	0.02
TOTAL		5455.95	5081.34
PROFIT BEFORE DEPRECIATION & TAX		673.15	541.69
LESS: DEPRECIATION		466.58	479.77
PROFIT BEFORE TAX		206.57	61.92
LESS: PROVISION FOR TAX		126.10	10.78
PROFIT AFTER TAX		80.47	51.14
LESS : DEFERRED TAX LIABILITY		0.00	8.89
LESS : INCOME TAX FOR EARLIER YEAR		0.00	0.02
ADD : MAT CREDIT ENTITLEMENT		0.00	27.10
ADD : INCOME TAX FOR EARLIER YEAR		4.56	0.00
ADD : DEFERRED TAX ASSETS		63.48	0.00
NET PROFIT		148.51	69.33
ADD : BALANCE BROUGHT FORWARD FROM LAST YEAR		1424.41	1355.08
		1572.92	1424.41
BALANCE CARRIED TO BALANCE SHEET			
EARNINGS PER SHARE		1.73	0.81

NOTES ON ACCOUNTS

"R"

As per our report of even date attached

For and on behalf of the Board

For S.G. Kabra & Co.

Chartered Accountants

FR No. 104507 W

S.G. Kabra

Partner

M. No. 38867

Place : Mumbai

Date : 12th August, 2011

Ramautar S. Jhavar

Chairman

Vinod S. Jhavar

Managing Director

Mahesh S. Jhavar

Director

CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULES FORMING PART OF CONSOLIDATED BALANCE SHEET

(Rs. in Lacs)

PARTICULARS	AS AT 31-03-2011	AS AT 31-03-2010	PARTICULARS	AS AT 31-03-2011	AS AT 31-03-2010
SCHEDULE "A"			SCHEDULE "C"		
SHARE CAPITAL			SECURED LOANS		
AUTHORISED CAPITAL			TERM LOAN		
15000000 Equity Shares of Rs.10/- each (Previous year 15000000 Equity Shares Rs. 10/- each.)	1500.00	1500.00	FROM ING VYSYA BANK	670.42	1008.52
			FROM ABN AMRO Bank	0.00	40.00
			(Secured by way of first charge over the entire fixed assets of the company., both present & future created out of the term loan, Personal guarantee of three Directors and Corporate guarantee of M/s. Western Chloride & Chemicals Pvt. Ltd. subsidiary of the Company. Paripassu charges on the unincumbered assets with ING Vysya Bank and ABN Amro Bank)		
TOTAL	1500.00	1500.00			
ISSUED, SUBSCRIBED & PAID UP CAPITAL			CASH CREDIT FROM ING VYSYA BANK	191.14	214.27
8581100 Equity Shares of Rs. 10/- each fully paid up. (Previous year 8581100 Equity Shares of Rs.10/- each.)	858.11	858.11	WCFL FROM ING VYSYA BANK	400.00	0.00
			(Secured by way of Hypothecation of stock & Book Debts & Personal guarantee of three directors & corporate guarantee of M/s. Western Chloride & Chemicals Pvt. Ltd.)		
TOTAL	858.11	858.11	TOTAL	1261.56	1262.79
SCHEDULE "B"			SCHEDULE "D"		
RESERVES & SURPLUS			UNSECURED LOANS		
General Reserve	112.46	92.56	Promtech Impex Pvt. Ltd.	33.40	33.40
ADD:Capital subsidy received	0.00	19.90			
SUB TOTAL	112.46	112.46	TOTAL	33.40	33.40
Investment Allowance Reserve	0.45	0.45			
SUB TOTAL	0.45	0.45			
EQUITY SHARE PREMIUM	896.00	896.00			
SUB TOTAL	896.00	896.00			
Profit & Loss A/C.					
Opening Balance	1424.41	1355.08			
Add: Profit during the year	148.51	69.33			
SUB TOTAL	1572.92	1424.41			
TOTAL	2581.83	2433.32			

