



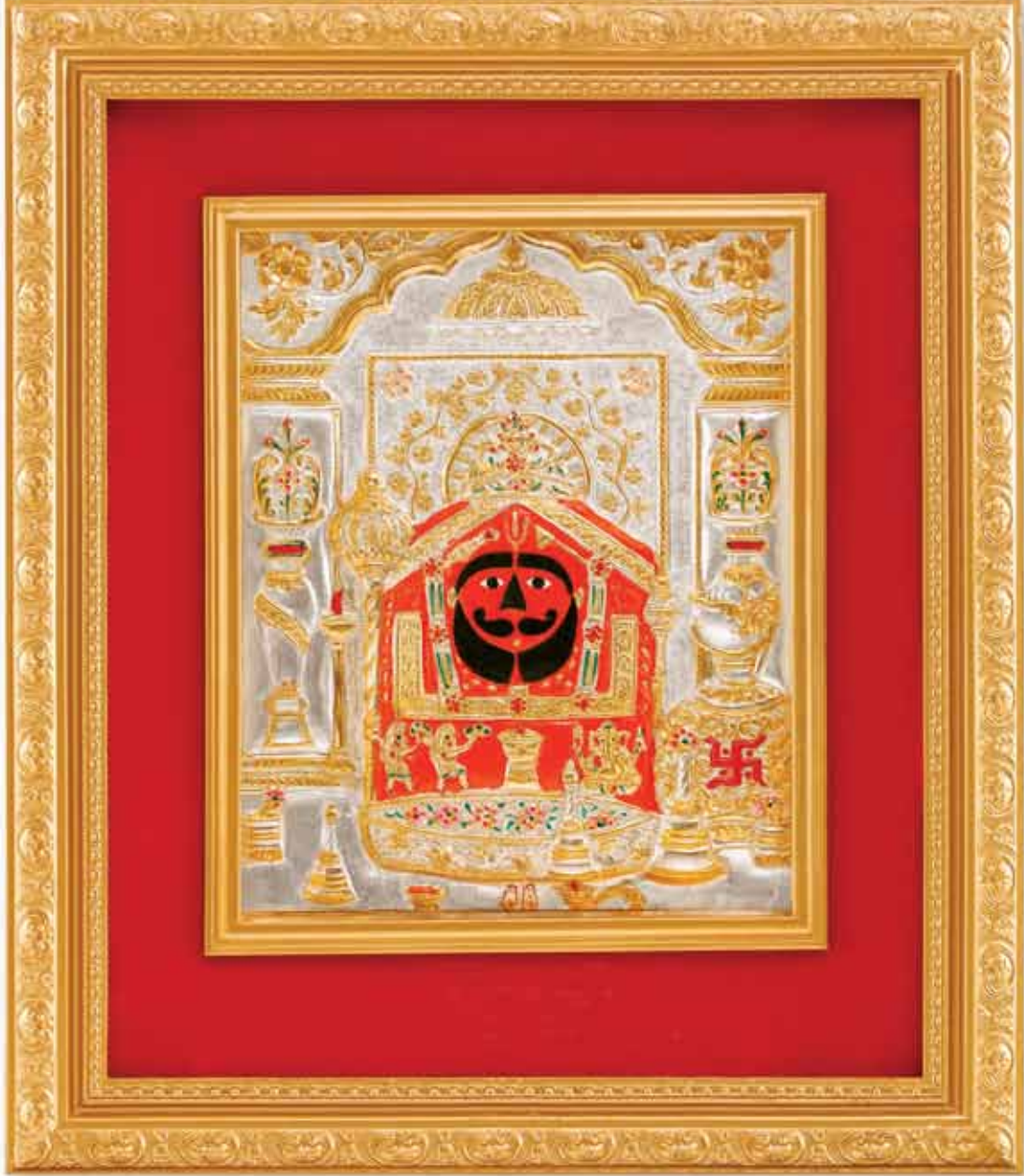
DONEAR INDUSTRIES LIMITED



INDIA KASTYLE

24th Annual Report 2009-10





अतुलितबलधामं हेमशैलाभदेहं दनुजवनकृशानुं ज्ञानिनामग्रगण्यम् ।
सकलगुणनिधानं वानराणामधीशं रघुपतिप्रियभक्तं वातजातं नमामि ॥





