



QUALITY driven!



Annual Report

2009-2010

CENTURY ENKA LIMITED



Mr. B.K. Birla - Chairman



B K BIRLA GROUP OF COMPANIES

The Group Logo - As represented by the 21st Century Atlas

Atlas, the Titan - Collective Strength

Atlas, bearer of the heavens is synonymous with vast, all encompassing strength and is used to symbolise the Group's own collective strength. It reflects the combined qualities of astute and dynamic management, while emphasising the Group's tenacity, consistency, reliability and overall leadership.

The Sun - Enlightenment and Growth

The Sun, as a source of infinite energy and inspiration, is used here in conjunction with the Atlas head to represent the vitality and powerful presence of the Group - both in its industrial prowess and its financial, technological and intellectual skills.

The Earth Segments - Diversified Activities

Each of the latitudes around the Titan represent various sections - industrial, agricultural, financial and other activities of the Group. As with the infinite variety of the world, so is the strength of the Group, made up of its diverse activities.

The Globe - Global Vision

The Group's global presence and vision is reflected in the entirety of the Earth's sphere.

The Base - Solid Foundations

The strength of the entire edifice depends upon the strength of the foundation embedded in the bedrock, represented here by the Group Name.

The Symmetry - The Resilience, Versatility and Stability

Seen in its entirety, each of the elements - Atlas, the Sun, the Earth divisions, the Globe and the Base, together sum up a well conceptualised and balanced conglomerate.

Strong Foundation

Sustained Growth

Proven Leadership



Forty Fourth Annual Report 2009-10

CENTURY ENKA LIMITED

BOARD OF DIRECTORS

Mr. B. K. Birla (Chairman)
 Mr. R. A. Shah
 Mr. B. S. Mehta
 Mr. V. Dixit (upto 14.10.2009)
 Mr. S. K. Jain (w.e.f. 11.11.2009)
 Mr. G. M. Singhvi (Whole-time Director)

SECRETARY

Mr. C. B. Gagrani

AUDITORS

Messrs. Price Waterhouse

SOLICITORS

Messrs. Crawford Bayley & Co.

BANKERS

Bank of Maharashtra
 State Bank of India
 Axis Bank

HDFC Bank
 The Royal Bank of Scotland N.V.

REGISTERED OFFICE

Birla Building, 7th Floor
 9/1, R. N. Mukherjee Road,
 Kolkata-700 001
 Tel. No. 033-2243 6003
 Fax No. 033-2243 6005

HEAD OFFICE

'Bakhtawar', 7th Floor
 Nariman Point
 Mumbai-400 021
 Tel. No. 022-4321 5300 / 2202 7375
 Fax No. 022-4321 5353 / 2287 3952

FACTORIES

Bhosari, Pune-411 026
 Tel. No. 020-66127300/27120423
 Fax No. 020-27120113

Rajashree Polyfil
 Rajashree Nagar, Post: Umalla-393120, Dist.: Bharuch
 Tel. No. 02640-308555
 Fax No. 02640-308510

Raigad Processors
 Plot No. C-61, Part-A, MIDC Area,
 Mahad-402 309, Dist.: Raigad
 Tel. No. 02145-232136
 Fax No. 02145-232142

Konkan Synthetic Fibres
 Plot No. C-61, Part-B, MIDC Area
 Mahad-402 309, Dist.: Raigad
 Tel. No. 02145-232138
 Fax No. 02145-232360

SHARE TRANSFER AGENT

LINK INTIME INDIA PRIVATE LIMITED

(Formerly Intime Spectrum Registry Limited)

C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai-400 078
 Tel. No.: 022-2594 6970; Fax No.: 022-2594 6969

CONTENTS

Notice	02-04
Directors' Report	05-08
Management's Discussion and Analysis.....	09-11
Corporate Governance Report	12-19
Auditors' Report.....	20-21
Balance Sheet.....	22
Profit & Loss Account	23
Cash Flow Statement.....	24
Schedules 'A' To 'I'.....	25-38



NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the 44th Annual General Meeting of the Shareholders of CENTURY ENKA LIMITED will be held at Kala Kunj, 48, Shakespeare Sarani, Kolkata - 700 017 on Friday, the 2nd July, 2010 at 10.30 A.M. to transact the following business:

ORDINARY BUSINESS

1. To consider the Report of the Auditors and Directors and to receive, consider and adopt the Audited Statements of Accounts for the year ended 31st March, 2010.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. B.K. Birla who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modification the following resolution:

AS ORDINARY RESOLUTION

"RESOLVED THAT Mr. S.K. Jain be and is hereby appointed as a Director of the Company, liable to retire by rotation."

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without modification the following resolution:

AS ORDINARY RESOLUTION

"RESOLVED THAT resolution passed in the 41st Annual General Meeting of the Company held on 27th June, 2007 approving the appointment and remuneration of Mr. G. M. Singhvi, the Whole-time Director of the Company and partial modification made in the remuneration therein by the resolution passed in the 42nd Annual General Meeting held on 28th June, 2008 be and is hereby further modified the remuneration as follows, subject to provisions of sections 198, 309, 310, Schedule XIII and other applicable provisions of the Companies Act, 1956:-

In the paragraph for overall limits of basic salary and allowances under the head "(A) Salary", the total basic salary be enhanced from Rs.2,00,000/- per month to Rs.2,20,000/- per month and total entertainment allowance from Rs.1,00,000/- per month to Rs.1,35,000/- per month."

"RESOLVED FURTHER THAT other components of remuneration viz., house rent allowance at the rate of 50% of basic salary, perquisites and other benefits and amenities payable/provided to him and as approved by the members at the Annual General Meeting held on 27th June, 2007 and as amended in the Annual General Meeting held on 28th June, 2008 remained the same".

7. To consider and, if thought fit, to pass with or without modification the following resolution:

AS ORDINARY RESOLUTION

"RESOLVED THAT pursuant to Articles 125 and 126 of the Articles of Association of the Company and provisions of Sections 198, 269, 309, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals as may be necessary, the Company hereby approves the reappointment of Mr. G.M. Singhvi as Whole-time Director of the Company for a period of 3 (three) years with effect from 16th May, 2010 upon the terms and subject to the conditions as set out hereunder, with further liberty to the Board of Directors to alter and vary the said terms and conditions from time to time, in such manner as may be agreed upon between the Board of Directors and Mr. G.M. Singhvi in the best interests of the Company but subject to the provisions contained in Schedule XIII to the Companies Act, 1956, as amended from time to time:

(a) Salary:

- (i) Basic Salary: Rs. 2,20,000/- per month,
- (ii) Entertainment Allowance: Rs. 1,35,000/- per month,

with the authority to the Board of Directors/ Chairman of the Board of Directors to grant such annual increments in basic salary (total basic salary not exceeding Rs. 3,00,000/- per month) and entertainment allowance (total entertainment allowance not exceeding Rs. 2,50,000/- per month) from time to time as it may deem appropriate.

- (iii) House Rent Allowance @ 50% of Basic Salary.

(b) Perquisites / Amenities:

- (i) Expenses on electricity and water will be borne / reimbursed by the Company.
- (ii) Leave travel and medical expenses/allowances as per the Rules of the Company.
- (iii) Leave on full pay and allowances as per the Rules of the Company.
- (iv) Fees of the clubs subject to maximum of two clubs. This will not include admission or life membership fees.
- (v) Personal Accident Insurance as per the Company's Policy as applicable to Senior Executives of the Company.
- (vi) Company's contribution towards Provident Fund (12%) and Superannuation Fund (15%) as per the Rules applicable to Senior Executives of the Company.
- (vii) Gratuity as per the Rules/Policies of the Company.
- (viii) Ex-gratia as per the Rules/Policies of the Company not exceeding 15% of basic salary.
- (ix) Performance Allowance as may be approved by the Board of Directors/Chairman of the Board of Directors not exceeding 50% of basic Salary.



- (x) A chauffeur driven car provided and maintained by the Company for use on Company's business and personal use.
- (xi) Telephone, telefax and other communication facilities at residence as applicable to Senior Executives of the Company."

Provided that where, in any financial year, the Company has no profit or its profits are inadequate, the Company shall pay the above salary and allowances and provide the perquisites as aforesaid to the Wholtime Director as and by way of minimum remuneration subject to the applicable provisions of Schedule XIII of the said Act and the approval of the Central Government, as may be required.

"RESOLVED FURTHER THAT Mr. G. M. Singhvi shall have the powers and authorities to manage the affairs of the Company on a day-to-day basis subject to the superintendence, direction and control of the Board of Directors."

"RESOLVED FURTHER THAT the aforesaid appointment may be terminated by either party giving to the other three months notice in writing."

By Order of the Board

C. B. GAGRANI

Secretary

Place : Mumbai

Date : May 24, 2010

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. The Register of Members and Share Transfer Register of the Company will remain closed from Friday, the 18th June, 2010 to Monday, the 28th June, 2010, both days inclusive on account of Annual General Meeting and Dividend payment.
3. The payment of dividend, if declared at the said meeting, will be made to those shareholders whose names shall appear on the Company's Register of Members on 28th June, 2010 or to their nominees. In respect of shareholding in dematerialised form, dividend will be paid to the beneficial owners as per details to be furnished by the Depositories for the purpose. Dividend Warrants will be despatched or credit will be given under National Electronic Clearing Services (NECS) / Electronic Clearing Services (ECS) as the case may be on or after 6th July, 2010.
4. SEBI vide its Letter No. SMDRP/NSDL/3254/00 dated 18.02.2000 issued a directive that shares issued by the companies should be pari-passu in all respect including dividend entitlement. Consequently, NSDL has also issued circular No. NSDL/SG/005/2000 dated 03.03.2000 making reference to the said directive of SEBI that shares issued by Companies should be pari-passu in all respects and that single ISIN will be allotted. In view of meeting the compliance of the said directive of SEBI and NSDL circular, equity shares allotted on conversion of preferential warrants on 27th January, 2010 and 3rd May, 2010 are entitled for dividend at the rate of Rs. 6/- per share for the year ended 31st March, 2010.
5. Members desirous of getting any information about the accounts and operations of the Company are requested to address their query to the Secretary at the Registered Office well in advance so that the same may reach him at least 10 days before the date of the meeting to enable the Management to keep the required information readily available at the meeting.

6. (i) The unclaimed dividend upto financial years 1994-95 have been transferred to the General Revenue Account of the Central Government in terms of the provisions of Section 205A of the Companies Act, 1956. Those shareholders who have so far not claimed their dividend for the financial years upto 1994-95 may claim their dividend from the Registrar of Companies, West Bengal by submitting an application in the prescribed form.
- (ii) Those members who have not encashed dividend warrant for the financial years 2002-03 to 2008-09 may return the time barred dividend warrant or write to the Company's Share Transfer Agent, M/s. Link Intime India Private Limited (formerly: Intime Spectrum Registry Limited), C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai - 400 078 for issue of duplicate dividend warrant.
- (iii) Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, dividend for the financial year 2002-03 and thereafter which remain unclaimed for a period of 7 (seven) years will be transferred to the Investor Education and Protection Fund (the Fund) constituted by the Central Government under Section 205C of the Companies Act, 1956. **Unclaimed Equity Dividend for the financial year 2002-03 will fall due for transfer to the said Fund on 31st July, 2010.**

As regards unclaimed dividend for the financial years 1995-96 to 2001-02, the same have already been transferred to the said Fund.

It may kindly be noted that once the unclaimed dividend is transferred to the abovesaid Fund of the Central Government, no claim shall lie in respect thereof.

7. Dividend in respect of shares held in dematerialised form shall be credited to the beneficial owner's bank account directly through NECS / ECS wherever NECS / ECS facility is available subject to availability of bank account details / core banking account number and 9 digits code number. In case the said details have not been provided to the concerned Depository Participant or there is any change, the same may please be intimated to the concerned Depository Participant immediately.



Shareholders holding shares in physical form and desirous of availing NECS / ECS facility, should provide the bank details / core banking account number and 9 digits code number in NECS / ECS Mandate Proforma. Shareholders who have already given their Bank details to avail NECS / ECS facility should furnish the same only if there is any change.

The NECS / ECS Mandate Proforma can be obtained from the Company's Share Transfer Agent, M/s. Link Intime India Private Limited at the address mentioned hereinbelow in Note 8 or can be downloaded from the Company's website www.centuryenka.com.

8. In terms of provisions of Section 109A of the Companies Act, 1956, nomination facility is available to individual shareholders. The shareholders who are holding shares in physical form and are desirous of availing this facility may kindly write to the Company's **Share Transfer Agent, M/s. Link Intime India Private Limited (formerly: Intime Spectrum Registry Limited), C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai - 400 078** for nomination form quoting their folio number. Shareholders holding shares in dematerialised form, should write to their Depository Participant for the purpose.
9. Members who are holding shares in identical order of names in more than one folio, are requested to write to the Company's Share Transfer Agent at the address mentioned hereinabove in Note 8 to consolidate their holding in one folio.
10. Members who are holding shares in physical form are requested to notify change in address, if any, to the Company's Share Transfer Agent at the address mentioned hereinabove in Note 8 quoting their folio number. Shareholders holding shares in dematerialised form, should intimate change of their address, if any, to their Depository Participant.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No.5

Mr. S. K. Jain has been appointed as a Director of your Company on 11th November, 2009 to fill up the casual vacancy caused by the death of Mr. V. Dixit.

Notice along with deposit of Rs.500/- has been received under Section 257 of the Companies Act, 1956 from a member of the Company signifying the intention to propose Mr. S. K. Jain as a candidate for the office of the Director of the Company, liable to retire by rotation.

Mr. S. K. Jain is a leading advocate, practising at Pune and Mumbai and have rich experience in the field of civil, criminal and commercial laws.

The Board, therefore, commend this item of the accompanying notice for approval of the shareholders.

None of the Directors, except Mr. S. K. Jain is interested or concerned with this resolution.

Item No. 6 and 7

Mr. G. M. Singhvi was appointed as Whole-time Director of

the Company for a period of three years with effect from 16th May, 2007 and his appointment was also approved by the shareholders in the 41st Annual General Meeting held on 27th June, 2007 and his remuneration was partially modified by the Shareholders in the 42nd Annual General Meeting held on 28th June, 2008.

The shareholders while approving payment of remuneration to Mr. G. M. Singhvi also authorised the Board/Chairman of the Board of Directors to give annual increments in his remuneration from time to time upto the limits set out in the said resolutions.

The remuneration of Mr. G. M. Singhvi was revised from time to time by the Board of Directors with the result the limit of the basic salary and entertainment allowance fixed in the aforesaid resolutions have been exhausted. Like other Senior Executives of the Company, the Board of Directors, subject to approval of shareholders for enhancing the overall limit of basic salary and entertainment allowance has given an annual increment to Mr. G. M. Singhvi with effect from 1st January, 2010 where basic salary has been increased from Rs. 2,00,000/- per month to Rs. 2,20,000/- per month and entertainment allowance from Rs. 1,00,000/- per month to Rs. 1,35,000/- per month. Other components of remuneration viz., House Rent Allowance at the rate of 50% of basic salary, perquisites and other benefits and amenities remained the same as provided in aforesaid resolutions.

Accordingly, the resolution in item no. 6 of the notice for enhancing the overall limit of basic salary from Rs. 2,00,000/- per month to Rs. 2,20,000/- per month and entertainment allowance from Rs. 1,00,000/- per month to Rs. 1,35,000/- per month as set out in resolution is being proposed for consideration of the shareholders.

With reference to resolution in item no. 7 of the notice, Mr. G. M. Singhvi is reappointed as Whole-time Director w.e.f. 16th May, 2010 by the Board of Directors in its meeting held on 3rd May, 2010 subject to the approval of the shareholders of the Company in the ensuing Annual General Meeting.

Mr. G. M. Singhvi's experience and performance eminently qualifies him for reappointment as a Whole-time Director who will have the powers and authorities to manage the affairs of the Company on a day-to-day basis subject to superintendence, direction and control of the Board of Directors.

Accordingly, the resolution in item no. 7 of the notice, for approving the reappointment of Mr. G. M. Singhvi as a Whole-time Director of the Company upon the terms and conditions as set out in the resolution, is being proposed for consideration of the shareholders. The said terms and conditions may be altered/changed by the Board of Directors in conformity with the Companies Act, 1956 or any amendments thereto.

The above along with this explanatory statement together with the accompanied notice be treated as an abstract as required under Section 302 of the Companies Act, 1956 to be circulated to the members for the item nos. 6 and 7.

The Board, therefore, commend item nos. 6 and 7 of the accompanying notice for approval of the shareholders.

None of the Directors, except Mr. G. M. Singhvi, is interested or concerned with these resolutions.



DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2010

Dear Shareholders

We have great pleasure in presenting the 44th Annual Report and Audited Statements of Accounts of the Company for the year ended 31st March, 2010. The performance has improved significantly. The revival of demand in Nylon Tyre Cord Fabrics (NTCF) and the efforts made by your Company in improving efficiencies in all areas of operations including working capital management resulting in lower interest cost and foreign currency risk management, have contributed greatly towards the improved performance. We trust you will be quite satisfied with the performance of your Company.

FINANCIAL RESULTS

	Rs. / Crores	
	This Year	Previous Year
Sales/Income from Operations (Less Excise Duty)	1,230.87	1,162.33
Profit before Depreciation, Interest, Exceptional Items and Tax	224.37	109.00
<i>Add/(Less):</i>		
Depreciation	(61.06)	(59.10)
Interest (Net)	(7.41)	(23.82)
Taxation (Net)	(52.38)	(5.96)
Voluntary Retirement compensation	(3.36)	(3.50)
Net Profit	100.16	16.62
<i>Add: Balance brought forward from previous year</i>	116.29	113.10
Profit available for appropriation	216.45	129.72
<i>Less: Dividend</i>	13.11	10.03
Tax on Dividend	2.18	1.70
General Reserve	15.00	1.70
Balance carried forward to next year	186.16	116.29

DIVIDEND

We recommend a dividend on 2,18,50,589 fully paid equity shares of Rs.10/- each (including 8,00,000 equity shares allotted on 27th January, 2010 and 10,00,000 equity shares allotted on 3rd May, 2010 on conversion of equal number of preferential warrants) at the rate of Rs. 6/- (Rupees six) per equity share for the year ended 31st March, 2010 (previous year Rs. 5/- (Rupees five) per equity share on 2,00,50,589 equity shares).

COURSE OF BUSINESS AND OUTLOOK

As required under Corporate Governance, the Management's Discussion and Analysis Report which is forming a part of this report is a reflection of the current state of business. It also deals with opportunities and threats faced by your Company and the future outlook.

The main raw material of the Company are crude oil derivatives. The fluctuation in their prices are not in line with the movement in crude oil prices. The volatility and high raw material prices may affect margins of the Company.

The mid-term outlook is fairly good and the long term outlook remains positive as the Indian economy is growing steadily.

ISSUE OF PREFERENTIAL WARRANTS TO PROMOTERS

Pursuant to Special Resolution passed by the shareholders by Postal Ballot and the result of which was announced on 9th December, 2009, your Company has allotted 18,00,000 preferential warrants to promoters of the Company viz. Century Textiles and Industries Limited and TGS Investment and Trade Pvt. Ltd. on 17th December, 2009 at a price of Rs. 189.16 per warrant in compliance with the provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (ICDR Regulations) entitling the holder one equity share of Rs. 10/- each face value on conversion of each preferential warrant. Your Company received Rs. 8.51 crores from the promoters on 17th December, 2009 towards 25% upfront of warrant amount on allotment of warrants. The promoters have exercised their rights by converting 8,00,000 preferential warrants on 27th January, 2010 and 10,00,000 preferential warrants on 3rd May, 2010 into equal number of equity shares and paid Rs. 11.35 crores and Rs. 14.19 crores being the balance 75% of the warrant amount on the respective conversion dates.

EXPANSION AND MODERNISATION

Your Company has undertaken expansion of Nylon Tyre Cord Fabric (NTCF) capacity by 7,500 tons per annum including NTCF dipping at Bharuch and Nylon Polymerisation capacity of 21,000 tons per annum at Mahad. In addition to this it has decided to modernise some of its old machineries at Pune and Mahad and also to add some new equipment to enhance value chain of its existing products. The orders for critical equipment for NTCF expansion have already been placed. Expansion of NTCF and dipping facilities are likely to be completed in the fourth quarter of the financial year 2010-11.

Your Company has also decided to install 6.6 MW gas based power generating set at Pune and 3.3 MW LNG based power generating set at Bharuch. The power generating sets are expected to be commissioned in the fourth quarter of the financial year 2010-11.

The total capital expenditure on above will involve about Rs.350 crores (Rupees three hundred and fifty crores).

HUMAN RESOURCE DEVELOPMENT AND ENVIRONMENT

The report on Management's Discussion and Analysis



includes its observations on human relations, approach to human resource development, safety, health and environment.

Your Company in pursuit of human development, continuously impart training to its employees culminating in functional as well as behavioural competency and create an healthy environment for work place and performance.

The Directors place on record their appreciation for workmen, staff and management in bringing improvement at all levels in factories and offices of the Company and effective response to changing environment.

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

Energy conservation measures, progress made in technology absorption and foreign exchange earnings and outgo, as required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out in a separate statement attached hereto and forming part of the report.

CORPORATE GOVERNANCE

Your Company reaffirm its commitment to Corporate Governance and is fully compliant with the conditions of Corporate Governance stipulated in Clause 49 of the Listing Agreement with Stock Exchanges. A separate section on compliance with the conditions of Corporate Governance and a Certificate from the firm of practising Company Secretaries dated 3rd May, 2010 in this regard is annexed hereto and forms a part of the Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of Section 217(2AA) of the Companies Act, 1956 and on the basis of explanation and compliance certificate given by the executives of the Company, and subject to disclosures in the Annual Accounts and also on the basis of discussions with the Statutory Auditors of the Company from time to time, we state as under:

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed;
- ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) that the directors had prepared the annual accounts on a going concern basis.

DIRECTORS

Your Directors inform with grief the sad demise of Mr. V. Dixit on 14th October, 2009 who had been associated with your Company as Director since 26th June, 1990. He was very valuable provider of matured advice. Your Directors place on record their appreciation for the valuable services rendered by Mr. V. Dixit.

Mr. S. K. Jain has been appointed as a Director of the Company w.e.f. 11th November, 2009 to fill up the casual vacancy caused by the death of Mr. V. Dixit. Mr. S. K. Jain will hold office upto the date of the ensuing AGM in which Mr. V. Dixit would have retired by rotation had he not died.

Notice has been received under Section 257 of the Companies Act, 1956 from a Member of the Company signifying Mr. S. K. Jain, who has filled the casual vacancy caused by the death of Mr. V. Dixit as a candidate for the office of the Director.

Mr. G. M. Singhvi, Whole-time Director of your Company whose tenure of 3 years comes to an end on 15th May, 2010 has been reappointed by the Board of Directors in its Meeting on 3rd May, 2010 for a period of 3 years, commencing from 16th May, 2010 subject to approval of the shareholders of the Company at the forthcoming Annual General Meeting.

In accordance with Articles of Association of the Company, Mr. B.K. Birla, Director of the Company will retire by rotation and being eligible, offer himself for reappointment.

AUDITORS

Messrs. Price Waterhouse, the Auditors of the Company will retire from the office of the Auditors and being eligible offer themselves for reappointment. Their remuneration for the current year is to be fixed by you.

COST AUDITORS

The Cost Accounts Records maintained by your Company for both the products – Polyester and Nylon are subject to yearly audit by qualified Cost Auditors. Your Company has appointed M/s. N.I. Mehta & Co., a firm of Cost Auditors for conducting the audit of such records for the financial year 2009-10.

PARTICULARS OF EMPLOYEES

Pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of employees are set out in the Annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all members of the Company. Any member, who is interested in obtaining such particulars about employees may write to the Company Secretary at Registered Office of the Company.

For and on behalf of the Board of Directors

R. A. Shah
G. M. Singhvi
Directors

Place : Mumbai
Date : May 03, 2010



ANNEXURE TO THE DIRECTORS' REPORT

(Additional information given in terms of Notification 1029 of 31.12.1988 issued by the Department of Company affairs)

(A) CONSERVATION OF ENERGY

The Company continuously pursue the process of energy conservation through improved operational and maintenance practices :

a) Energy Conservation measures taken :

1. Optimisation in compressed air consumption and pressure in spinning / winding and draw warper machines.
2. Recycling of tertiary treated water in place of raw water.
3. Partitions in various areas to reduce air conditioning load.
4. Optimisation of air handling units and ducting to reduce air flow and cooling load.
5. Optimisation of vacuum system in spinning / winding machines.
6. Bypassing of feed roll drive on draw winders and texturising machines.
7. Stoppage of one cooling tower pump by optimising cooling water consumption.
8. New centrifugal compressor in place of existing reciprocating compressors.
9. Replacement of rewound motors by energy efficient motors.

b) Additional Investment and Proposals, if any, being implemented for conservation of Energy.

1. Optimisation of compressors for low pressure applications.
2. Replacement of existing chillers with energy efficient chillers
3. Installation of vapor absorption chiller to recover process waste heat.
4. Use of vacuum pump in place of steam ejector in Dryer.

c) Impact of Measures at (a) and (b) above for reduction of energy consumption and on the cost of production of goods :

The above measures have resulted in reduction in consumption of electricity and fuel oils with consequent reduction in the cost of production .

d) Total energy consumption and energy consumption per unit of production as per prescribed Form - A given hereafter.

(B) TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per Form - B

a) Research & Development (R & D)

(I) Specific areas in which R & D is carried out by the company :

1. Productivity enhancement of spinning machines and draw winder machines.
2. Development of new products.
3. Further development in indigenous spin finish to replace imported spin finish.
4. Installation of pearl mill to recycle residual titanium dioxide
5. Modifications in spin pack assembly to improve its performance
6. Modification in yarn path to improve spinning machine performance
7. Modifications in packing to improve quality.
8. Development of fully drawn yarn with alternate rout on POY Nylon Spinning machines
9. Modification of creel and tangling on draw warper to accommodate more ends.
10. Further development and indigenisation of spares through local vendors
11. Installation of creep speed logic on spinning machines to reduce waste.
12. Modifications in filters to replace old candle filter with disposable filter.

(II) Benefits derived as a result of the above R & D

1. Reduction in operating and maintenance cost.
2. Improvement in quality, customer satisfaction and enlargement of market base.
3. Better quality resulting greater customer satisfaction.

(III) Future Plan of Action

1. Productivity enhancement of spinning machines and draw winder machines.
2. Development of new products.

(IV) Expenditure on R & D

Rs. Crores

	2009-10	2008-09
1. Capital	(See Note Below)	
2. Recurring	1.05	1.37
3. Total	1.05	1.37
4. Total R & D expenditure as a Percentage of total turnover	0.09%	0.11%

Note: The Company has spent Rs.0.48 Crores (2009-10) & Rs. 1.94 Crores (2008-09) and shown as normal capital expenditure, although it is also used for R & D activities.



b) Technology Absorption, Adaptation & Innovation

(i) Efforts in brief, made towards technology absorption, adaptation & innovation

1. Adoption of technology for usage of bagasse briquette in oil fired heat transfer media.
2. Retrofitting to existing spinning winding and draw winder machines for productivity increase.

(ii) Benefits derived as a result of above efforts

1. Flexibility of fuel use in heat transfer media.
2. Improvement in capacity utilisation.

(iii) Future Plan of Action

1. Adoption of technology for air texturing process.

(iv) Information regarding imported technology

[Imported during the last 5 years (from the beginning of the financial year)]

1. Technology Imported : NIL
2. Year of Import :Not applicable
3. Has the technology been fully absorbed : Not applicable

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans:

The Company continuously explore export market for its various products, but have not been able to identify lucrative market so far. The realization in the domestic market is much more rewarding. However, in the process, the Company has supplied some of its products to 100% E.O.U units, which are considered as deemed exports.

2. Total foreign exchange used and earned is contained in Schedule I item 17(c),(d),(e) and (f) in notes on Accounts.

(PURSUANT TO SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956)

FORM - A (SEE RULE 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

A. POWER AND FUEL CONSUMPTION			B. ENERGY CONSUMPTION PER UNIT OF PRODUCTION		
	Current Year 2009-10	Previous Year 2008-09		Current Year 2009-10	Previous Year 2008-09
1. ELECTRICITY			PRODUCTS (With Details) UNIT		
(a) Purchased			1. ELECTRICITY (Kwh/Ton of Product)		
Units (KWH)	61934866	72034450	(a) Synthetic Textile Yarns	1701	1580
Total Amount (Rs. in Lacs)	3488.85	3560.56	(b) Industrial Yarn / Fabric	3444	3684
Rate per Unit (Rs.)	5.63	4.94	(c) Polyester Chips	127	114
(b) Own Generation			2. Furnace Oil		
Through diesel generators			(Kgs/Ton of Product - for Steam Generation)		
Units (KWH)	136967127	116162887	(a) Synthetic Textile Yarns	45	59
Units per Litre of fuel oil	4.51	4.35	(b) Industrial Yarn / Fabric	99	122
Cost per unit (Rs.)	4.99	5.28	(c) Polyester Chips	52	65
(c) F.O./L.D.O.			3. Solid Biomass Briquettes		
(For Own Generation)			(Kgs/Ton of Product - for Steam Generation)		
Quantity (Kgs)	30400041	26698994	(a) Synthetic Textile Yarns	6	14
Total Amount (Rs. in Lacs)	6830.73	6137.15	(b) Industrial Yarn / Fabric	25	68
Rate/Unit (Rs.)	22.47	22.99	(c) Polyester Chips	7	14
2. FURNACE OIL/Solid Biomass Briquettes			4. Steam - Purchased		
(a) F.O./L.D.O.			(Steam Tons / Ton of Product)		
(For Steam Generation)			(a) Synthetic Textile Yarns	0.3	-
Quantity (Kgs)	5292673	6700106	(b) Industrial Yarn / Fabric	0.8	-
Total Amount (Rs. in Lacs)	1174.69	1645.10	(c) Polyester Chips	0.1	-
Rate/Unit (Rs.)	22.19	24.55	5. NITROGEN (NM³ /Ton of Product)		
(b) Solid Biomass Briquettes			(a) Synthetic Textile Yarns	34	31
(for Steam Gen.)			(b) Industrial Yarn / Fabric	31	40
Quantity (Kgs)	1080310	2598162	(c) Polyester Chips	6	6
Total Amount (Rs. in Lacs)	41.08	121.43			
Rate/Unit (Rs.)	3.80	4.67			
STEAM (COST PER TON)					
Units (TON)	142166	161794			
Units per Ton of fuel	21.72	24.15			
Cost per unit (Rs.)	855	1092			
3. STEAM - Purchsed					
Units (TON)	37401	-			
Cost per unit (Rs.)	1236	-			
4. NITROGEN					
Units (NM ³)	3302583	3135169			
Total Amount (Rs. in Lacs)	78.26	78.57			
Cost per unit (Rs.)	2.37	2.51			

Notes

1. Furnace Oil consumption per Ton of Production is not comparable with previous year as company in the current year started purchase of steam from third party instead of using furnace oil for generation of steam.
2. Previous years figures have been regrouped and rearranged, wherever necessary.



MANAGEMENT'S DISCUSSION AND ANALYSIS

1. OVERALL REVIEW

At the beginning of the year, the Management sincerely believed that the worst was over and it should be able to give a better performance during the year. Today, we are happy to report that, with the revival of the Indian economy and the efforts made by your Company, the performance has improved significantly. The stimulus package declared by the Government of India helped in stimulating the demand in the first quarter of 2009-10. Commodity prices and specifically petroleum derivative prices fell sharply and so did the raw material prices. The revival of automobile and tyre industry to which the fortune of our business is linked, saw a robust revival in demand for Nylon Tyre Cord Fabric. Proactive treasury and working capital management helped the Company in reducing foreign currency risk and interest cost. In addition to this, there was a general improvement in plant efficiency, particularly in the areas of raw material usage and energy conservation.

2. INDUSTRY STRUCTURE & DEVELOPMENT

In a growing economy with huge domestic market, the outlook for development of almost all industries is good. The projected and sustainable higher growth rate of the Indian economy in the coming years augurs well for both synthetic textile yarn and tyre cord fabric. Higher growth rate of the economy stimulates and increases the purchasing power of common man for textiles benefiting the synthetic yarn business. Similarly, it also increases the demand for commercial vehicle tyres wherein Nylon Tyre Cord Fabric is used as reinforcement material.

The sharp increasing trend in raw material and energy cost shown in Exhibit 1, 2, 3 & 4 below is however a cause of concern. Industry may not be able to entirely pass on the steep increase in raw material and furnace oil prices to the consumers and this may adversely impact margins.