SCHEDULE "E" CONSOLIDATED FIXED ASSETS

(Rs.in Lacs)

Name of the Assets	Gross Block at Cost				Depreciation				Net Block	
	As at 01-04-2010	Addition dur- ing the year	Sold during the year	Total as at 31-03-2011	Upto 31-03-2010	Provided for the year	Adjusted dur- ing the year	Upto 31-03-2011	As at 31-03-2011	As at 31-03-2010
1. Land	220.89	2.79	98.53	125.15	0.00	0.00	0.00	0.00	125.15	220.89
2. Building	419.40	0.00	0.00	419.40	171.31	13.91	0.00	185.22	234.18	248.08
3. Plant & Machinery	3314.82	41.02	106.31	3249.53	1464.41	270.45	56.25	1678.61	1570.92	1850.41
4. Electrical Installation	100.86	0.00	0.00	100.86	55.89	4.79	0.00	60.68	40.18	44.98
5. Pipe Fitting	34.63	0.00	0.00	34.63	17.33	3.58	0.00	20.91	13.72	17.29
6. Furniture & Fixture	104.57	0.00	0.00	104.57	45.63	6.60	0.00	52.23	52.34	58.94
7. Laboratory Equipment	24.10	0.00	0.00	24.10	7.08	1.14	0.00	8.22	15.88	17.02
8. Office Equipment	7.09	0.00	0.00	7.09	3.80	0.33	0.00	4.13	2.96	3.29
9. Air Conditioner	8.94	0.00	0.00	8.94	4.29	0.42	0.00	4.71	4.23	4.66
10. Computer	34.14	0.84	0.00	34.98	33.71	0.36	0.00	34.07	0.91	0.43
11. Motor Vehicle	71.39	0.00	8.20	63.19	28.91	6.36	6.74	28.53	34.66	42.48
12. Misc. Fixed Assets	29.02	0.00	0.00	29.02	7.53	1.37	0.00	8.90	20.12	21.49
SUB-TOTAL	4369.85	44.65	213.04	4201.46	1839.89	309.31	62.99	2086.21	2115.25	2529.96
Wind Power Division										
1. Land	10.00	0.00	0.00	10.00	0.00	0.00	0.00	0.00	10.00	10.00
2. Plant And Machinery	1521.00	0.00	0.00	1521.00	735.63	157.27	0.00	892.90	628.10	785.37
Sub Total	1531.00	0.00	0.00	1531.00	735.63	157.27	0.00	892.90	638.10	795.37
TOTAL	5900.85	44.65	213.04	5732.46	2575.52	466.58	62.99	2979.11	2753.35	3325.33
PREVIOUS YEAR	5663.10	301.93	64.18	5900.85	2155.50	479.77	59.75	2575.52	3325.33	

Capital Work in Progress **469.73** (Previous Year 743.44)

CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

(Rs. in Lacs)