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





Factory at Dokmandi, Silvassa, Dadra & Nagar Haveli



DONEAR PLANT AT SURAT



WEAVING UNIT



PROCESS HOUSE



ADMIN. BLOCK FRONT VIEW

State-of-the-art Machineries at Surat



SUZUKI SAMPLE WARPING



CCI SAMPLE WEAVING



FONG YARN DYEING



JACQUARD MACHINE



XETMA PEACHING MACHINE



FORMULA 1 MULTIPLA



KYOTO CHAIN MERCERIZER



KYOTO LA WRINKLE FREE MACHINE



LA RECOVERY UNIT



BIANCALANI AIRO



THEN AIRFLOW



CWR



DONEAR[®]

SUITINGS • SHIRTINGS • COTTONS • APPARELS

India ka Style

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24th Annual General Meeting

on Saturday
25th September, 2010, at 11.30 a.m.
at
Hotel Kohinoor Continental,
J.B. Nagar, Andheri Kurla Road, Andheri (East)
Mumbai - 400 059.

**Shareholders are requested to bring
with them the Attendance Slip on Page 56
and their copy of the Balance Sheet**

DONEAR INDUSTRIES LIMITED

TWENTY FOURTH ANNUAL REPORT

2009-2010

DIRECTORS

Shri. Vishwanath L. Agarwal – (Chairman)
Shri. Rajendra V. Agarwal – (Managing Director)
Shri. Ajay V. Agarwal – (Wholetime Director)

Dr. Ramesh D. Tainwala
Shri. Durga Prasad C. Agarwal
Shri. Santkumar B. Agarwal

COMPANY SECRETARY

Shri. Sreedhar H.

AUDITORS

M.L. BHUWANIA & CO.
Chartered Accountants
Dahanukar Building, 5th Floor,
480, Kalbadevi Road,
Mumbai – 400 002.

BANKERS

State Bank of Hyderabad

Nariman Point Branch,
Mittal Tower, Nariman Point,
Mumbai - 400 021

State Bank of Indore

Commercial Branch
Ground Floor, Mittal Court, 'B' Wing
Nariman Point, Mumbai - 400 021

Dena Bank

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

State Bank of India

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

REGISTERED OFFICE

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

WORKS

Balaji Industries

Dokmandi, village Amli,
Silvassa, Dadra & Nagar Haveli

Umbergaon Unit

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

Laxmi Fab

Government Industrial Estate, Masat,
Silvassa, Dadra & Nagar Haveli

Balaji Fabrics

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

Balaji Textiles

Dokmandi, Village Amli,
Silvassa, Dadra & Nagar Haveli

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the members of DONEAR INDUSTRIES LIMITED will be held at Hotel Kohinoor Continental, J.B.Nagar, Andheri-Kurla Road Andheri (East) Mumbai-400059 on 25th September, 2010, at 11.30 am to transact the following business

Ordinary business :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2010 and profit and Loss Account for the year ended on that date together with Directors and Auditors Report thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. Vishwanath L. Agarwal who retires by rotation and being eligible offers himself for reappointment
4. To appoint a Director in place of Dr. Ramesh D. Tainwala who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration

Item No. 6

To Consider and if thought fit to pass with or without modification/s the following resolution as a special resolution.

“RESOLVED THAT in accordance with the provisions of Section 198, 269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification/s or reenactment/s thereof, for the time being in force) and / or all the guidelines for management remuneration issued by the Central Government from time to time, the consent of the Company be and is hereby accorded to the reappointment of Shri. Rajendra V. Agarwal, Managing Director of the Company for a period of 3 (Three) years with effect from 1st April, 2010 to 31st March, 2013 on the terms and conditions including remuneration as are set out in the agreement to be entered into between the company and Shri. Rajendra V. Agarwal, a draft whereof is placed before this meeting which agreement is hereby specifically approved with liberty to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include the Remuneration Committee constituted by the Board) to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement, subject to the same not exceeding the limits specified in Schedule XIII of the Companies Act, 1956 including any statutory modification/s or re-enactment/s thereof for the time being in force or as may hereafter be modified / re-enacted by the Central Government in that behalf from time to time, any amendments thereto as may be agreed to between the Board and Shri. Rajendra V. Agarwal.”

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

The Board of Directors has reappointed Mr. Rajendra V. Agarwal as a Managing Director for a period of three years with effect from 1st April, 2010 to 31st March, 2013 at the Board Meeting held on 30th April, 2010 on the following terms and conditions.

- i) Salary: Rs.2,00,000 per month in the pay scale of Rs. 2,00,000 to 4,00,000.
- ii) Perquisite : Perquisites will be allowed in addition to salary and shall be restricted to an amount equal to annual salary. For this purpose the perquisites are classified into three categories that is part “A”, “B”, “C”.

Part “A”

1. Housing-I

The expenditure by the company on hiring furnished accommodation for the Managing Director will be subject to the following ceilings :
“60% of the salary over and above 10% payable by the Managing Director”.