Exhibit-1

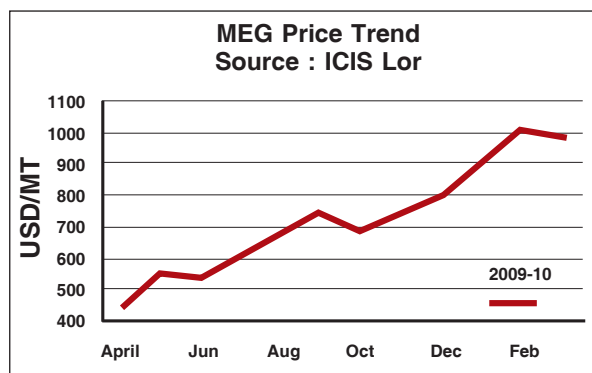


Exhibit-2

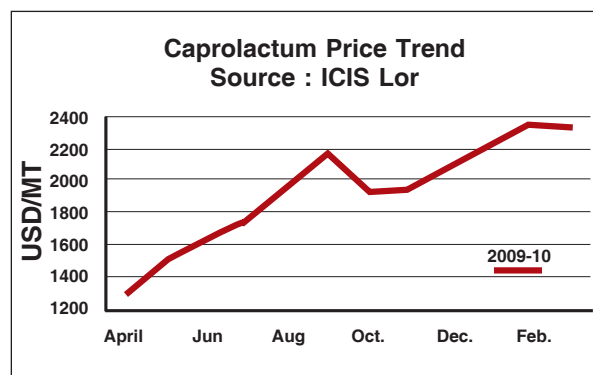


Exhibit-3

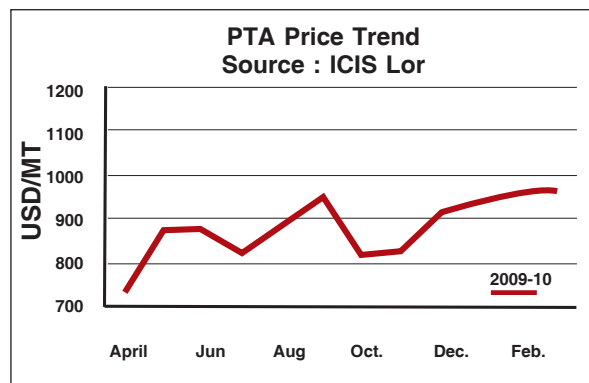
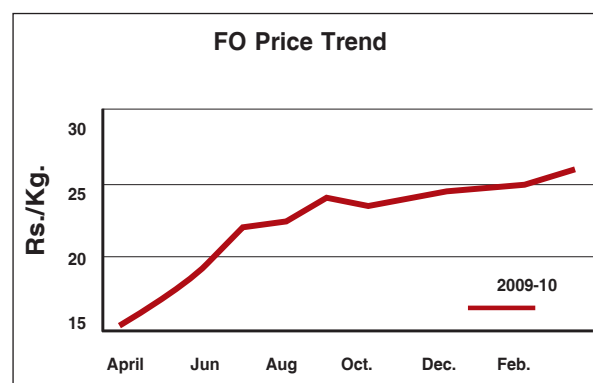


Exhibit-4





3. THREATS

Raw material prices have out paced the rise in crude oil prices, more on account of supply side shortfall. In July 2008 just before the global recession took effect, crude oil was at all time high at \$140 per barrel and raw material prices were also at peak - PTA at \$1165 per ton, MEG at \$1065 per ton and Caprolactum at \$2590 per ton. In March 2010, crude oil was trading at \$83 per barrel, however, raw material were at a high of – PTA at \$980 per ton, MEG at \$930 per ton and Caprolactum at \$2520 per ton. Caprolactum price trend is highly disturbing.

4. OPPORTUNITIES

Indian economy is on a higher growth trajectory with low per capita consumption base, a large domestic consumer base, a healthy ratio of young population, emerging middle-class and rising income levels etc. These are signs of good growth opportunities and augur well for the industry.

5. COMPANY OUTLOOK

The prices of raw material, fuel oil and other commodities increased significantly in the last quarter of 2009-10 and the upward trend is still continuing (Refer Exhibit 1 to Exhibit 4 herein above). Although the main raw material of the Company are crude oil derivatives, the movement in price is not in line with the movement in crude oil prices. Volatility and high raw material prices may affect margins of the Company in the current year.

To ensure that it may not affect the future outlook of the Company in a significant way, it has undertaken a capital expenditure programme to increase Nylon Tyre Cord Fabric capacity by 7500 tons / annum including Dipping at Bharuch plant, installation of Nylon Polymerisation capacity of 21000 tons / annum at Mahad and raising the production of Nylon Textile Yarn at a level ranging between 19000 tons / annum to 23000 tons / annum, converting part of the polyester chips capacity into Fully Drawn Yarn and add value to Polyester POY production by increasing draw warping capacity. All these projects will be completed within 18 months in a phased manner.

The mid-term outlook is fairly good and long-term outlook remains positive as the Indian economy is growing steadily at good growth rate.

6. RISK MANAGEMENT

The risk management policy is periodically examined and updated. The focus shifts from one area to another area depending upon the prevailing situation. During the year under review, highest importance was given to the management of foreign currency exchange rate fluctuation risk. The Company is now following a policy of hedging foreign currency exposure at the earliest within the permissible RBI guidelines.

In the area of energy cost management, the Company is running the risk of consuming high cost furnace oil.

Special attention is being given to energy conservation and use of green bio-mass fuels i.e. baggas, briquettes etc. in furnaces and installing new generating capacity where natural gas will be used in place of furnace oil.

Installation of Nylon Tyre Cord Fabric dipping capacity, which would materialize towards the end of 2010-11, will reduce market led business risks.

7. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Professional firms of Chartered Accountants consistently review the adequacy of the control systems and suggest improvements for the orderly conduct of business, overall adherence to management policies and applicable laws & regulations. They have expressed their satisfaction about the adequacy of the control systems and the manner in which your Company is updating / upgrading its systems and procedures. The control systems in technical and other non financial areas have been fairly aligned with Management Information Systems (MIS) to make MIS more efficient and result oriented.

The Audit Committee of Directors, in its periodical meetings, reviews the adequacy and effectiveness of internal control systems and procedures and suggests areas of improvements, as appropriate.

In order to improve easy accessibility to old records, the Company has undertaken an exercise to develop new control system in the area of fixed assets record keeping and verification thereof. The Company is quite satisfied by the progress made in this respect.

8. INFORMATION TECHNOLOGY

The Company always endeavours to use the latest and make appropriate advances in the area of information technology to maximise advantages for its business needs. Continuing this policy, the Company has upgraded its hardware and software during the year, to meet latest technology requirements.

Hardware upgradation has improved the response time to users and has strengthened failover safety measures.

Software upgradation has enabled the Company to effectively harness modern networking technology. This has helped the Company to improve its business processes efficiency and allow users to respond to business needs on real time basis.

The Company has also set up remote Disaster Recovery Site to manage business operations in case of major natural calamities.

System access controls are being augmented to minimise risk of unauthorised intrusion in the business systems.

The Company is in the process of consolidating and integrating its Information Technology Systems on a single instance database, giving selected users unified view to entire business processes like logistics, marketing and manufacturing.



9. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Highlights

	(Rs. Crores)		
	2009-10	2008-09	Change %
Sale (after Excise Duty)	1327.03	1162.33	14%
Profit before depreciation, Interest, Exchange Fluctuation, Exceptional Items and Tax	229.98	131.71	75%
Depreciation	(61.06)	(59.10)	3%
Interest Expenditure	(10.84)	(25.66)	-69%
Interest Income	3.43	1.84	86%
Impact of Foreign Currency rate Fluctuation (Net)	(5.61)	(22.71)	-75%
Exceptional Item- VRS	(3.36)	(3.50)	-4%
Taxation (Net)	(52.38)	(5.96)	779%
Net Profit	100.16	16.62	503%
Earning Per Share (in Rs)	49.61	8.29	498%
Cash Earning Per Share (in Rs)	79.85	37.77	111%

Sales: In the previous financial year 2008-09 sales to tyre companies were lower during the second half of the year due to recession in the Automobile Industry and general downturn in the Indian economy. During the year under review, there was a robust revival in the demand from tyre companies. Consequently, sales are higher.

Profit before depreciation, interest, exchange fluctuation, exceptional items and tax: Due to procurement of raw material at competitive price and other auxiliary materials including fuel oil, debottlenecking of various manufacturing facilities and utilities, energy conservation and lower raw material consumption ratios, the operating margins were better.

Impact of foreign currency rate fluctuation (Net) : During the year, the Company has followed the policy of hedging its foreign currency exposure risk at the earliest. Consequently, the negative impact has reduced to Rs.5.61 crores as against the negative impact of Rs.22.71 crores in the previous financial year wherein the Company was pursuing the policy of keeping foreign risk open. Out of the total negative impact of Rs.5.61 crores, Rs.3.28 crores is on account of the premium paid on hedging foreign currency exposure and the balance amount is on account of Marked to Market (MTM) on outstanding foreign currency exposure as on 31st March, 2010.

10. HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Company recognises that it can make a differential impact on its performance significantly through its employees. The Company, therefore, looks at employees as a “human capital” and nurtures it through various development and welfare initiatives.

During the year, number of developmental activities ranging from behavioural training to exposure to latest trends in technology for staff and officers were

organized. Emphasis was laid on young engineers and in the area of man-management skills. Performance and knowledge are core values for the Company. The performance review system has also been restructured wherein the focus is now more on competency building through training and development. Good performance continue to be rewarded at all levels. This has resulted into high motivation levels and a favourable work environment. It is also reflected in the participation of large number of employees in the Suggestion Scheme reintroduced to encourage innovation and meritocracy. Job rotation, multi-skilling and cost efficiency continue to be key areas, inviting management attention and focused efforts.

Industrial relations continue to be cordial. Regular communication meetings are held with the workmen representatives to exchange views and address mutual issues. It is worthy to note that not a single man-day has been lost during the year on account of labour relations at any of the manufacturing plants of the Company during the year.

The strength of permanent employees as on 31st March, 2010 is 1591 Nos. (as on 31st March, 2009 : 1609 Nos.).

11. SAFETY, HEALTH & ENVIRONMENT

In addition to discharging its legal obligation, the Company looks at Safety, Health & Environment as its corporate social responsibility and provides help towards extinguishing of fire in neighbouring localities as and when required and also organises training workshops for employees in industries located in adjoining areas.

SAFETY

The Company accords high priority to safety of employees. High level of employee self awareness is created through training, safety related competitions and mock drills. The Bharuch plant achieved the target of ‘zero accident’ during the year and also bagged the rotating shield of Gujarat Safety Council for achieving Lowest Disabling Index. The Council also carried out a Safety Audit and its recommendations have been implemented.

HEALTH

A special drive was organized at Pune to create awareness regarding Swine Flue. A medical camp for tribals from Bharuch area regarding genetic disorder was also organized by the Company. A free medical health checkup for orphans & young children, free vaccination programme for pregnant ladies and medical camp on eye diseases was organized for the rural population near Bharuch plant. Vaccination programmes were also conducted at Mahad & Bharuch.

ENVIRONMENT

The Bharuch plant has switched over to bio-fuel for steam boilers and HTM Heaters which has reduced sulphur dioxide emissions in the flue gases. Also the fly ash produced by this system is eco-friendly. Use of renewable fuels such as briquette has directly contributed to reduction of air pollution from use of fossil fuel at Pune.



CORPORATE GOVERNANCE REPORT

Company's Philosophy on Corporate Governance

Good Governance is an integral part of the Company's business practices based on the philosophy of Trusteeship. The core value of the Company's business practices are derived from the four pillars of Trusteeship, i.e. **transparency**, adequate **disclosure**, **fairness** to all and **independent monitoring and supervision**. The strong internal control systems and procedures, risk assessment and mitigation procedures and codes of conduct for observance by the Company's directors and employees are conducive in achieving good Corporate Governance practices in the Company.

A detailed disclosures on the Board of Directors, Shareholders and Stock Performance are given herebelow:

1. Board of Directors

The total number of Directors on the Board as on date of this report is five. Out of five, four are non-executive Directors and three of them are independent. There is one Whole-time Director. The non-executive directors are eminent and experienced professional drawn from the field of industry, finance and law.

The day to day management is conducted by the Whole-time Director of the Company subject to superintendence, control and direction of the Board of Directors.

Directorship held by Directors of Century Enka Limited :

Name of the Director	Executive/Non-Executive/Independent/Promoter	No. of shares in the Company	No. of outside Directorship in Public Limited Companies*	Membership held in Committee of Directors #	Chairmanship held in Committee of Directors #
Mr. B. K. Birla	Non Executive & Promoter	22,360	4	—	—
Mr. R. A. Shah	Non Executive & Independent	250	14	9	5
Mr. B. S. Mehta	Non Executive & Independent	8,540	14	9	5
Mr. S. K. Jain	Non Executive & Independent	125	—	—	—
Mr. G. M. Singhvi	Executive - Whole-time Director	—	—	—	—

* This excludes directorship held in Private Companies, Foreign Companies, Companies formed under Section 25 of the Companies Act, 1956 and directorship held as an alternate director.

Membership/Chairmanship in Committee of Directors include Audit Committee and Shareholders/ Investors Grievance Committee of Directors only. This does not include Membership/Chairmanship in Committee of Directors of Century Enka Limited.

2. Number of Board Meetings and Attendance Record of Directors

The Board meets at least once in a quarter to consider amongst other business the performance of the Company and financial results. The particulars of Board Meetings held during 2009-10 as well as attendance of Directors at the Board Meetings and the last AGM are given herebelow:

Details of Board Meetings:

Number of Board Meetings held during 2009-10: 9			
Sl. No.	Date of Board Meeting	Sl. No.	Date of Board Meeting
1	04.05.2009	6	11.11.2009
2	27.06.2009	7	17.12.2009
3	23.07.2009	8	27.01.2010
4	17.09.2009	9	22.02.2010
5	24.10.2009		

**Attendance Record of Directors:**

Name of the Director	Number of Board Meetings held	Number of Board Meetings Attended	Whether attended last AGM held on 27.06.2009
Mr. B. K. Birla	9	6	Yes
Mr. R. A. Shah	9	7	No
Mr. B. S. Mehta	9	9	Yes
Mr. V. Dixit (Expired on 14.10.2009)	4	1	No
Mr. S. K. Jain (Appointed on 11.11.2009)	4	2	N.A.
Mr. G. M. Singhvi	9	9	Yes

3. Directors' Remuneration

The Directors of the Company excluding Whole-time Director have been paid sitting fee for attending meetings of the Board of Directors and Committees of Directors. The sitting fee for attending the meeting of the Board of Directors has been paid to each Director at the rate of Rs.10,000/- per meeting. The sitting fee for attending meetings of Audit Committee of Directors has been paid to each Director at the rate of Rs.5,000/- per meeting and for attending the meeting of Shareholders/Investors Grievance Committee of Directors and Share Transfer Committee of Directors at the rate of Rs.2,500/- per meeting to each Director. Besides sitting fee, each director excluding Whole-time Director has been paid Rs. 5 lacs as remuneration by way of commission for the financial year 2008-09. Commission will also be paid to each director for full financial year except Whole-time Director at Rs. 5 lacs for the financial year 2009-10 and in case of Directors for part of the financial year, proportionate amount for the period of their directorships. Criteria for payment of commission is based on the period. Payment of commission to directors is pursuant to a special resolution passed by shareholders in the Annual General Meeting held on 28th June, 2008. It is not a policy of the Company to give loans and advances to its directors.

Details of Remuneration paid to Mr. G. M. Singhvi – Whole-time Director	
	Rs. in lacs
Salary & Allowances	62.61
Perquisites	4.91
Contribution to:	
– Provident Fund	2.88
– Superannuation Fund	3.60
Total	74.00
– Monetary value of perquisites is calculated in accordance with the existing provisions of the Income Tax Act.	
– Excludes Contribution to approved gratuity fund which are based on actuarial valuation done on an overall company basis.	
– Nature of employment is on contractual basis and subject to termination by either party giving to other party three months notice.	

4. Directors' Interest in the Company

Sometime, the Company do enter into contracts with companies in which some of the Directors of the Company are interested as director or member. However, these contracts are in the ordinary course of the Company's business without giving any specific weightage to them. Directors regularly make full disclosures to the Board of Directors regarding the nature of their interest in the companies in which they are directors or members. Full particulars of contracts entered with companies in which directors are directly or indirectly concerned or interested are entered in the Register of Contracts maintained under Section 301 of the Companies Act, 1956 and the same is placed in every Board Meeting for the noting of the Directors.