PARTICULARS	AS AT 31-03-2011	AS AT 31-03-2010	PARTICULARS	AS AT 31-03-2011	AS AT 31-03-2010
SCHEDULE "F"			SCHEDULE "H"		
INVESTMENT			CURRENT LIABILITIES & PROVISIONS		
UNQUOTED (AT COST)			SUNDRY CREDITORS	546.67	1094.72
2999 Equity Shares of Western Chlorides & Chemicals Pvt. Ltd. (subsidiary Company) @ Rs.2170/- per share, face value Rs. 100/- each.	62.08	62.08	ADVANCE RECEIVED FROM CUSTOMERS	16.02	6.31
			OTHER LIABILITIES	55.40	54.98
			OUTSTANDING EXPENSES	18.51	24.90
			SUB TOTAL	636.00	1180.91
			PROVISION :		
			INCOME TAX PROVISION	128.51	160.59
			FRINGE BENEFIT TAX PROVISION	1.51	1.51
			SUB TOTAL	130.02	162.10
TOTAL	62.08	62.08	TOTAL	766.02	1343.01
SCHEDULE "G"			SCHEDULE "I"		
CURRENT ASSETS, LOANS & ADVANCES.			Miscellaneous Expenditure		
INVENTORIES			(To the extent of not written off / adjusted)		
(At lower of cost or Realisable value)			Preliminary Expenses	0.06	0.08
(As certified by Managing Director)			LESS 1/5 TH WRITTEN OFF	0.02	0.02
YARN, CLOTH & W .I. P.	337.83	414.35	TOTAL	0.04	0.06
DYES & CHEMICALS	72.51	64.44			
COAL	5.61	1.50	SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT		
PACKING MATERIAL	7.03	6.92	(Rs. in Lacs)		
DIESEL	0.35	0.38	PARTICULARS	FOR THE YEAR ENDED 31-03-2011	FOR THE YEAR ENDED 31-03-2010
STORES & SPARES	25.14	22.35	SCHEDULE "J"		
STOCK OF POWER	0.00	0.00	SALES & PROCESSING CHARGES		
SUB TOTAL	448.47	509.94	PROCESSING CHARGES (FABRIC)	2363.79	1721.76
SUNDRY DEBTORS			PROCESSING CHARGES (YARN)	475.87	389.10
(Unsecured, Considered good)	137.71	228.99	FABRIC SALES	2959.05	3240.42
FOR MORE THAN SIX MONTHS	1251.95	1205.19	YARN SALES	23.34	55.90
OTHERS			POWER SALES	159.10	197.38
SUB TOTAL	1389.66	1434.18	TOTAL	5981.15	5604.56
CASH & BANK BALANCES			SCHEDULE "K"		
CASH BALANCES	21.82	8.98	OTHER INCOME		
BALANCE WITH SCHEDULE BANKS	19.53	28.59	INTEREST INCOME	25.90	6.83
FIXED DEPOSITS WITH BANK	11.44	11.44	LEASE CHARGES RECEIVED	0.60	1.08
SUB TOTAL	53.19	49.01	PROFIT ON SALE OF MACHINERY	0.71	9.81
LOANS, ADVANCES & DEPOSITS			PROFIT OF SALE OF MOTOR VEHICLE	0.00	0.66
ADVANCES TO SUPPLIERS	88.23	27.16	KEYMAN INSURANCE SURRENDER VALUE	118.33	0.00
ADVANCES TO STAFF	9.28	6.59	SUNDRY BALANCES WRITTEN OFF	0.06	0.09
PREPAID EXPENSES	4.36	4.37	CARBON CREDIT	2.35	0.00
SUNDRY DEPOSITS & ADVANCES	898.75	508.17	TOTAL	147.95	18.47
SUB TOTAL	1000.62	546.29	SCHEDULE "L"		
TOTAL	2891.94	2539.42	INCREASE / (DECREASE) IN STOCK		
			OPENING STOCK		
			YARN	72.93	30.88
			FABRICS	301.77	490.22
			WORK IN PROGRESS	39.65	35.11
			POWER	0.00	6.04
			SUB TOTAL	414.35	562.25
			LESS: CLOSING STOCK		
			YARN	32.97	72.93
			FABRICS	254.64	301.77
			WORK IN PROGRESS	50.22	39.65
			POWER	0.00	0.00
			SUB TOTAL	337.83	414.35
			TOTAL	(76.52)	(147.90)

CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT				(Rs. in Lacs)	
PARTICULARS	FOR THE YEAR ENDED 31-03-2011	FOR THE YEAR ENDED 31-03-2010	PARTICULARS	FOR THE YEAR ENDED 31-03-2011	FOR THE YEAR ENDED 31-03-2010
SCHEDULE "M"			SCHEDULE "P"		
PURCHASES			ADMINISTRATIVE EXPENSES		
YARN	79.39	166.75	SALARY, BONUS AND OTHERS (Incl. P.F. and E.S.I. contribution)	188.72	132.68
FABRICS	2676.57	2630.09	RENT, RATES & TAXES	2.69	2.85
TOTAL :	2755.96	2796.84	TRAVELLING EXPENSES	1.50	0.98
SCHEDULE "N"			POSTAGE & TELEGRAPH	0.63	0.62
RAW MATERIAL CONSUMED			LEGAL & PROFESSIONAL FEES	4.59	4.66
DYES & CHEMICALS	644.70	573.33	PRINTING & STATIONERY	7.37	6.65
PACKING MATERIAL	80.27	60.53	ADVERTISING	1.47	0.73
DIESEL	12.76	7.84	CONVEYANCE	4.59	5.29
COAL	521.48	327.88	REGISTRATION FEE FOR CARBON CREDIT	0.88	0.00
STORES & SPARES	73.26	46.00	LOAN PROCESSING FEE & STAMP DUTY	5.21	3.26
TOTAL	1332.47	1015.58	BANK CHARGES	0.34	0.28
SCHEDULE "O"			DEMATE CHARGES	0.46	0.36
MANUFACTURING EXPENSES			GENERAL EXPENSES	6.66	3.65
JOB WORK CHARGES PAID	191.30	211.93	LISTING FEES	0.17	0.18
ELECTRICITY CHARGES	265.26	213.72	VEHICLE EXPENSES	6.49	5.96
WATER EXPENSES	144.14	113.44	SALES PROMOTION	7.67	0.06
REPAIRS & MAINTENANCES	38.38	41.71	COMMISSION & BROKERAGE	25.83	36.99
LABOUR CHARGES	154.10	92.10	TRUNK & TELEPHONE CHARGES	4.11	4.75
FREIGHT & FORWARDING EXPENSES	15.90	15.87	STAFF WELFARE	1.77	2.04
LABORATORY EXPENSES	0.64	0.53	GRATUITY FUND CONTRIBUTION	2.95	2.15
INSURANCE	5.90	5.28	AUDITORS REMUNERATION	1.85	
PROPERTY TAX	4.74	4.74	AUDIT FEES		0.78
CONTRIBUTION TO HAZARDOUS WASTE	0.90	0.35	INTERNAL AUDIT FEES	0.77	0.77
SAMPLE EXPENSES	0.50	0.05	MEDICAL EXPENSES	3.80	1.00
ANALYSIS CHARGES	0.79	0.33	LIC KEYMAN INSURANCE	7.94	16.29
CONTRIBUTION TO CENTRAL ETP	0.00	7.70	DIRECTORS' REMUNERATION	13.44	13.44
DRAINAGE CHARGES	45.26	48.09	SITTING FEES	0.68	0.56
TOTAL	867.81	755.84	DONATION	0.00	0.01
			PREFERENTIAL SHARE ALLOTMENT EXPENSES	1.15	0.00
			SUNDRY BALANCE W/OFF	0.02	4.84
			TOTAL	303.75	251.83
			SCHEDULE "Q"		
			FINANCIAL EXPENSES		
			BANK INTEREST - CASH CREDIT	22.05	11.35
			INTEREST ON TERM LOAN(NETOFTUF)	65.42	101.98
			INTEREST ON WCDL	31.95	0.00
			TOTAL	119.42	113.33

CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULE ATTACHED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENT:

SCHEDULE "R"

SIGNIFICANT ACCOUNTING POLICES AND NOTES TO ACCOUNT

1. SIGNIFICANT ACCOUNTING POLICIES :

- a) The Consolidated Financial Statements have been prepared in accordance with the Accounting Standard-21 on 'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India.
- b) The Consolidated Financial Statements relate to Dhanlaxmi Fabrics Ltd. (the Company) and its wholly owned subsidiaries incorporated in India Western Chlorides & Chemicals Pvt. Ltd. Dhanesh Fabrics Pvt. Ltd. and DFL Fabrics Pvt. Ltd.(the subsidiaries).
- c) Consolidation Procedures
For preparation of Consolidated Financial Statements,the Financial Statements of the company and its subsidiaries have been combined on a line by line basis by adding together like items of Assets, Liabilities, Income & Expenses.
- d) Consolidated Financial Statements have been prepared using uniform Accounting Policies, in accordance with generally accepted Accounting Principles.
- e) Other Significant accounting policies :-
These are set out in the significant Accounting Policies and notes to account of the Company and its subsidiaries.