Housing – II

In case accommodation is owned by the company 10% of the salary of the Managing Director shall be deducted by the company

Housing –III

In case no accommodation is provided by the company, the Managing Director shall be entitled to House Rent Allowance subject to the ceiling laid down in Housing-I

Explanation :

The expenditure incurred by the company on the electricity, water and furnishing shall be valued as per Income Tax Rules, 1962. This shall however be subject to a ceiling of 10% of the salary of the Managing Director.

2. Medical Reimbursement :

Expense incurred for self and family subject to ceiling of one month's salary in the year or 3 months salary over a period of 3 years.

3. Leave Travel Concession :

For self and family once in a year incurred in accordance with the rules of the company.

4. Club Fees :

Fees for club subject to a maximum for two clubs. This will not include admission and life membership fees.

5. Personal Accident Insurance :

Premium not to exceed Rs. 10,000/- per annum.

Part “B”

1. Contribution to Provident Fund, Super Annuation fund or Annuity fund will not be included in the computation of the ceiling on perquisite to the extent these singly or put together shall not be taxable under the Income Tax Act, 1961. Gratuity payable shall not exceed half a month salary of each completed year of service to an amount not exceeding the amount of exemption mentioned under the provisions of Income Tax Act, 1961 or rules made thereunder.
2. Encashment of Leave at the end of the tenure will not be included on the computation of the ceiling on perquisites.

Part “C”

The Company shall provide a car with driver and also telephone at residence. Provisions of car for company business and telephone at residence will not be considered as perquisites. Personal long distance telephone calls and use of car for private purpose shall be billed by the company to the Director.

The above salary, perquisites will be paid as minimum remuneration in case of absence or inadequacy of profits for such period.

The other terms and conditions of appointment

- a. Subject to the supervision and control of the Board of Directors day to day activities of the Company shall be in the hands of Managing Director.
- b. The Managing Director shall also perform such other duties and services and exercise such power as shall from time to time be entrusted to him by the Board of Directors. The Managing Director undertakes to the best of his skill and abilities to use this utmost to promote the interest and welfare of the company and to conform to and comply with the directions and regulations of the company and all such order, directions as may from time to time be given by the board of directors.
- c. The Managing Director shall not at any time hereinafter without the consent in writing of the company except under legal process divulge or make public any of the secrets of the dealing of the company which ought not be disclosed or make public.
- d. The Managing Director shall be true and faithful to the company in all his account of business dealings, transactions whatsoever and with at all times when required render its true and correct account thereof to the company or to such persons as shall be authorized to receive them.
- e. The Managing Director shall be entitled to such leaves as the exigencies of the business shall permit and as may be mutually agreed. It is however expressly provided that the Managing Director shall be entitled to one month leave for every 11 months of service completed by him under the agreement.
- f. The Managing Director is not entitled to sitting fees for attending the meetings of the Board of Directors or of a Committee thereof.
- g. The appointment may be terminated by either party by giving to the other party three months notice of such termination or such lesser period as may be mutually agreed.

Draft Agreement referred to in the resolution is open for inspection by the members at the registered office of the company between 11.00 a.m. to 1.00 p.m. on any working day of the company.

Except Mr. Vishwanath L. Agarwal, Mr. Rajendra V. Agarwal and Mr. Ajay V. Agarwal none of the directors is interested / concerned in the above resolution.

Notes :

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

LINK INTIME INDIA PVT LTD
C-13, PANNALAL SILK MILLS COMPOUND
LBS MARG, BHANDUP (W)
MUMBAI – 400 078
4. The Register of members and share Transfer Register will remain closed from **17.09.2010 to 25.09.2010** (both days inclusive).
5. Dividend, if declared, will be payable to those members whose names appear on the Register of members of the company on 16th September, 2010. In respect of shares held in Electronic form the dividend will be paid to the beneficial owners as per details furnished by the depositories for this purpose.
6. Shareholders are requested to inform their Bank Account Numbers, name and address of the Bank/Branch so that the same can be incorporated with their names in dividend warrants to avoid fraudulent encashment.
7. Members who hold shares in dematerialized form are requested to bring their ID & DPID numbers for easy identification of attendance at the meeting.
8. Shareholders seeking any information with regards to audited accounts are requested to write to the Company at least 10 days in advance so as to keep the information ready.
9. Members may note that the company has to transfer the dividends which remain unclaimed/unencashed over a period of 7 years to the Government U/S 205(a) and 205(c) of the Companies Act, 1956. The details of dividend paid by the company and respective due dates of transfer to the said Fund of the Central Governments, which remain unencashed.