The Company does engage M/s.Crawford Bayley & Co., firm of Solicitors in which Mr. R. A. Shah is a Partner and M/s Bansi S. Mehta & Co., firm of Chartered Accountants in which Mr. B. S. Mehta is a Partner and Mr.S.K. Jain, an Advocate for legal/tax advice. The services provided by them are purely of professional nature. The professional fees paid during the year to M/s. Crawford Bayley & Co. and M/s. Bansi S. Mehta & Co. are not considered material enough to affect the independence of Mr. R. A. Shah and Mr. B. S. Mehta. No professional fees has been paid to Mr. S. K. Jain after his appointment as a Director.

In terms of Accounting Standard AS-18, details of related party transactions during the year have been set out under Note 16 of Schedule I annexed to the Balance Sheet and Profit and Loss Account. However, these are not having any potential conflict with the interest of the Company at large.



5. Audit Committee

The Board of Directors has constituted an Audit Committee of Directors to exercise powers and discharge functions as stipulated in Section 292A of the Companies Act, 1956, Clause 49 of the Listing Agreements with Stock Exchanges and other relevant statutory / regulatory provisions. The Audit Committee consists of three Directors:

- i) Mr. S. K. Jain* (Chairman) Non-executive and Independent Director
- ii) Mr. R. A. Shah (Member) Non-executive and Independent Director
- iii) Mr. B. S. Mehta (Member) Non-executive and Independent Director

* Mr. S. K. Jain has been appointed by the Board of Directors on 11.11.2009 in place of Mr. V. Dixit.

Mr. B. S. Mehta is a Chartered Accountant by profession. The Company Secretary of the Company acts as the Secretary to the Committee.

The Committee, in addition to other business reviews the quarterly (unaudited) financial results, annual accounts and cost audit reports before submitting to the Board of Directors. During the year 2009-10, the committee met four times i.e. on 29.04.2009, 23.07.2009, 24.10.2009 and 27.01.2010. The attendance of each audit committee member is as under:

Name of Audit Committee Member	No. of Meetings attended
Mr. V. Dixit (Expired on 14.10.2009)	1
Mr. R. A. Shah	4
Mr. B. S. Mehta	4
Mr. S. K. Jain (Appointed on 11.11.2009)	1

Besides the Committee members, Wholetime Director, Senior Vice President (Finance), and partners/other representatives of the firms of Statutory Auditors, Cost Auditors and Internal Auditors were also present at the meetings to answer the queries raised by the Committee members.

The Chairman of Audit Committee, Mr. V. Dixit could not attend 43rd Annual General Meeting due to ill health.

6. Shareholders/Investors Grievance Committee

A Shareholders/Investors Grievance Committee has been constituted by the Board of Directors to monitor the redressal of the shareholders/investors grievances. The committee consists of two Directors :

- i) Mr. S. K. Jain* (Chairman) Non-executive and Independent Director
- ii) Mr. G. M. Singhvi (Member) Executive and Non-independent Director

* Mr. S. K. Jain has been appointed by the Board of Directors on 11.11.2009 in place of Mr. V. Dixit.

The Committee reviews the status of complaints received from shareholders/investors and redressal thereof. A status report of shareholders complaints and redressal thereof is prepared and placed before the Shareholders/Investors Grievance Committee. The shareholders/investors can register shares/debentures related complaints, if any, in the e-mail Id *investor@centuryenka.com* designated exclusively for the purpose.

7. Share Transfer System

A Share Transfer Committee of Directors has been constituted by the Board. The Board has also delegated the power of share transfer to officers of the Company. The delegated authorities attend to share transfer formalities at least thrice in a month. Transfer of shares are processed and registered within the stipulated time, provided all the documents are valid and complete in all respect. The Board of Directors has appointed the Company Secretary as Compliance Officer of the Company to monitor the share transfer process. Share transfers approved by the delegated authorities are placed before Share Transfer Committee for review and at the Board Meeting from time to time. As on 31.03.2010, no shares were pending for transfer for more than 15 days.

The Company has appointed M/s Link Intime India Pvt. Ltd. (formerly known as M/s. Intime Spectrum Registry Limited) as its Share Transfer Agent for both physical and demat segment of equity shares.

8. General Body Meeting

- i) Information about last three Annual General Meetings:

Year	Date	Time	Location
2007	27.06.2007	10:30 AM	Kala Kunj, 48,Shakespeare Sarani, Kolkata-700017
2008	28.06.2008	10:30 AM	Kala Kunj, 48,Shakespeare Sarani, Kolkata-700017
2009	27.06.2009	10:30 AM	Kala Kunj, 48,Shakespeare Sarani, Kolkata-700017



- ii) There was no special resolution passed in the 41st Annual General Meetings held on 27.06.2007.
- iii) In the 42nd Annual General Meeting held on 28.06.2008 one special resolution was passed which authorises the Company to pay remuneration by way of commission to its directors (including Alternate Directors), resident in India, other than the Directors in the wholetime employment of the Company in respect of each of the five financial years commencing from the 1st April, 2008.
- iv) There was no special resolution passed in the 43rd Annual General Meetings held on 27.06.2009.
- v) During the financial year 2009-10, a special resolution was passed through postal ballot for issue of 18,00,000 Preferential Warrants to the promoters of the Company. The Board appointed Mr. P. K. Mallik of Kolkata as Scrutinizer and Mr. K. K. Sharma of Kolkata as alternate Scrutinizer. The Notice of postal ballot was despatched on 03.11.2009. Based on the report submitted by Mr. Kamal Kumar Sharma the special resolution through postal ballot was passed by the requisite majority on 09.12.2009. Details of voting pattern are as follows:

Particulars	No. of Ballots	No. of shares held
Votes in favour of the resolution	1473	72,46,536
Votes against the resolution	128	94,488
Votes found invalid on account of no vote, unsigned, double vote, non submission of proper documents, etc.	47	13,34,062
Total	1648	86,75,086

- vi) To pass a special resolution through postal ballot for change of Registered Office of the company from the State of West Bengal to the State of Maharashtra, the Company despatched Notice of Postal Ballot on 12th/13th March, 2010 to the shareholders of the Company. The Board has appointed Mr. Kamal Kumar Sharma of Kolkata as Scrutinizer and Mr. Sushil Kumar Dutta of Kolkata as Alternate Scrutinizer. The vote was to cast upto 12th April, 2010. Based on the report submitted by Mr. Kamal Kumar Sharma the special resolution through postal ballot was passed by the requisite majority on 16.04.2010. Details of voting pattern are as follows:

Particulars	No. of Ballots	No. of shares held
Votes in favour of the resolution	1884	82,50,498
Votes against the resolution	89	2,583
Votes found invalid on account of no vote, unsigned, double vote, non submission of proper documents, etc.	70	16,554
Total	2043	82,69,635

9. Any Non-compliance, Penalties or Strictures Imposed

The Company though made application to Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd. for seeking in-principle approval under clause 24(a) of the Listing Agreement before allotment of Preferential Warrants to promoters of the Company, the allotment of warrants was made before obtaining in-principle approval from the stock exchanges. The approval from BSE received after the allotment of warrants. This has been brought to the notice of both the stock exchanges. The Company has been advised to ensure compliance.

10. Means of Communication

The unaudited financial results of the Company for each quarter is placed before the Board of Directors in the fourth week of succeeding month. The quarterly financial results of the Company are published in Business Standard (all edition) & Dainik Statesman (Kolkata edition).

The financial results and shareholding pattern for each quarter and annual accounts of the Company are also put on the website of Electronic Data Information Filing and Retrieval (EDIFAR) maintained by National Informatics Centre and can be retrieved from the website www.sebiedifar.nic.in.

Financial results and other useful information on the Company are also available on the Company's website www.centuryenka.com.

The Company has not made any presentation to institutional investors or analysts.

11. Management's Discussion and Analysis forms a part of the Annual Report

12. Shareholders Information

Annual General Meeting

Day and Date: Friday, the 2nd July, 2010 Time : 10:30 A.M.

Venue: Kala Kunj, 48 Shakespeare Sarani, Kolkata - 700 017

**Financial Calendar**

Financial reporting for the quarter ending 30th June, 2010	: 4th week of July 2010
Financial reporting for the quarter ending 30th September, 2010	: 4th week of October 2010
Financial reporting for the quarter ending 31st December, 2010	: 4th week of January 2011
Financial reporting for the quarter ending 31st March, 2011	: 4th week of April/1st week of May, 2011

Book Closure : The Register of Members and Share Transfer Register will remain closed from Friday, the 18th June, 2010 to Monday, the 28th June, 2010 (both days inclusive) on account of AGM and Dividend Payment.

Dividend Payment Date : On or after 6th July, 2010

Registered Office : Birla Building, 7th Floor
9/1, R. N. Mukherjee Road
Kolkata - 700 001.
Tel. No. (033) 22436003 Fax No. (033) 22436005

Registrar & Transfer Agents : Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound
L. B. S. Marg, Bhandup (West)
Mumbai - 400 078.
Tel. : 022-25946970 Fax : 022-25946969
E-mail : rnt.helpdesk@linkintime.co.in

Listing at Stock Exchanges : The Company's Equity Shares are listed at the following Stock Exchanges:

- The Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001.
- The National Stock Exchange of India Ltd., "Exchange Plaza", Bandra-Kurla Complex, Bandra (East), Mumbai - 400051.

The Annual Listing Fees for the year 2010-11 have been paid.

Stock Code : Bombay Stock Exchange : 500280
National Stock Exchange : CENTENKA

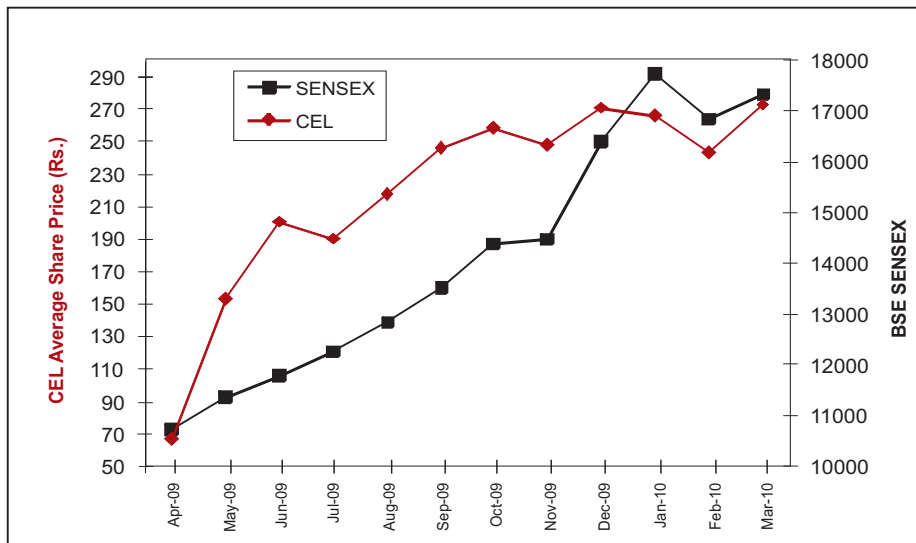
ISIN allotted to Equity Shares : INE485A01015

Stock Market Data

Monthly high and low prices of equity shares of the Company quoted at Bombay Stock Exchange and National Stock Exchange during the year 2009-10: (Amount in Rs)*

Month	Bombay Stock Exchange		National Stock Exchange	
	High	Low	High	Low
April, 2009	81	62	81	63
May	111	74	110	74
June	119	91	120	90
July	144	98	143	94
August	152	126	155	126
September	175	143	174	143
October	210	164	210	164
November	203	176	203	176
December	310	188	310	185
January, 2010	331	251	331	251
February	282	245	282	246
March	304	255	304	254

(*) Rounded-off to nearest Rupee

**Stock Performance Index:****Status of Shareholders'/Investors' Complaints for the period 01.04.2009 to 31.03.2010**

Nature of complaint	No. of complaints received	No. of complaints resolved	No. of pending complaints
Transfer of Shares/Debentures	2	2	—
Redemption/Buy back of Debentures	3	3	—
Exchange of Share/Debenture Certificates	2	2	—
Dividend	3	3	—
Other	8	8	—
Total	18	18	—

Distribution of Shareholding as on 31st March, 2010

No. of equity shares held	No. of shareholders	% of shareholders	No. of shares held	% of shareholding
1 to 10	15432	31.01	90919	0.44
11 to 50	19395	38.97	562113	2.70
51 to 100	5326	10.70	473547	2.27
101 to 500	7036	14.14	1727680	8.28
501 to 1000	1290	2.59	992337	4.76
1001 to 5000	1015	2.04	2149654	10.31
5001 and above	274	0.55	14854339	71.24
Total	49768	100.00	20850589	100.00

Categories of Shareholding as on 31st March, 2010

Category	No. of shareholders	% of shareholders	No. of shares held	% of shareholding
Individual	48145	96.74	9514822	45.63
Bodies Corporate	1154	2.32	7585257	36.38
Non-Resident Bodies Corporate	3	0.01	1150000	5.52
FII's	20	0.04	221566	1.06
NRI/OCBs	348	0.70	529993	2.54
Mutual Funds	37	0.07	8710	0.04
Bank, Financial Institution & Insurance Companies	61	0.12	1840241	8.83
Total	49768	100.00	20850589	100.00
Promoters	23	0.04	5858728	28.10
Non-Promoters	49745	99.96	14991861	71.90
Total	49768	100.00	20850589	100.00



Dematerialiation of Shares & Liquidity	:	74.48% of Equity Shares have been dematerialised as on 31st March, 2010.
Outstanding GDRs/ADRs/Warrants or any convertible instruments	:	The Company has not issued any GDRs/ADRs/Convertible Instruments except 18,00,000 Preferential Warrants to Promoters convertible into equal number of equity shares. Out of 18,00,000 Warrants, 8,00,000 were converted into equal number of equity shares of Rs.10/- each before 31.03.2010. 10,00,000 warrants are balance as on 31.03.2010.
Plant Location	:	Pune, Mahad and Rajashree Nagar (Bharuch)
Investor Correspondence	:	Link Intime India Pvt. Limited (Unit : Century Enka Limited) C-13, Pannalal Silk Mills Compound L. B. S. Marg, Bhandup (West) Mumbai - 400 078. Tel. : 022-25946970 Fax : 022-25946969 E-mail : rnt.helpdesk@linkintime.co.in

13. Code of Conduct

The Company has always encouraged and supported ethical business practices in personal and corporate behaviour by its directors and employees. The Company has framed a specific Code of Conduct for the members of the Board of Directors and Senior Management personnel of the Company. In addition to that a special Code of Conduct for dealing in equity shares and other listed securities of the Company is also in place.

14. Non-Mandatory Requirements

i) The Board

At present, there is no separate office in the Company for use of Chairman.
There is no policy in the Company for determining the tenure of independent directors.

ii) Remuneration Committee

At present, the Company does not have a Remuneration Committee.

iii) Shareholders Rights

Half yearly financial results including summary of the significant events are presently not being sent to shareholders of the Company.

iv) Audit qualifications

There is no audit qualification. Every endeavour is made to make the financial statements without qualification.

v) Training of Board Members

Considering the nature and risk profile of the business of the Company vis-a-vis professional standing/business experience of the board members, they are eminently competent to discharge their duties.

vi) Mechanism for evaluating non-executive Board Members

There is no policy framed for evaluation of non-executive Directors.

vii) Whistle Blower Policy:

The question of instituting a formal policy in this respect may be considered after deliberating all relevant aspects, including the General Corporate Practice in India and also elsewhere.



**BRIEF RESUME OF PERSONS PROPOSED TO BE APPOINTED/RE-APPOINTED AS
DIRECTOR/ WHOLE-TIME DIRECTOR OF THE COMPANY AT THE ANNUAL GENERAL MEETING**

Name	Mr. B. K. Birla	Mr. S. K. Jain	Mr. G. M. Singhvi
Age	89 years	60 years	68 years
Nature of expertise	Industrialist	Advocate	Corporate Management
Name of the companies in which also holds directorship	1. Century Textiles & Industries Limited 2. Jay Shree Tea & Industries Limited 3. Kesoram Industries Limited 4. Pilani Investment & Industries Limited	—	—
Name of the companies in the committees of which also holds membership/ chairmanship	Nil	—	—
Other activities	Associated with charitable trusts & educational institutions.	Associated with educational institution.	—
No. of shares held in the Company.	22,360	125	—

**COMPANY SECRETARIES' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF
CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENTS**

To,

The Members of Century Enka Limited

We have examined the compliance of conditions of Corporate Governance by Century Enka Limited, for the year ended on 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with relevant Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Agreement with relevant Stock Exchanges.

We state that as per the Certificate given by the Registrar and Share Transfer Agent of the Company and as per relevant records maintained by the Company no Investor Grievance was pending against the Company for a period exceeding one month.

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

For SANJAY SANGANI & CO.