2. CONTINGENT LIABILITIES:

In the opinion of Board of Directors the "Current Assets, Loans & Advances" have a value, on realisation in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.

3. ADDITIONAL INFORMATION :

CAPACITY & PRODUCTION

	2010-2011	2009-2010
a. Licensed Capacity	N.A.	N.A.
b. Installed Capacity		
Processing Capacity		
Fabric	30 Lac Kgs. or 180 Lac Mtr p.a.	30 Lac Kgs. or 180 Lac Mtr p.a.
Yarn	6.80 Lac Kgs. p.a.	6.80 Lac Kgs. p.a.
c. Actual Production		
COTTON & MMF	209.14 Lac Mtrs.	177.13 Lac Mtrs.
HOSIERY FABRICS	0.06 Lac Kgs. i.e. equivalent to 209.42 Lac Mtrs.	0.12 Lac Kgs. i.e. equivalent to 177.73 Lac Mtrs.
Yarn	23.81 Lac Kgs. 5.69 Lac Kgs.	21.01 Lac Kgs. 5.42 Lac Kgs.

4. DEFERRED TAX :

- i) The **Deferred Tax Liability** as on 31st March, 2011. is as under...

	(Rs. in Lacs)
Deferred Tax Liability as on 01-04-2010	739.70
Less : Deferred Tax Assets for the year (Difference between book and tax depreciation)	63.48
Net Deferred Tax Liability	676.22

The Deferred Tax balances have arisen principally on account of timing difference between the depreciation admissible under the Income Tax Act, 1961 and depreciation adjusted in account. Though adjustment has been made in terms of Accounting Standard 22, having regard to the normal capital expenditure which the Company is expected to continue to make in future years, the timing difference not effectively reversed and to cash outgo likely to materialize on account thereof.

5. Related Party Disclosures as required by the Accounting Standard 18 "Related Party Disclosures" are given below : k

- (a) List of related parties with whom the company entered into transaction during the year in the ordinary course of business.

Associate Companies :

Dhanlaxmi Cotex Ltd.
Sohanlal Export Fabrics Pvt. Ltd.
Sohanlal Jhawar Family Trust.
Dhanlaxmi Export Fabrics Pvt. Ltd.
Promotex Impex Pvt. Ltd.
M.R. Share Broking Pvt. Ltd.
V.R.M. Share Broking Pvt. Ltd.

Key Management Personnel and Relatives.

Shri Vinod S. Jhawar (Rs. in Lacs)

Transaction with Related Parties :

Nature of Transaction	Assoc- iates	Key Management Personnel	Total
1. Sales & Other Income	-	-	-
2. Purchase	-	-	-
3. Share Trading	-	-	-
4. Expenditure on service Rent	-	-	-
5. Outstanding balances as on 31.03.08	-	-	-
Receiveables	-	-	-
Payables	33.40	-	33.40
6. Managerial Remuneration	-	13.44	13.44

Signature to Schedules "A" to "R"

As per our report of even date attached

For and on behalf of the Board

For S.G. Kabra & Co.
Chartered Accountants
FRN 104507 W
S.G. Kabra
Partner
M. No. 38867

Ramautar S. Jhawar
Chairman

Vinod S. Jhawar
Managing Director

Mahesh S. Jhawar
Director

Place : Mumbai
Date : 12th August 2011

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011
(Pursuant to clause 32 of the listing agreement)

(Rs. in Lacs)