Date of Declaration of dividend	Dividend for the year	Due date for transfer to the Government
30-09-2003	2002-2003	30th October, 2010
17-08-2004	2003-2004	17th September, 2011
17-09-2005	2004-2005	17th October, 2012
08-07-2006	2005-2006	8th August, 2013
14-09-2007	2006-2007	14th October, 2014
27-09-2008	2007-2008	27th October, 2015
26-09-2009	2008-2009	26th October, 2016

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

10. **Re-appointment of Directors :**

Mr. Vishwanath L. Agarwal and Dr. Ramesh D. Tainwala retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for appointment. The information/details pertaining to the Directors in terms of clause 49 of the Listing Agreement with the Stock Exchanges are furnished as Annexure to the Notice.

Annexure to item nos. 3 & 4 of the Notice

Details of Directors seeking reappointment at the forthcoming Annual General Meeting on 25th September, 2010 (in terms of Clause 49 of the Listing Agreement with Stock Exchanges)

(i)	Name of the Directors	Mr. Vishwanath L. Agarwal	Dr. Ramesh D. Tainwala
(ii)	Date of Birth	13-07-1938	08-05-1959
(iii)	Date of appointment on the Board	01-01-1990	20-04-1990
(iv)	Experience in Specific Function / Area	Industrialist	Management graduate from Birla Institute of Technological Services, Pilani, Doctorate of Business Administration from Union Institute (CINCINATI, USA)
(v)	List of other companies in which directorshipsheldason31-03-2010 (excluding directorships in private / foreign companies and companies incorporated u/s 25 of the Companies Act, 1956.	Donear Synthetics Ltd.	Concept Reality & Securities Ltd. Basant Agrotech India Ltd.

**By order of the Board of Directors of
Donear Industries Ltd**

**Sreedhar H
Company Secretary**

DIRECTORS' REPORT, MANAGEMENT DISCUSSION AND ANALYSIS

To,
The Members
DONEAR INDUSTRIES LIMITED

The Directors have pleasure in presenting their TWENTY FOURTH ANNUAL REPORT together with the Audited Statement of Accounts for the year ended on 31st March, 2010.

1. FINANCIAL RESULTS :

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

Particulars	Year 2009-2010	Year 2008-2009
	(Rupees)	(Rupees)
Profit before taxation & extraordinary items	(238,887,344)	(197,623,962)
Less: Provision for Taxation	(56,934,659)	27,693,330
Less/ (Add): Income tax earlier year	(11014)	(311,600)
Net Profit for the year	(181,941,671)	(225,005,692)
Add: Balance brought forward	386,150,231	64,157,422
Less: Proposed Final Dividend	26,000,000	26,000,000
Tax on proposed Dividend	4,318,275	4,418,700
Amount transferred to General Reserve	Nil	Nil
Balance Carried forward	173,890,285	386,150,230

During the financial year under review the Gross Sales of the company was Rs. 24,283.67 Lacs as against Rs.18,630.43 Lacs in the previous year which is higher by 30.34% as compared to the previous year.

2. DIVIDEND :

The Directors have pleasure in recommending dividend at Rs 0.50 per share for the financial year 2009-2010. The dividend will absorb Rs.30,318,275 including corporate tax on dividend amounting to Rs.4,318,275.

3. MANAGEMENT DISCUSSION AND ANALYSIS :

(a) Industrial Structure and developments :

The Indian textile industry contributes about 14 percent to industrial production, 4 percent to the country's Gross Domestic Product (GDP) and 17 percent to the country's export earnings, according to the Annual Report 2009-10 of the Ministry of Textiles.

It provides direct employment to over 35 million people and is the second largest provider of employment after agriculture.

According to the Ministry of Textiles, the cumulative production of cloth during April 2009 to March 2010 has increased by 8.3 percent as compared to the corresponding period of the previous year.

Moreover, total textile exports have increased to US\$ 18.6 billion during April 2009 to January 2010, from US\$ 17.7 billion during the corresponding period of the previous year, registering an increase of 4.95 percent in rupee terms. Further, the share of textile exports in total exports has increased to 12.36 percent during April 2009-January 2010, according to the Ministry of Textiles.

As per the Index of Industrial Production (IIP) data released by the Central Statistical Organisation (CSO), cotton textiles has registered a growth of 5.5 per cent during April-March 2009-10, while wool, silk and man-made fibre textiles have registered a growth of 8.2 per cent while textile products including wearing apparel have registered a growth of 8.5 per cent.