Company Secretaries

SANJAY H. SANGANI

Proprietor

Membership No.: FCS 4090

Place : Mumbai,

Date : May 03, 2010

DECLARATION ON COMPLIANCE OF THE COMPANY'S CODE OF CONDUCT

All the members of the Board and Senior Management Personnel of the Company have affirmed due observance of the Code of Conduct, framed pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, in so far as it is applicable to them and there is no non-compliance thereof during the year ended 31st March, 2010.

Place : Mumbai,

Date : May 03, 2010

G.M. SINGHVI

Whole-time Director



Auditors' Report to the Members of Century Enka Limited

1. We have audited the attached Balance Sheet of Century Enka Limited (the "Company") as at March 31, 2010, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on March 31, 2010 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2010;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Price Waterhouse

Firm Registration Number: 301112 E
Chartered Accountants

Jeetendra Mirchandani

Partner

Place : Mumbai
Date : May 03, 2010

Membership No. F 48125

ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of Century Enka Limited on the financial statements for the year ended March 31, 2010]

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. (a) The inventory (excluding stocks with third parties) has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, 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.
3. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in



pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

6. In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by Reserve Bank of India and the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no Order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant

to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed 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 have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

9. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income-tax, sales-tax, customs duty and excise duty as at March 31, 2010 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. Crores)	Period to which the amount relates	Forum where the dispute is pending
The Income Tax Act, 1961	Computation of profits under Section 251 and 143(3)	0.56	2003-04	Income Tax Appellate Tribunal
The Custom's Act, 1962	Refund of customs duty	0.68	2001-02	Customs, Excise, and Service Tax Appellate Tribunal
	Reclassification of imported assets	0.22	2006-07	Customs, Excise, and Service Tax Appellate Tribunal
The Sales Tax Act	Additional Tax	1.33	2000-01	Joint Commissioner of Commercial Tax
	Purchase Tax	0.74	2000-01	Joint Commissioner of Commercial Tax
The Central Excise Act, 1944	Computation of cost of production	0.20	2000-01 and 2001-02	Customs, Excise, and Service Tax Appellate Tribunal

10. The Company has no accumulated losses as at March 31, 2010 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ societies are not applicable to the Company.
14. In our opinion, the Company has maintained proper records of transactions and contracts relating to dealing or trading in shares, securities, debentures and other investments during the year and timely entries have been made therein. Further, such securities have been held by the Company in its own name or are in the process of transfer in its name, except to the extent of the exemption granted under Section 49 of the Act.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. During the year, the Company has allotted equity shares on preferential basis to a company covered in the register maintained under Section 301 of the Act consequent upon conversion of warrants. The price at which these equity shares have been issued has been determined as per the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, which in our opinion, is not prejudicial to the interest of the Company.
19. 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, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.
20. The other clauses, Clause (xix) on creation of charge for debentures issued and outstanding at the year end and clause (xx) on end use of money raised by public issues of paragraph 4 of the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable in the case of the Company for the year, since in our opinion there is no matter which arises to be reported in the aforesaid Order.

For Price Waterhouse
Firm Registration Number: 301112 E
Chartered Accountants

Jeetendra Mirchandani
Partner
Membership No. F 48125

Place : Mumbai
Date : May 03, 2010



BALANCE SHEET AS AT 31ST MARCH, 2010

	SCHEDULE	31st March, 2010 Rs./crores	31st March, 2009 Rs./crores
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	A	20.85	20.05
Equity Share Warrants (See Schedule A - Note 2)		4.73	—
Reserves and Surplus	B	549.31	450.32
		574.89	470.37
LOAN FUNDS	C		
Secured Loans		192.00	248.92
Unsecured Loans		15.61	35.53
		207.61	284.45
DEFERRED TAX LIABILITY (NET) (See Schedule I - Note 5)		118.53	131.79
TOTAL		901.03	886.61
APPLICATION OF FUNDS			
FIXED ASSETS	D		
Gross Block		1509.86	1521.61
Less: Depreciation		899.82	856.25
Net Block		610.04	665.36
Capital Work-in-Progress		0.06	0.08
		610.10	665.44
INVESTMENTS	E	3.19	3.19
		613.29	668.63
CURRENT ASSETS, LOANS AND ADVANCES	F		
Inventories		196.34	119.62
Sundry Debtors		94.03	73.79
Cash and Bank Balances		3.96	7.87
Other Current Assets		0.20	0.26
Loans and Advances		78.99	78.13
		373.52	279.67
LESS: CURRENT LIABILITIES AND PROVISIONS	G		
Liabilities		62.43	45.39
Provisions		23.35	19.66
		85.78	65.05
NET CURRENT ASSETS		287.74	214.62
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)			
VRS Compensation		—	3.36
TOTAL		901.03	886.61

NOTE: Notes as per Schedule I and other Schedules referred to herein form an integral part of these Accounts.

This is the Balance Sheet referred to in our Report of even date.

For **PRICE WATERHOUSE**
Firm Registration Number: 301112 E
Chartered Accountants

For and on behalf of the Board of Directors

Place : Mumbai
Date : May 03, 2010

JEETENDRA MIRCHANDANI
Partner
Membership No. F 48125

C. B. GAGRANI
Secretary

Mumbai
Date : May 03, 2010

R. A. SHAH
G. M. SINGHVI
(Directors)



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	SCHEDULE	2009-10 Rs./crores	2008-09 Rs./crores
INCOME			
Sales (Net of returns and Sales Tax)		1327.03	1264.30
Less: Excise Duty		96.16	101.97
Net Sales		1230.87	1162.33
Other Income	H-Note 1	10.05	18.98
		1240.92	1181.31
INCREASE/(DECREASE) IN STOCKS	H-Note 2	37.88	(26.20)
		1278.80	1155.11
EXPENDITURE			
Raw Materials Consumed	H-Note 3	759.65	740.50
Purchase of Goods (Trading)		4.18	14.74
Expenses	H-Note 4	290.60	290.87
		1054.43	1046.11
PROFIT BEFORE INTEREST, DEPRECIATION AND TAXATION		224.37	109.00
Interest Expenditure	H-Note 5	(10.84)	(25.66)
Less: Interest Income	H-Note 6	3.43	1.84
		(7.41)	(23.82)
Depreciation [See Schedule D - Note 4 and Schedule I - Note 1 (d)]		(61.27)	(59.31)
Less: Transferred from Revaluation Reserve		0.21	0.21
		(61.06)	(59.10)
PROFIT BEFORE EXCEPTIONAL ITEM AND TAXATION		155.90	26.08
Exceptional Item - VRS Compensation [See Schedule I - Note 2 (a)]		3.36	3.50
PROFIT BEFORE TAXATION		152.54	22.58
Provision for Taxation			
– Current tax		(65.64)	(13.82)
[Includes short provision of tax of Rs 2.92 crores in respect of earlier years (Previous Year excess provision of Rs. 1.43 crores)]			
– Fringe Benefit Tax		–	(0.26)
– Deferred Tax		13.26	8.12
		(52.38)	(5.96)
NET PROFIT		100.16	16.62
Balance Brought forward from Previous Year		116.29	113.10
PROFIT AVAILABLE FOR APPROPRIATION		216.45	129.72
APPROPRIATIONS			
Proposed Equity Dividend (See Schedule G- Note)		13.11	10.03
Tax on Proposed Equity Dividend		2.18	1.70
		15.29	11.73
General Reserve		15.00	1.70
Balance Carried to Balance Sheet		186.16	116.29
		216.45	129.72
BASIC EARNINGS PER SHARE (Rs.)	I - Note 12	49.61	8.29
DILUTED EARNINGS PER SHARE (Rs.)	I - Note 12	49.14	–

NOTE: Notes as per Schedule I and other Schedules referred to herein form an integral part of these Accounts.

This is the Profit and Loss Account referred to in our Report of even date.

For PRICE WATERHOUSE
Firm Registration Number: 301112 E
Chartered Accountants

For and on behalf of the Board of Directors

Place : Mumbai
Date : May 03, 2010

JEETENDRA MIRCHANDANI
Partner
Membership No. F 48125

C. B. GAGRANI
Secretary

Mumbai
Date : May 03, 2010

R. A. SHAH
G. M. SINGHVI
(Directors)



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

A. CASH FLOW FROM OPERATING ACTIVITIES

Net Profit Before Tax

Adjustment for:

Depreciation	61.06	59.10
Interest expenditure	10.84	25.66
Interest Income	(3.43)	(1.84)
Exchange Loss on Foreign Currency Fluctuation	5.61	22.71
Dividend Income	(0.43)	(0.53)
Liabilities/Provisions no longer required written back	(1.25)	(1.95)
Loss on sale of Fixed Assets (Net)	0.73	1.96
Profit on sale of Investments	(0.28)	(0.26)
Voluntary Retirement Scheme compensation	3.36	3.50

Operating Profit Before Working Capital Changes

Adjustment for:

Inventories	(76.72)	63.53
Sundry Debtors	(20.24)	45.02
Loans and Advances	(0.82)	1.61
Sundry Creditors	16.28	(5.85)

Cash Generated From Operations

Direct taxes paid (net of refunds)

Net Cash From Operating Activities

(A)

B. CASH FLOW FROM INVESTING ACTIVITIES

Purchase of Fixed Assets (excluding decapitalised exchange gain of Rs. 0.91 crores (Previous year exchange loss of Rs. 13.30 crores))

Sale of Fixed Assets

Interest received

Profit on Sale of Investment

Dividend Received

Net Cash From Investing Activities

(B)

C. CASH FLOW FROM FINANCING ACTIVITIES

Issue of Equity Shares (including Securities Premium of Rs. 14.33 crores)

Proceeds from Equity Share Warrants

Proceeds from Borrowings

Repayment of Borrowings

Interest paid

Equity Dividends paid (including Tax on Dividend)

Interest on Unpaid Debentures paid during the year

Net Cash From Financing Activities

(C)

D. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS

(A)+(B)+(C)

Closing Balance of Cash and Cash Equivalents

Opening Balance of Cash and Cash Equivalents

Notes :

- The above Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard (AS) - 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
- Figures in bracket indicate cash outflow.
- Previous year comparatives have been reclassified to confirm with current year's presentation, where applicable.
- Cash and cash equivalents comprise of :

On hand [(Including Cheques Rs. Nil. crores (Previous Year Rs. 5.15 crores)]

With Scheduled Banks

In Current Accounts

In Fixed Deposits Accounts

In Unpaid Dividend Accounts

2009-10 Rs./crores	2008-09 Rs./crores
152.54	22.58
61.06	59.10
10.84	25.66
(3.43)	(1.84)
5.61	22.71
(0.43)	(0.53)
(1.25)	(1.95)
0.73	1.96
(0.28)	(0.26)
3.36	3.50
228.75	130.93
(76.72)	63.53
(20.24)	45.02
(0.82)	1.61
16.28	(5.85)
147.25	235.24
(65.91)	(10.79)
81.34	224.45
(7.63)	(3.59)
0.06	0.55
3.45	1.74
0.28	0.26
0.43	0.53
(3.41)	(0.51)
15.13	—
4.73	—
87.60	108.43
(165.86)	(290.14)
(11.69)	(26.98)
(11.74)	(11.88)
(0.01)	(0.02)
(81.84)	(220.59)
(3.91)	3.35
3.96	7.87
7.87	4.52
As on 31st March 2010	As on 31st March 2009
0.02	5.16
2.71	1.49
0.20	0.18
1.03	1.04
3.96	7.87

This is the Cash Flow Statement referred to in our Report of even date.

For PRICE WATERHOUSE
Firm Registration Number: 301112 E
Chartered Accountants

For and on behalf of the Board of Directors

Place : Mumbai
Date : May 03, 2010

JEETENDRA MIRCHANDANI
Partner
Membership No. F 48125

C. B. GAGRANI
Secretary

Mumbai
Date : May 03, 2010

R. A. SHAH
G. M. SINGHVI
(Directors)



SCHEDULE A

Annexed to and forming part of the Balance Sheet as at 31st March, 2010

SHARE CAPITAL

AUTHORISED

1,00,000 Redeemable Cumulative Preference Shares of Rs.100 each	1.00	1.00
3,30,00,000 Equity Shares of Rs.10 each	33.00	33.00
1,00,000 Unclassified Shares of Rs.100 each	1.00	1.00
	35.00	35.00

ISSUED, SUBSCRIBED AND PAID- UP

2,08,50,589 Equity Shares of Rs.10 each (See Notes below)	20.85	20.05
(Previous Year 2,00,50,589)		

31st March, 2010 Rs./crores	31st March, 2009 Rs./crores
1.00	1.00
33.00	33.00
1.00	1.00
35.00	35.00
20.85	20.05

NOTES:

- Includes 37,97,770 Equity Shares issued as fully paid up pursuant to a Scheme of Amalgamation for consideration other than cash and 1,44,69,021 Equity Shares issued as fully paid-up Bonus Shares by way of Capitalisation of Reserves and Share Premium Account.
- Pursuant to Special Resolution passed by the shareholders through postal ballot on 9th December, 2009, the Board of Directors in its meeting held on 17th December, 2009 allotted 18,00,000 Preferential Warrants to the Promoters of the Company at a price of Rs. 189.16 per warrant and received Rs. 47.29 per warrant being 25% upfront price. The Promoters were entitled to apply for allotment of one fully paid up equity share of Rs.10/- each against each warrant at any time after the date of allotment but on or before expiry of 18 months from the date of allotment.
The Promoters have exercised the option to convert preferential warrants into fully paid-up equity shares of Rs. 10/- each in two tranches and the Board of Directors accordingly, allotted 8,00,000 fully paid-up equity shares of Rs 10/- each on 27th January, 2010 and 10,00,000 fully paid-up equity shares of Rs. 10 each on 3rd May, 2010.

SCHEDULE B

Annexed to and forming part of the Balance Sheet as at 31st March, 2010

	Balance as at 1st April 2009 Rs./crores	Deductions/ Adjustments during the year Rs./crores	Additions during the year Rs./crores	Balance as at 31st March, 2010 Rs./crores
RESERVES AND SURPLUS				
Capital Reserve	0.48	—	—	0.48
Revaluation Reserve	11.45	0.21	—	11.24
[See Schedule I - Note 13]		(See Note 1)		
Capital Redemption Reserve	1.86	—	—	1.86
Securities Premium	—	—	14.33	14.33
			(See Schedule A- Note 2)	
Contingency Reserve	7.50	—	—	7.50
General Reserve	312.74	—	15.00	327.74
			(See Note 2)	
Profit and Loss Account	116.29	116.29	186.16	186.16
			(See Note 3)	
	450.32	116.50	215.49	549.31

NOTES:

- Represents additional depreciation for the year charge on revaluation transferred to Profit and Loss Account
- Includes Rs. 15.00 Crores transfer from Profit and Loss Account
- Represents transfer from Profit and Loss Account.