	FOR THE YEAR ENDED 31-03-2011		FOR THE YEAR ENDED 31-03-2010	
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Net profit before tax and extraordinary items		206.57		61.92
Adjustment for:				
Depreciation	466.58		479.77	
Loss on Sale of Assets	0.00		0.00	
Interest paid	119.42		113.33	
Other Income Received	(147.95)	438.05	(18.47)	574.63
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		644.62		636.55
Adjustment for:				
Trade & Other Receivables	(409.79)		(449.90)	
Inventories	61.47		131.75	
Trade Payable	(576.99)	(925.31)	216.71	(101.44)
CASH FLOW FROM OPERATIONS		(280.69)		535.11
Interest Paid	(119.42)		(113.33)	
Direct Tax Paid	(121.54)	(240.96)	(10.80)	(124.13)
Net Cash Flow From Operating Activities (A)		(521.65)		410.98
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(44.65)		(301.93)	
Sales of Fixed Assets	423.76		4.43	
Other Income Received	147.95		18.47	
Investment	0.00	527.06	0.00	(279.03)
Net Cash used in Investing Activities (B)		527.06		(279.03)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from long term borrowings	0.00		0.00	
Repayment of Finance/lease liabilities	(1.23)		(178.24)	
Capital Subsidy Received	0.00		19.90	
MAT Credit Entitlement	0.00		27.10	
Increase in Share Capital	0.00		0.00	
Share Premium Received	0.00		0.00	
Net cash used in financing Activities (C)		(1.23)		(131.24)
Net Increase in Cash & Cash equivalent (A+B+C)		4.18		0.71
Cash & Cash Equivalent (Opening Balance)	49.01		48.30	
Cash & Cash Equivalent (Closing Balance)	53.19	4.18	49.01	0.71

As per our report of even date attached,

For S. G. Kabra & Co.
Chartered Accountants
FRN 104507 W
S. G. Kabra
Partner
M. No. 38867

For and an behalf of the Board,

Ramautar S. Jhavar
Chairman

Vinod S. Jhavar
Managing Director

Mahesh S. Jhavar
Director

Place : Mumbai
Date : 12TH August 2011

DHANLAXMI FABRICS LIMITED

Registered Office : Manpada Road, Bhopar Village, Dombivli (E), Thane -421 204. (Maharashtra)

PROXY

I/We

district of being a member/members

of the above named company hereby appoint

..... of in the district

of or failing him

..... of

of as my/ our proxy

to attend and vote for me / us and on my/ our behalf at the 19th Annual General Meeting of the the company to be held on

Saturday 24th September, 2011 at Manpada Road, Bhopar Village, Dombivli (E), Thane -421 204 (Maharashtra)

at 1.00 p.m. and at any adjournment thereof.

Signed this day of 2011.

Signed by the said

Reg. Folio No. No. of Share Held

Client I.D. D. P. I. D. No.

Note : The Companies Acts, 1956 lays down that an instrument appointing a proxy shall be deposited at the Registered

Office the Company not less than FORTY EIGHT hours before the time for holding the meeting.

Affix
One
Rupee
Revenue
Stamp

DHANLAXMI FABRICS LIMITED

Registered Office : Manpada Road, Bhopar Village, Dombivli (E), Thane 421 204. (Maharashtra)

ATTENDANCE SLIP

I hereby record my presence at the 19th Annual General Meeting of the Company held on Saturday 24th September 2011 at Manpada Road, Bhopar Village, Dombivli (E), Thane -421 204 (Maharashtra) at 1.00 p.m.

Name of the Shareholder(s)

Name of the Proxy or Company Representative (In Block Letters)

Reg. Folio No. No. of Share held

Client I.D. D. P. I.D.No.

Signature of the Shareholder(s) or

Proxy or Company Representative

Note : 1. A proxy attending on behalf of a Shareholder(s) should please write the name of the Shareholder(s) for whom he holds proxy.

2. Members are requested to bring their copy of the Annual Report with them to the Meeting as additional copies of the same will not be made available at the Meeting.

If undelivered please return to :

DHANLAXMI FABRICS LIMITED

Bhopar Village, Manpada Road,

Dombivli (East) - 421 204.

Dist. Thane, Maharashtra.