According to the Ministry of Textiles, investment under the Technology Upgradation Fund Schemes (TUFS) has been increasing steadily. During the year 2009-10, 1896 applications have been sanctioned at a project cost of US\$ 5.23 billion. The cumulative progress as on December 31, 2009, includes 27,477 applications sanctioned, which has triggered investment of US\$ 45.5 billion and amount sanctioned under TUFS is US\$ 18.9 billion of which US\$ 16.4 billion has been disbursed so far till the end of April, 2010.

Moreover, in May 2010, the Ministry of Textiles informed a parliamentary panel that it proposes to allocate US\$ 785.2 million for the modernisation of the textile industry.

The rating agency Fitch says that the Indian textile industry, which was hit hard by the global economic recession, is all set to witness a recovery in 2010, barring cotton textile exporters who may face another challenging year.

“There are clear signs pointing towards a recovery in India’s textile industry in 2010. The recovery will be supported by a pick-up in export demand, government stimulus, improved liquidity, and a stable-to-growing domestic demand for textile products” Fitch said in its report.

While capacity to repay loans of domestically-focused and synthetic textile companies are expected to improve, cotton textile exporters could face another challenging year, as their capacity to repay loans has been more severely impacted by recession and may take longer to recover, the report said.

Fitch said demand fundamentals remain strong in the domestic textiles sector, but spending by consumers will remain value-driven, leading to pressures on the margins.

Against this backdrop your company has performed well during 2009-10 with a 30% increase in the top line. In profit front also, after accounting for a higher depreciation of Rs.36 Crore, your company has a healthy cash accruals of Rs.18 Crore. This is a vastly improved performance compared to 2008-09, which ended with a marginal cash loss.

We expect to improve upon this performance in the coming years and your company will be showing more healthy results from now on.

(b) Opportunities and Threat

With the robust growth of the Indian Economy, the domestic demand is surging ahead.

The employment growth in India is significant which is driving the demand of consumers. This has made us to think in the lines enhancing the capacity of our facilities in Surat. We are certain that these capacity additions will bear the desired fruit from 2011.

However, inflation rate, volatile forex market, and the increasing cost of inputs are causing concern. Still with the proper cost of borrowing based on a mix of sourcing the funds in rupee and forex, procuring materials at the right time and proper cost, your company should be able to surmount these problems and come up with results that will make all the stakeholders proud.

(c) Segment wise or Product wise performance

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

(d) Outlook

The performance of textile industry is expected to remain encouraging and the company looks for better future with all-round expansion and developments taking place in textile industry.

The expansion project undertaken by the company will enable the company to meet and capitalize on the opportunity in the textile industry.

(e) Risks and Concern

The Company has to look forward and perform accordingly , or else it will not stand against the competition both by Branded / Un-Branded Fabrics Textile Manufacturers.

(f) Internal Control System and its adequacy.

The Company has proper and adequate internal controls to ensure that all assets are safe guarded and protected against loss from unauthorized use or disposition and that transactions are authorized, recorded and reported correctly.

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

The Sales of the Company during the year 2009-2010 is Rs.24283.67 Lacs as against Rs. 18630.43 Lacs in the previous year. The Net Profit during the year is Rs.(1819.42) lacs as against Rs. (2250.05) lacs during the previous year.

(h) Modernisation & Capital Expansion Projects:

Company has capacity to produce 11 million metres of fabric annually in its production units located at Silvassa - Union Territory of Dadra & Nagar Haveli.

(i) Expansion Plans of Donear

Donear is to start its Phase I Yarn Dyeing, Weaving, and Processing and Garmenting plant at Surat by the end of the current calendar year.

With mounting demands for Donear's premier products and as a part of its future plan, the Company has embarked upon an expansion plan by investing US\$ 50 million in a integrated textile-unit project at Surat in Gujarat, with facilities for Yarn Dyeing, Weaving of Cotton yarn dyed shirting and bottom weights along with weaving of various blends of yarn, Processing and Garment Manufacturing.

The main reasons to increase the capacity is the increasing demand for high value cotton fabrics and the increased spending power of the growing middle-class segment in India due to rapid globalization coupled with awareness in fashion in line with the western trends.

The state of the art Technology, Machinery, Know-How & Training at the upcoming Surat project can be conceived as one of the best in the global textile arena.

The laboratory will be equipped with state-of-the-art equipment to meet technical requirements for Research, Product Development & Quality Control of the raw materials as well as the finished products. All these tests will be carried out in accordance with relevant International & Industrial Standards.

Through this new set-up, Donear will be able to offer diverse custom designed fabrics for the domestic and international textile markets from the middle to the upper-end segments.