SCHEDULE C

Annexed to and forming part of the Balance Sheet as at 31st March, 2010

LOAN FUNDS

SECURED LOANS [See Notes 1 & 2 below]

Loans and Advances from Banks:

- Rupee Term Loan
[Payable within one year Rs. 11.25 crores (Previous Year Rs. 39.74 crores)]
- Foreign Currency Loan
[Payable within one year Rs. 17.08 crores (Previous Year Rs. 16.90 crores)]
- Buyers' Import Credit
[Payable within one year Rs. 36.92 crores (Previous Year Rs. 46.64 crores)]
- Working Capital borrowings from Scheduled Banks

UNSECURED LOANS FROM OTHERS

- Commercial Paper
[Payable within one year Rs.15.00 crores (Previous Year Rs. 35.00 crores)]
- Fixed Deposits
[Payable within one year Rs.0.61 crores (Previous Year Rs.0.53 crores)]

31st March, 2010 Rs./crores	31st March, 2009 Rs./crores
46.58	118.79
42.71	59.16
36.92	46.64
65.79	24.33
192.00	248.92
15.00 (See Note 3)	35.00 (See Note 3)
0.61	0.53
15.61	35.53
207.61	284.45

- Notes: 1. Term Loan and foreign currency loan from Banks are secured by hypothecation of specified Plant and Machinery.
2. Working Capital borrowings from Scheduled Banks, Short Term Loan and Buyer's Import Credit from Banks are secured by way of hypothecation of the whole of the Company's Raw Material, Finished Goods, Stock-in-Process, Stores, Spares Parts and Packing Material, Book Debts, Receivables and all other movables, both present and future.
3. Maximum amount outstanding during the year is Rs 80 crores (Previous Year Rs 70 crores)

SCHEDULE D

Annexed to and forming part of the Balance Sheet as at 31st March, 2010

FIXED ASSETS (See Schedule I-Notes 1(c), (d), (e), (f), 11 & 13)

	Cost/Book Value as at 1st April, 2009	Additions during the year	Deductions/ Adjustment during the year	Cost/Book Value as at 31st March, 2010	Depreciation for the year (See Note 4)	Depreciation on Cost/ Book Value upto 31st March, 2010	Balance as at 31st March, 2010	Balance as at 31st March, 2009
ASSETS								
Land								
Leasehold	3.98	–	–	3.98	0.04	1.53	2.45	2.49
Freehold	2.03 (See Note-1)	–	–	2.03 (See Note -1)	–	–	2.03	2.03
Buildings	111.64 (See Note-2)	–	–	111.64 (See Note -2)	2.75	37.67	73.97	76.72
Plant & Machinery	1,397.16	5.96 (See Note-3)	14.29	1,388.83	57.24	859.27	529.56	581.53
Furniture, Fittings & Office								
Equipments	5.30	0.20	3.90	1.60	1.11	0.76	0.84	1.75
Vehicles	1.50	0.58	0.30	1.78	0.13	0.59	1.19	0.84
	1,521.61	6.74	18.49	1,509.86	61.27	899.82	610.04	665.36
Capital Work-in-Progress	0.08	1.49	1.51	0.06	–	–	0.06	0.08
	1,521.69	8.23	20.00	1,509.92	61.27	899.82	610.10	665.44
Previous Year	1,542.54	18.71	39.56	1,521.69	59.31	856.25	665.44	

- Notes: 1. Includes Land Rs. 0.02 crores (Rs. 0.12 crores after Revaluation) and Rs. 500 being the cost of 5 shares in co-operative housing society held in the name of a nominee of the Company.
2. Includes Rs. 2,000 being the cost of 40 shares in co-operative societies.
3. Includes exchange gain of Rs. 0.91 crores (previous year exchange loss of Rs 13.30 crores) arising on the reporting of long term foreign currency monetary items relating to fixed assets. Also refer Schedule I -Note 11
4. During the year, the Company has revised estimated useful life of Computers and Air-Conditioners (under Plant and Machinery) and Furniture, Fittings and Office Equipments. The unamortised depreciable amount of these assets will be depreciated over their remaining useful life. As a result, the depreciation charge for the year is higher by Rs.1.72 crores with corresponding impact on the profit before tax.



SCHEDULE E

Annexed to and forming part of the Balance Sheet as at 31st March, 2010

	Numbers	Face Value Rs.	31st March, 2010 Rs./crores	31st March, 2009 Rs./crores
INVESTMENTS [See Schedule I – Note 1(h)]				
(1) IN FULLY PAID-UP EQUITY SHARES – QUOTED (Long Term – Trade)				
Kesoram Industries Limited	584,994	10	3.04	3.04
Kesoram Textile Mills Limited (Received during the year 1999-2000 without any consideration pursuant to Scheme of Arrangement of Kesoram Industries Limited)	584,994	2	–	–
(2) IN FULLY PAID-UP EQUITY SHARES – UNQUOTED (Long Term – Trade)				
Bharuch Enviro Infrastructure Limited	10,220	10	0.01	0.01
Kesoram Insurance Broking Services Ltd	60,000	10	0.01	0.01
Vasavadatta Services Limited.	9,200	10	0.01	0.01
MMA CETP Co-operative Society Limited.	11,757	100	0.12	0.12
(3) IN CURRENT INVESTMENT (See note below) – Non Trade				
Units of Debt Scheme of various Mutual Funds	–	–	–	–
			3.19	3.19
Aggregate Market Value of Quoted Investments			21.96	7.93
Aggregate Cost of Unquoted Investments			0.15	0.15

NOTE: Investments purchased and sold during the year	Face Value (Rs.)	No. of Units	Purchase Value (Rs in crores)
Name of Mutual Fund			
Axis Liquid Fund	1,000	19,740	2.00
Bharti Axa Liquid Fund Institutional Plan Growth Fund	1,000	69,172	7.50
BSL Cash Plus Institutional Plan Growth	10	26,749,496	39.00
DWS Liquid	10	994,867	1.00
JM High Liquidity Fund	10	2,500,668	3.50
Kotak Liquid Institutional Premium Growth	10	41,391,379	75.45
Reliance Liquidity Fund Growth Option	10	39,609,935	53.45
Religare Liquid Fund	10	21,729,563	27.16
SBI Premier Liquid+SBI Magnum Insta Cash Fund	10	40,105,032	72.30
UTI Liquid Cash Plan Institutional Growth	1,000	697,310	103.45

**SCHEDULE F**

Annexed to and forming part of the Balance Sheet as at 31st March, 2010

CURRENT ASSETS, LOANS AND ADVANCES**INVENTORIES** [(See Schedule I-Note 1 (g))]

	31st March, 2010 Rs./crores	31st March, 2009 Rs./crores
Stores, Spare Parts and Packing Material (See Note 1 below)	13.31	14.93
Raw Materials (See Note 2 below)	77.04	41.58
Finished Goods	73.12	40.27
Stock-in-Process	32.87	22.84
	196.34	119.62

SUNDRY DEBTORS (Unsecured and considered good)

Outstanding for a period exceeding six months	0.06	0.26
Others	93.97	73.53
	94.03	73.79

CASH AND BANK BALANCES

Cash on hand [(Including Cheques Rs. Nil crores; Previous Year Rs. 5.15 crores)]	0.02	5.16
With Scheduled Banks		
In Current Accounts	2.71	1.49
In Fixed Deposits Accounts	0.20	0.18
In Unpaid Dividend Accounts	1.03	1.04
	3.96	7.87

OTHER CURRENT ASSETS

Interest Accrued		
On Deposits with Banks	(Rs. 11,403)	0.03
Others	0.20	0.19
	0.20	0.22
Assets held for disposal	(Rs. 41,084)	0.04
	0.20	0.26

LOANS AND ADVANCES

(Unsecured-considered good)

Bills Receivable	0.19	3.66
Advances Recoverable in cash or in kind or for value to be received (See Note 3)	46.47	39.39
Minimum Alternate Tax Credit Entitlement	—	—
[Net of Provision for Taxation Rs. 2.66 crores, (Previous Year Rs. 2.57 crores)]		
Balance with Customs and Excise Authorities	(Rs. 4,232)	(Rs. 12,595)
Cenvat Credit Balance Recoverable	32.33	35.08
Advance Payment of Tax	—	—
[Net of Provision for Taxation Rs. 80.96 crores, (Previous Year Rs. 20.96 crores)]		
	78.99	78.13

NOTES:

1. Stores and Spare Parts include in transit Rs. 0.59 crores (Previous Year Rs. 0.31 crores).
2. Raw Materials include in transit Rs. 4.29 crores (Previous Year Rs. 6.17 crores).
3. Advance includes Rs. 3.19 crores for capital assets (Previous year Rs. Nil crores)



SCHEDULE G

Annexed to and forming part of the Balance Sheet as at 31st March, 2010

CURRENT LIABILITIES AND PROVISIONS

CURRENT LIABILITIES

Sundry Creditors

	31st March, 2010 Rs./crores	31st March, 2009 Rs./crores
Total outstanding dues of Micro and Small Enterprises (See Schedule I – Note 3)	0.10	0.15
Total outstanding dues of creditors other than Micro and Small Enterprises	56.66	38.70
	56.76	38.85
Other Liabilities	2.10	2.10
Unpaid dividend *	1.03	1.04
Unclaimed matured debentures *	1.72	1.73
Interest accrued but not due on Loans	0.82	1.67
	62.43	45.39

* There is no amount due and outstanding as on 31st March, 2010 to be credited to Investors Education and Protection Fund.

PROVISIONS

Provision for Taxation	2.57	2.84
– [Net of Advance Tax/MAT credit of Rs 83.62 crores (Previous Year 23.53 crores)]		
Provision for Gratuity and Compensated Absence (See Schedule I - Note 2)	5.49	5.09
Proposed Equity Dividend (See Note below and See Schedule A- Note 2)	13.11	10.03
Tax on Proposed Equity Dividend	2.18	1.70
	23.35	19.66

Note - The Board of Directors has recommended dividend @ Rs. 6.00 per equity share of Rs. 10/- each on 2,18,50,589 equity shares (including 10,00,000 equity shares allotted on 3rd May 2010 on conversion of preferential warrants) for the year ended 31st March, 2010 (Previous Year Rs. 5 /- per equity share of Rs. 10/- each on 2,00,50,589 equity shares).

**SCHEDULE H**

Annexed to and forming part of the Profit and Loss Account for the year ended 31st March, 2010

NOTE 1 OTHER INCOME

	2009-10 Rs./crores	2008-09 Rs./crores
Dividends received on Long Term Investments (Trade)	0.43	0.53
Miscellaneous Income [Tax Deducted at Source Rs. 0.48 crores (Previous Year Rs. 0.51 crores)]	8.05	15.84 [See Note A]
Profit on Sale of Assets [Tax Deducted at Source Rs. Nil crores (Previous Year Rs. 0.01 crores)]	0.04	0.40
Profit on Sale of Current Investments (Other Than Trade)	0.28	0.26
Liabilities/Provisions no longer required written back	1.25	1.95
	10.05	18.98

NOTE 2 INCREASE/(DECREASE) IN STOCKS

Closing Stock		
Finished Goods	73.12	40.27
Stock-in-Process	32.87	22.84
	105.99	63.11
Less: Opening Stock		
Finished Goods	40.27	54.02
Stock-in-Process	22.84	37.68
	63.11	91.70
Less: Increase/(Decrease) in Excise Duty on Stocks	5.00	(2.39)
Increase/(Decrease) in Stocks	37.88	(26.20)

NOTE 3 RAW MATERIALS CONSUMED

Opening Stock	41.58	75.04
Add: Purchases and Incidental Expenses	795.11	707.04
	836.69	782.08
Less: Closing Stock	77.04	41.58
	759.65	740.50



SCHEDULE H (Contd.)

Annexed to and forming part of the Profit and Loss Account for the year ended 31st March, 2010

NOTE 4 EXPENSES

	2009-10 Rs./crores	2008-09 Rs./crores
Manufacturing Expenses		
Stores, Spare Parts and Packing Material Consumed	52.18	45.94
Processing Charges	6.07	4.41
Power and Fuel	139.85	134.74
Repairs and Maintenance		
Building Repairs	2.88	0.61
Machinery Repairs	8.49	7.65
Payments to and Provisions for Employees		
Salaries, Wages and Bonus	39.33	36.94
Contribution to Provident and other funds	3.48	4.56
Contribution to Employees' State Insurance	0.02	0.05
Workers and Staff Welfare Expenses	3.05	3.04
Sundry Expenses		
Rent	0.20	0.26
Rates and taxes	0.84	1.00
Insurance	0.90	0.79
Miscellaneous Expenses	12.38	11.50
Directors' Sitting Fees	0.03	0.02
Directors' Commission	0.20	0.20
Auditors' Remuneration and Expenses		
Audit Fees	0.23	0.21
In Other Capacity		
For Tax Audit	0.02	0.02
For Other Services	0.11	0.07
Out of Pocket Expenses	(Rs. 35,000)	0.01
Cost Auditors' Remuneration and Expenses	0.01	0.01
Loss on Assets Sold / Written off	0.77	2.36
Loss on Foreign Currency Fluctuation	5.61	22.71
Commission on Sales	5.18	5.00
Transport, Handling and Octroi	8.77	8.77
	290.60	290.87

NOTE 5 INTEREST EXPENDITURE

On Fixed Loans (See Note B)	9.48	20.91
Others	1.36	4.75
	10.84	25.66
Less: Borrowing cost capitalised	—	—
	10.84	25.66

NOTE 6 INTEREST INCOME

[Tax Deducted at Source Rs. 0.12 crores (Previous Year Rs. 0.22 crores)]		
On Fixed Deposits	0.08	0.09
On Government Securities	0.23	0.22
On Income Tax/Sales Tax refund	2.44	0.38
From Debtors	0.58	1.13
Others	0.10	0.02
	3.43	1.84

Notes :

- A Includes Rs. 7.91 crores, refund accrued on account of Regulatory Liability Charges collected by Maharashtra State Electricity Distribution Company Ltd (MSEDCL) during the period Dec. 2003 to Sept 2006 which MSEDCL has agreed to refund on the basis of Maharashtra Electricity Regulatory Commission order dated 20th June 2008.
- B Net of subsidy Rs. 2.68 crores (Previous Year Rs. 3.30 crores) under the Technology Upgradation Fund Scheme of the Government of India.



SCHEDULE I

NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation of Financial Statements

The financial statement are prepared on an accrual basis of accounting and in accordance with the generally accepted accounting principles in India and provisions of the Companies Act, 1956 read with the Companies (Accounting Standards) Rules, 2006

(b) Revenue Recognition

1. Sales are recognised on despatch to customers and are net of returns, discount and sales tax.
2. Other Income and Expenditure are recognised and accounted on accrual basis.

(c) Fixed Assets

1. Fixed Assets are stated at cost of acquisition or construction (net of Cenvat Credit/Value Added Tax) except in case of certain fixed assets which have been revalued, at its revalued amount, less accumulated depreciation and amortisation. All costs relating to the acquisition and installation of fixed assets are capitalised and include borrowing costs directly attributable to construction or acquisition of fixed assets, upto the date the asset is put to use. Also refer Note -1(e) below.
2. Machine spares which are specific to a particular item of fixed assets and whose use is expected to be irregular are capitalised.

(d) Depreciation

1. Depreciation has been provided as under:

- | | |
|--|---|
| a) On Plant & Machinery commissioned upto 31st March, 1997 (except revalued) and additions/extensions thereto. | – On Written Down Value Method at the rates prescribed in Schedule XIV to the Companies Act, 1956 |
| b) On Plant & Machinery commissioned after 31st March, 1997 | – On Straight Line Method at the rates prescribed in Schedule XIV to the Companies Act, 1956 except. Computers and Air Conditioners, for which the useful life has been assessed as 5 years and the residual values are considered at Nil |
| c) On Revalued Assets | – 1. On Straight Line method at the rate considered applicable by the valuer as below: <ol style="list-style-type: none"> a) Leasehold Land amortised at the rate between 1% to 1.2% b) Building at the rate between 2% to 2.3% c) Plant & Machinery at the rate between 5% to 5.28% 2. The additional charge of depreciation on account of revaluation is withdrawn from Revaluation Reserve and Credited to the Profit and Loss Account. |
| d) On Buildings and Vehicles | – On Straight Line method at the rates applicable at the time of additions as per Schedule XIV of the Companies Act, 1956. |
| e) On Furniture, Fittings and Office Equipments | On Straight Line Method with the useful life assessed as under: <ol style="list-style-type: none"> (i) Furniture & Fittings - 10 Years. (ii) Office Equipments - 5 Years Further, the residual values are considered at Nil, for all these assets. |

2. Leasehold land is amortised over the period of lease.

3. Except for items for which 100% depreciation rates are applicable, depreciation on assets added/disposed of during the year has been provided on prorata basis with reference to month of addition/disposal.

(e) Foreign Currency Transactions

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Foreign Currency Assets and Liabilities are stated at the exchange rates prevailing at the date of Balance Sheet and at forward contract rates wherever so covered. The resulting gain or loss is appropriately recognised in the Profit and Loss Account except for the exchange difference arising on the reporting of long term foreign currency monetary items relating to fixed assets where the same is adjusted to fixed assets in accordance with the Notification No.G.S.R 225 (E) issued by Ministry of Corporate Affairs on March 31, 2009

(f) Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of qualifying fixed assets are capitalised as part of the cost of the assets, upto the date the asset is put to use. Other borrowing costs are charged to the Profit and Loss Account in the year in which they are incurred.

(g) Inventories

Raw Materials are valued at weighted average cost, Stocks in process are valued at manufacturing cost based on weighted average cost of raw materials and overheads up to relevant stage of completion, Finished goods are valued at cost of production. Purchased finished goods are valued at cost of purchase. Byproducts and waste are valued at cost. Any item of inventory is valued at Net Realisable Value, if the same is less than cost.

(h) Investments

Current investments are valued at lower of cost or fair value. Long term investments are stated at cost less permanent diminution, if any, in value.

(i) Employee Benefits

A. Defined Contribution Plans:-

Superannuation:

The company has Defined Contribution Plans for Post employment benefits in the form of Superannuation Fund for certain class of employees as per the scheme, administered through Life Insurance Corporation (LIC) and Trust which is administered by the Trustees. Company has no further obligation beyond its contributions.

Employee's Family Pension:

The Company has Defined Contribution Plan for Post Employment benefits in the form of family pension for all eligible employees, which is administered by the regional provident fund commissioner. Company has no further obligation beyond its contributions.