The Company has plans to further increase and diversify into synthetic fabrics i.e. formal woman wear and also into Garmenting as Phase-II expansion at Surat Project.

The Company has growth plans following the inorganic mode through acquisitions in India and abroad in the same line of businesses.

(j) Human Resource Management

Company has a very strong and dedicated team of highly motivated professionals. Donear believes in long term association and tries to provide solid platform to ensure the growth of the individual as well as company in a conducive environment.

The Company also believes in recruiting best talent and paying at par with the best in the industry standards and providing career growth. Due to the above factors the turnover ratio of the employees is very less.

Industrial relations have been cordial throughout the year.

4. DIRECTORS :

Mr. Vishwanath L. Agarwal & Dr. Ramesh D. Tainwala retire by rotation, and, being eligible, offer themselves for reappointment. Brief resume of the Directors being reappointed is provided in the Notice convening the Annual General Meeting pursuant to clause 49 of the Listing Agreement with Stock Exchange.

5. AUDITORS :

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

6. COST AUDITORS :

The Company has reappointed M/s Y. R. Doshi, Cost Accountant, as Cost Auditor of the Company relating to financial year 2009-10 as required by the Central Government under Section 233B of the Companies Act, 1956.

7. DIRECTORS' RESPONSIBILITY STATEMENT :

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

- (a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures if any;
- (b) The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of profit or loss of the Company for that year;
- (c) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The directors have prepared annual accounts on a going concern basis.

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

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

9. PARTICULARS OF EMPLOYEES :

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

10. CAUTIONARY STATEMENT :

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

11. CORPORATE GOVERNANCE :

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

12. ACKNOWLEDGMENT :

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

For and on behalf of the Board

**(VISHWANATH L. AGARWAL)
CHAIRMAN**

Place : Mumbai

Date : 29th May, 2010.

ANNEXURE “1” TO THE DIRECTORS’ REPORT

Information U/s 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988 for the year ended 31st March, 2010.

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

A. Conservation of Energy :

(a)	Energy conservation measures taken	Regular monitoring of consumption, optimization of production facility, personal attention on Machinery and Labour Job.
(b)	Additional investments and proposals, if any, being implemented for reduction of consumption of energy	Nil
(c)	Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.	Improvement in quality and efficiency in production.
(d)	Total energy consumption in units	Total Energy Consumption of 20,058,758 units.
(e)	Consumption per unit of production as per Form A of the Annexure in respect of Industries specified in the schedule thereto.	0.79 per unit of Fabric Production 1.60 per unit of Yarn Dyeing Production 0.26 per unit of Fabric Processing

B. Technology absorption:

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

(a)	Activities relating to exports, initiatives taken to increase exports, development of new export markets for production and services and export plans.	The Company is developing designer suiting and shirting to export all over the world especially to the new markets	
(b)	Total foreign exchange used and earned	Used :	
		C.I.F. value of imports	Rs. 78,966,307
		Expenses in foreign currency	Rs. 31,553,749
		Earned :	
		FOB	Rs.174,128,434

FORM - A

Form for Disclosure of Particulars with respect to Conservation of Energy

A) Power and fuel consumption

Particular		Current Year	Previous Year
1. Electricity			
a) Purchased Units		5,997,703	7,215,770
Total amount		28,005,937	35,965,231
Rate/Unit Rs.		4.67	4.98
b) Own generation			
i) Through diesel generator			
Unit		250,993	342,352
Total Ltrs		77,226	106,444
Unit per Liters of Diesel Oil / Gas		3.25	3.22
Diesel Cost		2700798	3959833
Cost / Unit		10.76	11.57
ii) Through steam turbine/generator			
Unit		NIL	NIL
Units per Ltr. of diesel oil/gas		NIL	NIL
Cost/Unit		NIL	NIL
iii) Through Gas Generator :			
Units		13,810,062	8,469,400
Gas Consumption of Units		3,804,177	2,309,029
Unit per CM3 of Gas		3.63	3.67
Gas Cost		60,045,734	33,846,860
Cost / Unit		4.35	4.00
2. Coal (specify quality and where used)			
Quantity (Tones)		12,211	10,140
Total Cost (Rs.)		38,889,106	32,623,980
Average Rate per Ton (Rs.)		3,185	3,217
(Imported & Lignite used in Boiler for steam Generation)			
3. Furnace Oil			
Quantity (Tones)		NIL	NIL
Total Cost		NIL	NIL
Average Rate		NIL	NIL
4. Others/internal generation (please give details)			
Quantity (Tones)		NIL	NIL
Total Cost		NIL	NIL
Average Rate		NIL	NIL

B) Consumption per Unit of Production :

Sr.	Products	Unit	Standard (If Any)	Current year	Previous year
1.	Fabrics Produced	Metre		15,141,798	12,501,449
	Electricity consumed for Fabrics	Units		11,971,353	9,189,959
	Electricity consumed for Fabrics	Unit / Mtr		0.79	0.74
2.	Yarn Dyeing Production	Kgs		1,556,701	1,758,531
	Electricity Consumed for Yarn Dyeing	Units		2,488,038	1,709,254
	Electricity Consumed for Yarn Dyeing	Units / Kgs		1.60	0.97
3.	Fabric Processing Production	Metre		21,847,415	16,702,614
	Electricity consumed for Fabric processing	Units		5,599,367	5,128,309
	Electricity consumed for Fabric Processing	Units / Mtr		0.26	0.31
	Furnace Oil			Nil	Nil
	Coal			Nil	Nil
	Other			Nil	Nil

FORM - B

Form for disclosure of particulars with respect to absorption

A. Research and Development (R & D)

1.	Specific areas in which R & D carried out by the Company.	None
2.	Benefits derived as a result of the above R & D	Not Applicable
3.	Future plan of action	To Install own process house and additional capacity at surat plant.
4.	Expenditure on Research & Development (a) Capital (b) Recurring (c) Total (d) Total R & D expenditure as a percentage of total turnovers.	Not Applicable

B. Technology absorption, adaptation and innovation

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

CORPORATE GOVERNANCE REPORT FOR THE YEAR 2009-2010

The detailed Report on Corporate Governance as per the format prescribed by SEBI and incorporated in Clause 49 of the Listing Agreement is set out below.

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

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

Code of Conduct

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

2. BOARD OF DIRECTORS :

A. COMPOSITION AND CATEGORY :

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

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

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

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

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

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

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

An independent Director is a Director who :

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

B. APPOINTMENT/ RE-APPOINTMENT OF DIRECTORS

Mr. Vishwanath L. Agarwal

Vishwanath L. Agarwal is promoter director and Non-executive Chairman of the Company. Mr. Vishwanath L. Agarwal has considerable experience in administration, Marketing, Finance and Stock Market. Mr. Vishwanath L. Agarwal retire at the forthcoming Annual General Meeting and being eligible offers for re-appointment. Approval of the Shareholders is sought for re-appointment.

* Mr. Vishwanath L. Agarwal is a director of Donear Synthetics Ltd

Dr. Ramesh D. Tainwala

Dr. Ramesh D. Tainwala is an Independent director. Dr. Ramesh D. Tainwala has vast experience in various fields like finance, administration, Marketing etc. He is on the Board of some of the well known Companies. Dr. Ramesh D. Tainwala is a Management Graduate from Birla Institute of Technological Services, Pilani and Doctorate in Business Administration

Dr. Ramesh D. Tainwala retires by rotation at the forthcoming Annual General Meeting and being eligible offers for re-appointment. Approval of the Shareholders is sought for his re-appointment. Dr. Ramesh D. Tainwala is a member of Audit Committee and Shareholders/Investors Grievance Committee of the Company.

Details of other Directorship are as under :

- * Concept Reality & Securities Ltd
- * Basant Agrotech (I) Ltd

Other details are given in the Notice for the Annual General Meeting

C. REMUNERATION OF DIRECTORS :

a) Remuneration of Directors, Sitting Fees, Salary, Perquisite of Executive Director / Managing Director / Whole Time Directors :

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

(i) The Remuneration (including perquisites and benefits) paid to the Managing Director/ Wholetime Director during the year ended 31st March, 2010 is as follows :

Particular	Rajendra V Agarwal	Ajay V Agarwal
Salary	3,400,000	900,000
Perquisites	NIL	NIL
Contribution to Provident Fund	408,000	108,000
Gratuity	115,385	43,269
TOTAL	3,923,385	1,051,269

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

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

The appointment of Managing Director is for a period of 5 years from 01/04/2005 to 31/03/2010 & the appointment of Whole time Director is for a period of 5 years from 01/07/2008 to 30/06/2013.