Provident Fund:

In respect of certain employees, Provident Fund contribution are made to trust administered by the trustees. The interest rate payable to the members of the trust shall not be lower than the statutory rate of interest declared by the Central Government under Employee's Provident Fund and Miscellaneous Provision Act, 1952. Shortfall, if any, shall be made good by the Company. The remaining contributions are made to Government administered Provident Fund towards which the Company has no further obligations beyond its monthly contributions.

The Company makes contribution to State Plan namely Employee's State Insurance Fund and has no further obligation beyond its Contribution.

The Company's contribution to above funds are charged to Profit and Loss Account as incurred.

B. Defined Benefit Plans:-

Gratuity :

The Company has a defined benefit plan for Post – employment benefit in the form of gratuity for all employees which are administered through Life Insurance Corporation (LIC) and a trust which is administered by the trustees. Liability for above defined benefit plan is provided on the basis of actuarial valuation, as at the Balance Sheet date, carried out by an independent actuary. The actuarial method used for measuring the liability is the Projected Unit Credit method.

**Compensated Absences:**

Liability for Compensated Absences is provided on the basis of valuation, as at the Balance Sheet date, carried out by an independent actuary. The Actuarial valuation method used for measuring the liability is the Projected Unit Credit method. Under this method, the Defined Benefit Obligation is calculated taking into account pattern of availment of leave whilst in service and qualifying salary on the date of availment of leave. In respect of encashment of leave, the Defined Benefit obligation is calculated taking into account all type of the decrement and qualifying salary projected up to the assumed date of encashment.

The Actuarial gains and losses arising during the year are recognised in the Profit and Loss Account of the year without resorting to any amortisation.

C. Termination Benefits

AS 15 (revised 2005) provides for deferment of the termination benefits. Accordingly, the compensation paid to employees under the Voluntary Retirement Scheme has been amortised over a pay back period or up to March 31st 2010 whichever is earlier.

(j) Direct Taxes

- (i) Provision for current tax is made and retained in the accounts on the basis of estimated tax liability as per the applicable provisions of the Income Tax Act, 1961 and considering assessment orders and decisions of appellate authorities in the Company's case.
- (ii) Deferred Tax for timing differences between tax profits and book profits is accounted for using the tax rates and laws that have been enacted or substantively enacted as of the Balance Sheet date. Deferred Tax assets are recognised to the extent there is reasonable certainty that these assets can be realised in future.

(k) Indirect Taxes

The liabilities are provided or considered as contingent depending upon the merit of each case and/or on receiving the actual demand from the department.

(l) Research and Development

Revenue expenditure on research and development is charged as an expense in the year in which it is incurred under respective heads of accounts.

Expenditure which result in the creation of capital assets is capitalised and depreciation is provided on such assets as applicable.

2 DISCLOSURES IN ACCORDANCE WITH REVISED AS-15 ON "EMPLOYEES BENEFITS".

- a) Pursuant to the accounting treatment permitted by the revised Accounting Standard (AS-15) on Employees Benefits, the payments made during the accounting year 2007-08 under the Voluntary Retirement Scheme (VRS) are being charged to Profit and Loss Account over a period of three accounting years or payback period, whichever is earlier commencing from accounting year 2007-08. Accordingly, the balance VRS compensation charged for the year ended 31st March, 2010 aggregate Rs. 3.36 crores (Previous Year Rs 3.50 crores).

- b) **Defined Contribution Plans** – The Company has recognised the following amounts in the Profit and Loss Account for the year:

Particulars	2009-10 Rs/Crores	2008-09 Rs/Crores
Employer's Contribution to Provident Fund	1.07	1.05
Employer's Contribution to Superannuation Fund	0.40	0.33
Employer's Contribution to Employee's State Insurance	0.02	0.05
Employer's Contribution to Employee's Pension Scheme 1995	0.96	0.95
Total	2.45	2.38

c) Defined Benefit Plans

The following figures are as per the actuarial valuation, as at the Balance Sheet date, carried out by an independent actuary.

- i) A reconciliation of opening and closing balances of the present value of the defined benefits obligation (DBO):

Sr. No.	Particulars	Gratuity 2009-10 Rs/Crores	Gratuity 2008-09 Rs/Crores
	Opening Balance	12.76	10.11
1.	Current Service Cost	0.66	0.55
2.	Interest Cost	0.82	0.76
3.	Actuarial (Gains)/Losses	0.50	1.81
4.	Benefits Paid	(0.57)	(0.47)
	Closing DBO	14.17	12.76

- ii) A reconciliation of the opening and closing balances of the fair value of plan assets:

Sr. No.	Particulars	Gratuity 2009-10 Rs/Crores	Gratuity 2008-09 Rs/Crores
	Opening Fair Value of Plan Assets	10.50	8.36
1.	Expected Returns on Plan Assets	0.74	0.60
2.	Actuarial Gain/(Losses)	0.19	0.25
3.	Contribution by the Employer	0.87	1.76
4.	Benefits Paid	(0.57)	(0.47)
	Closing Fair Value of Plan Assets	11.73	10.50

- iii) Amount recognised in Balance Sheet including a reconciliation of the present value of the defined obligation in (a) and the fair value of the plan assets in (b) to the assets and liabilities recognised in the balance sheets:

Sr. No.	Particulars	Gratuity As on 31.03.2010 Rs/Crores	Gratuity As on 31.03.2009 Rs/Crores
1.	Present value of Funded Obligations	14.17	12.76
2.	Fair value of Plan Assets	(11.73)	(10.50)
3.	Present Value of Unfunded Obligations	-	-
	Net Liability/(Asset) recognised in Balance Sheet	2.44	2.26

- iv) The total expense recognised in the Profit and Loss Account:

Sr. No.	Particulars	Gratuity 2009-10 Rs/Crores	Gratuity 2008-09 Rs/Crores
1.	Current Service Cost	0.66	0.55
2.	Interest Cost	0.82	0.76
3.	Expected Return on Plan Assets	(0.74)	(0.60)
4.	Actuarial (Gains)/Losses	0.31	1.56
5.	Past Service Cost	-	(0.04)
	Total	1.05	2.23



- v) For each major category of plan assets, following is the percentage that each major category constitutes of the fair value of the plan assets:

Sr. No.		Gratuity As on 31.03.2010 Rs/Crores		Gratuity As on 31.03.2009 Rs/Crores	
		Amount	Percentage	Amount	Percentage
1.	Government of India Securities	—	—	—	—
2.	Corporate Bonds	—	—	—	—
3.	Special Deposit Scheme	—	—	—	—
4.	Equity Shares of Listed Companies	—	—	—	—
5.	Property	—	—	—	—
6.	Insurer Managed Funds	11.73	100%	10.50	100%
7.	Others	—	—	—	—
	Total	11.73	100%	10.50	100%

- vi) The overall expected rate of return on assets is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

- vii) The Actual Return on Plan Assets is as follows:

Sr. No.	Particulars	Gratuity 2009-10 Rs/Crores	Gratuity 2008-09 Rs/Crores
1.	Actual Return on Plan Assets	0.93	0.85

- viii) Following are the Principal Actuarial Assumptions used as at the balance sheet date:

Sr. No.	Particulars	Gratuity 2009-10 Rate	Gratuity 2008-09 Rate
1.	Discount Rate	7.60%	6.70%
2.	Expected rate of return on Plan Assets	7.50%	7.50%
3.	Salary Escalation Rate	6.00%	5.00%

- ix) The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

- x) Para 132 of AS 15 (revised 2005) does not require any specific disclosures except where expense resulting from compensated absence is of such size, nature or incidence that its disclosure is relevant under Accounting Standard No. 5 or Accounting Standard No. 18 and accordingly, the expense resulting from compensated absence is not significant and hence no disclosures are prepared under various paragraphs of AS 15 (revised 2005).

3. SUNDRY CREDITORS

Disclosure under the Micro and Small Enterprises Development Act, 2006:

Amount due to Micro and Small Enterprises are disclosed on the basis of information available with the company regarding status of the suppliers is as follows:

Sr. No.	Particulars	2009-10 Rs/Crores		2008-09 Rs/Crores	
		Principal	Interest	Principal	Interest
1.	Principal Amount and Interest thereon due, remaining unpaid at the end of the year	0.10	—	0.15	—
2.	Interest paid during the year	0.09	(Rs. 12,188/-)	0.25	(RS. 29760/-)
3.	Interest due and payable (on the amount which have been paid beyond the appointed date during the year)	N.A.	NIL	N.A.	NIL
4.	Interest remaining accrued and unpaid at the end of the year	N.A.	NIL	N.A.	NIL
5.	Interest due of the previous year	N.A.	NIL	N.A.	NIL

4. There was no impairment loss on Fixed Assets on the basis of review carried out by the Management in accordance with Accounting Standard 28 issued by the Institute of Chartered Accountants of India.

5. The break up of net deferred tax liability is as under:

	As on 31.03.2010		As on 31.03.2009	
	Deferred tax liability	Deferred tax asset	Deferred tax liability	Deferred tax asset
Difference between book and tax depreciation	122.12	—	134.43	—
Voluntary Retirement Scheme compensation	—	1.26	—	0.98
Disallowance u/s 43 B of Income Tax Act	—	1.24	—	1.65
Exchange Loss on MTM	—	1.09	—	—
Other miscellaneous items	—	—	—	0.01
	122.12	3.59	134.43	2.64
Net deferred tax liability		118.53		131.79

6. Estimated amount of Contracts remaining to be executed on Capital Account and not provided for Rs. 86.23 crores (Previous Year Rs. 0.58 crores) against which advances have been paid Rs. 3.19 crores (Previous Year Rs. NIL crores)

7. Contingent Liability in respect of:

- (a) Taxation matters Rs. 2.31 crores (Previous Year Rs. 6.08 crores)
(b) Taxation matters for which department has gone in appeals Rs. 3.69 crores (Previous Year 2.94 crores)
(c) Other matters Rs. 0.08 crores (Previous Year Rs. 0.74 crores)

8. (a) Excise Department had retrospectively cancelled registration granted to one of the Company's factories at Mahad. This order was set aside by the Commissioner (Appeals). The appeal of the Department against the order of Commissioner (Appeals) was dismissed by the Tribunal against which Excise Department had filed an appeal before the High Court which appeal is yet to be admitted.

Excise Department had also issued various separate Show Cause cum Demand Notices (SCNs) on almost similar grounds pertaining to the period April 2000 to March 2003 for alleged short payment of duty on clearances of Polyester Filament yarn from one of the Company's factories at Mahad, denying applicability of an exemption notification. These SCNs are yet to be disposed off. In view of favourable order of the Tribunal (referred to in the foregoing paragraph) and legal opinions received by the Company, the demands are unjustified and the Company is advised that it has a very strong case on merits.



- (b) The Gujarat Sales-Tax Department had in the earlier years retrospectively withdrawn its own circular which permitted Sales-Tax exemption on purchases of fuel oil by units exempted from payment of Sales Tax. It had consequently issued notices to the Company for reopening of assessments and levy of tax, interest and penalty amounting to Rs 3.60 crores for earlier periods. Pursuant to applications filed by the industry, the Gujarat High Court decided the matter in favour of the industry. As a result, the matter now stands resolved.

9. i. The Company enters into forward exchange contracts being derivative instruments, which are not intended for trading or speculative purposes, but for hedge purposes.

(a) Hedging commitments outstanding for loan taken

As on 31.03.2010				As on 31.03.2009			
Currency	Amount hedged In Crores	Cross Currency	Amount Available In Crores	Currency	Amount hedged In Crores	Cross Currency	Amount Available In Crores
JPY	80.68	USD	0.86	JPY	112.95	USD	1.17
USD	1.63	INR	79.62	USD	0.62	INR	30.85

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

Amount payable in foreign currency on account of the following

	As on 31.03.2010		As on 31.03.2009	
	Currency	In Crores	Currency	In Crores
(a) Interest Payable	USD	—	USD	0.01
	JPY	0.07	JPY	0.13
(b) Loan Payable	USD	—	USD	1.48
	EURO	(Euro 32146)	EURO	—
(c) Amounts Payable	JPY	0.71	JPY	0.73
	USD	0.01	USD	0.09
	AED	0.71	AED	—

10. Revenue expenditure incurred on Research and Development during the year is Rs. 1.05 crores (Previous Year Rs.1.37 crores).
11. During the previous year, the company has opted for Notification No. G.S.R 225 (E) issued by Ministry of Corporate Affairs on March 31, 2009. In accordance with this notification, during the previous year company has credited Rs 2.62 crores (net of deferred tax 1.34 crores) to the General Reserve in respect of prior years on account of exchange difference arising on reporting of long term foreign currency monetary items relating to fixed assets at rates different from those at which they initially recorded during the period, or reported in the prior years financial statement with corresponding effect given to fixed assets. As a result, in the current year, exchange gain of Rs. 0.91 crores (Previous Year loss Rs 9.34 crores) arising on reporting of long term foreign currency monetary items relating to fixed assets has been reduced from the cost of fixed assets in accordance with the Notification mentioned above. Had the Company not opted for this Notification, the profit for the year (PBT) would have been higher by Rs. 0.86 crores (previous year lower by Rs 8.59 crores) after considering the adjustment of depreciation thereon of Rs.0.05 crores (previous year Rs 0.75 crores), which is debited to profit and loss account.

12. Earnings per Share

	2009-10	2008-09
(a) Net profit after tax available for equity shareholders (Rs./crores)	100.16	16.62
(b) Weighted average number of Basic Equity shares of Rs.10 each outstanding during the year (No. of shares)	20190863	20050589
(c) Weighted average number of Diluted Equity shares of Rs.10 each outstanding during the year (No. of shares)	20383081	—
(d) Basic Earnings per Share (Rs.) (a/b)	49.61	8.29
(e) Diluted Earnings per Share (Rs.) (a/c)	49.14	—

13. The Gross Block of Fixed Assets was written up by Rs. 83.01 crores on revaluation carried out in the year 1983 and 1989.

14. Segment Reporting

- a) Primary Segment (by Business Segment):

Based on the guiding principles given in the Accounting Standards on Segment Reporting (AS - 17) the Company is primarily in the business of manufacture and sale of Synthetic Yarn and Tyre Cord Fabric which mainly have similar risks and returns. The Company's business activity falls within a single geographical and business segment (Synthetic Yarn), hence it has no other primary reportable segments.

- b) Secondary Segment (by Geographical demarcation):

i) The secondary segment is based on geographical demarcation i.e., in India and out side India.

ii) Information about Secondary Segment are follows:

Rs./crores

Particulars	2009-10			2008-09		
	In India	Out side India	Total	In India	Out side India	Total
Segment Revenue (Gross)	1,327.03	—	1,327.03	1,264.30	(Rs. 38,710)	1,264.30

15. (a) Computation of net profit as per the requirements of Section 309 of the Companies Act, 1956 for the purpose of Director's commission

	2009-10 Rs./crores	2008-09 Rs./crores
Profit before Taxation as per Profit and Loss Account	152.54	22.58
Add: Managerial remuneration	0.74	0.60
Director's sitting fees	0.03	0.02
Director's Commission	0.20	0.20
Loss on Assets Sold/Written off	0.77	2.36
	1.74	3.18
	154.28	25.76
Less: Profit on sale of Investments	0.28	0.26
Profit on sale of Assets	0.04	0.40
	0.32	0.66
Net Profit	153.96	25.10
Directors' Commission		
— 1% of Net Profit	1.54	0.25
— Restricted to overall limit	0.20	0.20

- (b) Managerial remuneration paid/payable to the Whole Time Director

i) Salaries	0.63	0.50
ii) Perquisites	0.05	0.04
iii) Contribution to Provident Fund and Superannuation Fund	0.06	0.06
	0.74	0.60

Note: As there is a global contribution to gratuity fund, the amount applicable to an individual employee is not ascertainable and accordingly, contribution to gratuity fund has not been considered in the above computation.



16. Related Party Disclosures (As identified by the Management and where transactions exist)

(i) Related Party Relationships

- (a) Key Management Personnel – Mr. G. M. Singhvi
Whole-time Director
Mr. B. K. Birla
Century Textiles and Industries Limited, Jay Shree Tea and Industries Limited, Kesoram Industries Limited
- (b) Other Related Parties

NOTES:

- 1) The parties listed under (b) above are not "related parties" as per the requirements of Accounting Standard AS- 18. However, as a matter of abundant caution, they are being included for making the Financial Statements more transparent.
- 2) In respect of the above parties, there is no provision for doubtful debts as on 31st March, 2010 and no amount has been written off or written back during the year in respect of debts due from/to them.

(ii) Transactions with Related Parties

Type of related party	Description of the nature of the transaction	2009-10			2008-09		
		Volume of transactions	Outstanding as on 31.03.2010		Volume of transactions	Outstanding as on 31.03.2009	
			Receivable	Payable		Receivable	Payable
Key Management Personnel	Managerial Remuneration paid	0.74	–	–	0.60	–	–
Other related Parties	Director's fees, commission and expenses	0.06	–	0.05	0.05	–	0.05
	Sale of goods (Kesoram Industries Ltd.)	206.97	29.81	–	126.08	11.51	–
	Dividend Received (Kesoram Industries Ltd., Kesoram Insurance Broking Services Ltd. & Vasavdatta Services Ltd.)	0.43	–	–	0.53	–	–
	Purchase of Cement (Vasavdatta Cements Division Kesoram Industries Ltd.)	0.03	–	–	0.03	–	–
	Dividend Paid (Kesoram Industries Ltd & Jay Shree Tea & Industries Ltd.)	0.72	–	–	0.72	–	–
	Expenditure on rent and other services (Century Textiles and Industries Ltd. and Kesoram Industries Ltd.)	0.25	–	–	0.21	–	–

17. ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPHS 3 AND 4 OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956

(a) Licensed and Installed Capacity of the Products

NIC Code	PRODUCTS (of Polyester/Nylon)	Installed Capacity (Per Annum) MT
302.9	Polymer/Chips	146000 *
306.2	Synthetic Filament Yarn (including Industrial Yarn)	(146000)
269.9	Tyre Cord Fabric	125200**
		(125200)
		22000
		(22000)

NOTES:

- 1 Previous Year's figures have been given in brackets.
- 2 Information on Licence/Approved capacity has not been given since Licensing has been abolished.
- 3 Installed Capacity is as certified by the Management of the Company and relied upon by the Auditors.
- * Including for captive consumption for Synthetic Filament Yarn 127400 MT (Previous Year 127400 MT).
- ** Including for captive consumption for Tyre Cord Fabric 22000 MT (Previous Year 22000 MT).
- \$ NIC refers to National Industrial Classification Code.

(b) Details of Products manufactured for Sale, Purchase of Goods for Resale, Turnover, Stock, Processing charges Raw Materials consumed, etc.

I. PRODUCTS

	Opening Stock		Production @		Turnover (Gross)		Closing Stock	
	Quantity MT	Value Rs./crores	Quantity MT	Value Rs./crores #	Quantity MT	Value Rs./crores	Quantity MT	Value Rs./crores
Nylon Chips	–	–	674	–	649	8.90	25	0.33
	(28)	(0.36)	(230)	(–)	(258)	(2.60)	(–)	(–)
Nylon Filament Yarn	1027	15.59	13638	–	13233	287.88	1432	28.57
	(1654)	(30.60)	(12064)	(–)	(12691)	(268.45)	(1027)	(15.59)
Polyester Chips	1271	6.21	16667	–	15677	93.20	2261	15.16
	(172)	(0.98)	(18835)	(–)	(17736)	(112.27)	(1271)	(6.21)
Polyester Filament Yarn	443	2.88	55878	–	55370	430.69	951	7.79
	(1277)	(9.82)	(61834)	(–)	(62668)	(472.24)	(443)	(2.88)
Nylon Industrial Yarn	99	1.13	748	–	730	11.00	117	2.12
	(41)	(0.67)	(939)	(–)	(881)	(12.40)	(99)	(1.13)
Nylon Tyre Cord Fabric	889	11.96	22129	–	22034	480.60	984	18.46
	(568)	(10.33)	(16870)	(–)	(16549)	(369.04)	(889)	(11.96)
Goods for Export (Nylon Filament Yarn)	–	–	–	–	–	–	–	–
Others (Waste & Scrap)	–	0.59	–	–	–	7.84	–	0.69
	(–)	(0.47)	(–)	(–)	(–)	(9.42)	(–)	(0.59)
Processing Charges	–	–	–	–	–	–	–	–
	(–)	(–)	(–)	(–)	(–)	(3.72)	(–)	(–)
						1320.11		
						(1250.14)		
Goods for Resale (#)								
i) Nylon Yarn	–	–	10	0.12	10	0.17	–	–
	(35)	(0.79)	(423)	(9.88)	(458)	(11.21)	(–)	(–)
ii) Rayon Yarn	39	1.63	18	0.64	57	2.60	–	–
	(–)	(–)	(91)	(4.37)	(52)	(2.85)	(39)	(1.63)
iii) Spandex Yarn	8	0.28	–	–	8	0.30	–	–
	(–)	(–)	(11)	(0.49)	(3)	(0.10)	(8)	(0.28)
(iv) PTA	–	–	387	1.74	387	1.95	–	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
(v) Glycol	–	–	292	1.27	292	1.49	–	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
(vi) Thermic Fluid (Thermin)	–	–	14	0.41	14	0.41	–	–
	(–)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
						1327.03		
						(1264.30)		



NOTES:

1 Previous Year's figures have been given in brackets and have been regrouped and rearranged, wherever necessary

@ Excluding for captive consumption

Information given under the Column 'Production' represents 'Purchases'.

II. Raw Materials Consumed

	Quantity (MT)		Value (Rs./crores)	
	2009-10	2008-09	2009-10	2008-09
PTA	61507	68548	271.69	283.31
Caprolactam	36544	28104	355.16	295.75
Glycol	23915	26661	85.60	105.12
Others			47.20	56.32
			759.65	740.50

[The above figures do not include consumption from/addition to process inventory and also consumption of 1883 tonnes (Previous Year:1366 tonnes) of own waste used for the purpose of recovery of Caprolactam].

III. Value of Materials consumed and Percentage thereof:

	Consumption (Rs./crores)					
	Total Value of Consumption		Imported		Indigenous	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
Raw Materials	759.65	740.50	80.12	120.45	679.53	620.05
Stores, Spare Parts and Packing Material	52.18	45.94	6.76	3.79	45.42	42.15
	811.83	786.44	86.88	124.24	724.95	662.20
Percentage to Total Consumption						
Raw Materials			10.55%	16.27%	89.45%	83.73%
Stores, Spare Parts and Packing Material			12.96%	8.25%	87.04%	91.75%

(c) CIF Value of Imports

	2009-10 Rs./crores	2008-09 Rs./crores
Raw Materials	85.33	77.41
Stores and Spare Parts (Including Components)	7.61	3.61
Capital Goods	0.60	0.10
	93.54	81.12
	2009-10 Rs./crores	2008-09 Rs./crores

(d) Expenditure in Foreign Currency:

(Including amounts provided but yet to be remitted)

(i) Interest and Finance Charges

(ii) Others

	1.40	5.40
	0.27	0.07
	1.67	5.47

(e) Remittance on account of Dividend to Non-Resident Shareholders:

	(i) Remitted in Foreign Currency	
	2009-10 Year ended 31st March, 2009	2008-09 Year ended 31st March, 2008
Net Amount of Dividend remitted (Rs./crores)	0.71	0.71
Number of Shareholders	5	5
Number of shares held	1419470	1419470

(ii) Remitted to their Banks in India

	2009-10 Year ended 31st March, 2009		2008-09 Year ended 31st March, 2008	
Net Amount of Dividend remitted (Rs./crores)	0.20		0.20	
Number of Shareholders	330		330	
Number of shares held	402964		409746	

(f) Earnings in foreign Exchange

	2009-10 Rs./crores	2008-09 Rs./crores
Export Sales	—	(Rs 38710)

18. Previous Year's figures have been regrouped and rearranged, wherever necessary.

19. All the amounts in rupees have been rounded off to crores with lacs in decimals as permitted under Notification No.GSR 545 (E) dated 1st August,2002 issued by Department of Company Affairs, Government of India. Figures less than Rs.50,000 have been shown as actuals in brackets.



**20. ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

I. Registration Details

Registration No.

2 6 6 7 0

State Code

2 1

Balance Sheet Date

Date Month Year

3 1 0 3 1 0

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

Public Issue

N I L

Rights Issue

N I L

Bonus Issue

N I L

Private Placement

8 0 0 0

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

Total Liabilities

4 1 6 6 4 8 5

Total Assets

9 8 6 8 0 2 4

(Excl. Shareholders' Funds)

(Excl. Miscellaneous Expenditure)

Source of Funds:

Paid-up Capital

2 0 8 5 0 6

Reserve & Surplus

5 4 9 3 0 3 3

Secured Loans

1 9 1 9 9 4 0

Unsecured Loans

1 5 6 1 4 1

Application of Funds:

Net Fixed Assets

6 1 0 0 9 6 8

Investments

3 1 8 2 7

Net Current Assets

2 8 7 7 4 5 1

Miscellaneous Expenditure

N I L

Accumulated Losses

N I L

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

Turnover (including Other Income)

1 2 7 8 7 9 9 4

Total Expenditure

1 1 2 6 2 5 9 9

Profit / Loss Before Tax

1 5 2 5 3 9 5

Profit / Loss After Tax

1 0 0 1 5 9 5

Earnings per Share in Rs.

4 9 . 6 1

Dividend rate %

6 0

V. Generic Names of Three Principal Products/Services of the Company

(as per monetary items)

Item Code No.

5 4 0 2 4 2 . 0 0

Product Description

POLYESTER FILAMENT YARN

(ITC Code)

Item Code No.

5 9 0 2 1 0 . 0 0

Product Description

NYLON TYRE CORD FABRIC

(ITC Code)

Item Code No.

5 4 0 2 4 1 . 0 0

Product Description

NYLON FILAMENT YARN

(ITC Code)

NOTE: Signatures to schedules from Schedule 'A' to Schedule 'I' forming part of the Accounts

For PRICE WATERHOUSE
Firm Registration Number: 301112 E
Chartered Accountants

For and on behalf of the Board of Directors

Place : Mumbai
Date : May 03, 2010

JEETENDRA MIRCHANDANI
Partner
Membership No. F 48125

C. B. GAGRANI
Secretary

Mumbai
Date : May 03, 2010

R. A. SHAH
G. M. SINGHVI
(Directors)

FORM OF PROXY



CENTURY ENKA LIMITED

Regd Office: Birla Building, 7th Floor, 9/1, R.N. Mukherjee Road, Kolkata - 700001

Regd. Folio No.
DP ID
Client ID
No. of shares held
Proxy No.

I/We.....
of
being a member/members of CENTURY ENKA LIMITED, hereby appoint
..... of or
failing him/her of as
my/our proxy to attend and vote for me/us on my/our behalf at the Forty Fourth Annual General Meeting of the
Company to be held on Friday, the 2nd July, 2010 and at any adjournment thereof.

Signed this day of 2010.

Affix
15 Paise
Revenue
stamp
here

(Signature)

- Notes:
1. The form should be signed across the stamp as per specimen signature recorded with the company.
 2. The Proxy form duly completed must reach the Registered Office of the Company at Kolkata not less than forty eight hours before the aforesaid Meeting as provided by Article 93 of the Company's Articles of Association.
 3. A Proxy need not be a Member of the Company.

ATTENDANCE SLIP



CENTURY ENKA LIMITED

Regd Office: Birla Building, 7th Floor, 9/1, R.N. Mukherjee Road, Kolkata - 700001

Regd. Folio No.
DP ID
Client ID
No. of shares held

I hereby record my presence at the Forty Fourth Annual General Meeting of the Company held at Kala Kunj,
48, Shakespeare Sarani, Kolkata-700 017 on Friday, the 2nd July, 2010.

- 1 Full Name of the Member
(in Block Letters)
- 2 Full name of the Joint-holder(s)
(in Block Letters)
- 3.* Full Name of the Proxy
(in Block Letters)
4. Signature of the Member/Proxy
attending the Meeting

* To be filled-in if the Proxy attends instead of Member(s)

Note: Member/Proxy attending the Meeting must fill-in this Attendance Slip and hand it over at the entrance of
the venue of the Meeting.

FINANCIAL HIGHLIGHTS

OPERATING RESULTS

(Rupees in Crores)

	2009 - 10	2008 - 09	2007 - 08	2006 - 07	2005 - 06
INCOME					
Sales/Income from Operations	1,327.03	1,264.30	1,313.34	1,089.85	1,145.07
Less: Excise Duty	96.16	101.97	129.66	109.12	153.95
	1,230.87	1,162.33	1,183.68	980.73	991.12
Other Income	10.05	18.98	9.59	17.84	13.91
	1,240.92	1,181.31	1,193.27	998.57	1,005.03
EXPENDITURE					
Materials & Overheads (+/- Stock Adj.)	1,016.55	1,072.31	1,080.02	903.62	920.74
PROFIT BEFORE INTEREST	224.37	109.00	113.25	94.95	84.29
Less: Interest (Net)	7.41	23.82	30.62	17.97	6.69
GROSS PROFIT	216.96	85.18	82.63	76.98	77.60
Less: Current Depreciation (Net)	61.06	59.10	59.02	54.20	51.29
Exceptional Item :					
Less: VRS Compensation	3.36	3.50	2.60	—	2.91
Less: Tax Expense	52.38	5.96	7.60	6.06	5.81
NET PROFIT	100.16	16.62	13.41	16.72	17.59
DIVIDEND (%)	60%	50%	50%	60%	60%
EARNINGS PER SHARE (Rs.)	* 49.61	8.29	6.69	8.34	6.45
CASH EARNINGS PER SHARE (Rs.)	* 79.85	37.77	36.12	35.37	25.25
BOOK VALUE PER SHARE (Rs.)	* 276.81	227.21	221.70	224.78	223.46

*Calculated on weighted average of Shares outstanding during the year.

SOURCE AND APPLICATION OF FUNDS

(Rupees in Crores)

	As on 31.03.2010	As on 31.03.2009	As on 31.03.2008	As on 31.03.2007	As on 31.03.2006
SOURCE OF FUNDS					
Shareholders' Funds					
Share Capital	20.85	20.05	20.05	20.05	20.05
Equity Share Warrants	4.73	—	—	—	—
Reserves & Surplus (including Revaluation)	549.31	450.32	443.06	442.58	440.26
	574.89	470.37	463.11	462.63	460.31
Loan Funds	207.61	284.45	434.11	430.46	296.88
Net Deferred Tax Liability	118.53	131.79	138.57	138.93	132.79
Funds Employed	901.03	886.61	1,035.79	1,032.02	889.98
APPLICATION OF FUNDS					
Fixed Assets (Gross)	1,509.92	1,521.69	1,542.54	1,533.02	1,432.48
Depreciation	899.82	856.25	832.13	774.27	721.42
Fixed Assets (Net)	610.10	665.44	710.41	758.75	711.06
Investments	3.19	3.19	3.19	3.19	12.54
Current Assets (Net)	287.74	214.62	315.33	270.08	166.38
VRS Compensation	—	3.36	6.86	—	—
Net Assets Employed	901.03	886.61	1,035.79	1,032.02	889.98

BOOK POST



If undelivered, please return to: CENTURY ENKA LIMITED, Bhosari, Pune - 411026



ANNEXURE TO THE DIRECTORS' REPORT

STATEMENT CONTAINING INFORMATION AS PER SECTION 217(2A) READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2010

Name, Designation, Nature of Duties, Remuneration Received (Rs.), Qualification, Experience (Years), Date of Commencement of employment, Age(Years), Last Employment held.

- (a) Employed throughout the year and were in receipt of remuneration for the year in aggregate of not less than Rs.24,00,000
 - i. *G.M.Singhvi, Whole-time Director, Management, 7400832, B.Com., LL.B., F.C.A., 44, 11.09.1997, 68, In practice as Chartered Accountant
 - ii. Sanjay Thukral, Jt. President - Marketing (Textile Yarn), 2707556, B.E. (Textile), MBA., 24, 03.12.2001, 45, Ashok Mercantile Ltd.
- (b) Employed for part of the year and were in receipt of remuneration at the rate of not less than Rs.2,00,000/- per month.: Nil

NOTES:

Remuneration includes salaries, house rent allowance, entertainment allowance, ex-gratia, performance allowance, leave travel assistance, encashment of leave, medical expenses / allowances, accident insurance premium, Company's Contribution to Provident & Superannuation Funds and the monetary value of perquisites calculated in accordance with the provisions of the Income-tax Act, 1961 and the Rules made thereunder and excludes provision for retiring gratuity for which separate figure is not available.

Nature of Employment is Non-contractual, except in case of employee whose name is marked with asterisk. Other terms and conditions are subject to three months' notice on either side.

The above employees are not relative of any Director of the Company.

For and on behalf of the Board of Directors

R. A. Shah
G. M. Singhvi
Directors

Place : Mumbai

Date : 3rd May, 2010