And the Board has re-appointed the Managing Director for a period of three years from 01/04/2010 to 31/03/2013

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

(iii) Performance linked Incentive Criteria :

No such performance linked incentive are given to the appointees

(iv) Employee Stock Option Scheme :

The Company does not have any stock option scheme.

b) Remuneration of Directors, Sitting Fees, Salary, Perquisite of Non - Executive Directors :

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

The Shareholding of Non Executive Directors are as under :

Name	Sitting Fees	No of Shares
Shri Vishwanath Agarwal	5000	23,20,000
Shri Sant Kumar Agarwal	8000	10,300
Shri.Durga Prasad Agarwal	8000	NIL
Shri Ramesh D. Tainwala	6000	NIL

3. BOARD MEETINGS AND ANNUAL GENERAL MEETINGS :

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

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

Five Board Meetings were held during the year 2009-10 on the following dates 30/04/2009, 30/06/2009, 31/07/2009, 31/10/2009 & 30/01/2010.

The last AGM i.e. the 23rd Annual General Meeting of the Company was held on 26th September, 2009.

ATTENDANCE

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

Name of the Director	No. of Board Meetings Attended	Whether attended last AGM held on 26/09/2009
Vishwanath Agarwal	5	Yes
Rajendra Agarwal	4	Yes
Ajay Agarwal	5	Yes
Dr. Ramesh D. Tainwala	3	No
Durga Prasad Agarwal	5	No
Sant Kumar Agarwal	4	No

4. BOARD COMMITTEES :

The Board had constituted the following Committees of Directors :

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

A) AUDIT COMMITTEE

(a) Composition :

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

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

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

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

(b) Terms of reference of Audit Committee :

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

(c) Power of Audit Committee :

The Audit Committee has the following powers :

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

(d) Role of Audit Committee :

- (i) Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- (ii) Recommending the Board, the appointment, re-appointment and if required replacement or removal of Statutory auditor, and fixation of audit fees.
- (iii) Approval of payment to Statutory Auditors for any other services rendered by Statutory Auditors.
- (iv) Reviewing with management the annual financial statements before submission to the board, for approval, with particular reference to:
 - Matters required to be included in Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - Changes if any in accounting policies and practices and reasons for the same.

- Major accounting entries involving estimates based on the exercise of judgment by management.
 - Significant adjustments made in the financial statement arising out of audit findings.
 - Compliance with Listing and other legal requirements relating to financial statements.
 - Disclosures of related party transactions.
 - Qualifications in draft Audit Report.
- (v) Reviewing, with the management, the quarterly financial statement before submission to the Board for approval.
- (vi) Reviewing, with the management the performance of statutory and internal auditors, adequacy of internal control systems.
- (vii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and the seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- (viii) Discussion with internal auditors any significant findings and follow up there on.
- (ix) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- (x) Discussion with the statutory auditors before the audit commences, about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- (xi) To look into the reasons for the substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- (xii) To review the functioning of Whistle Blower Mechanism, in the case if the same is existing.
- (xiii) Carrying out any other function as is mentioned in the terms of reference of Audit Committee.

(e) REVIEW OF INFORMATION BY AUDIT COMMITTEE :

The Audit committee reviews the following information:

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

(f) DETAILS OF AUDIT COMMITTEE MEETING AND ATTENDANCE OF MEMBERS :

The committee meetings were attended by members of the Audit Committee and the statutory Auditors.

Audit Committee meetings were held during the Year 2009-2010 on 30/06/2009, 31/07/2009, 31/10/2009, 30/01/2010 and the gap between two meetings was less than four months.

DETAILS OF ATTENDANCE OF EACH Director at the Audit Committee Meetings are given below :

Name of the Director	No. of Meetings Attended
Mr. Durga Prasad Agarwal	3
Mr. Sant Kumar Agarwal	4
Dr. Ramesh D. Tainwala	3

B. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE :

The Board of Directors had constituted the Shareholders Grievance Committee. The Committee redresses complaints received from shareholders relating to transfer and transmission of shares, non-receipt of balance sheet, non receipt of declared dividend, etc.

COMPOSITION OF SHAREHOLDERS/INVESTORS GREIVANCE COMMITTEE :

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

The Composition of the Shareholders Grievance Committee as under :

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

No Complaint was pending at the beginning of the year and none were received during the year. All the complaints were solved as on 31-03-2010.

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

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

C. REMUNERATION COMMITTEE :

Shri Durga prasad Agarwal, Non-Executive and independent Director is the Chairman of Remuneration Committee

During the year once the Remuneration Committee Meeting was held on 30th April, 2009

The Composition of the Remuneration Committee is as under.

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

5. GENERAL BODY MEETINGS :

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

Financial Year	Date of Meeting	Time	Location
2008-2009	26-09-2009	11.00 a.m.	Hotel Kohinoor Continental, J. B. Nagar, Andheri-Kurla Road, Andheri (E), Mumbai – 400 059.
2007-2008	27-09-2008	11.30 a.m.	Hotel Kohinoor Continental, J. B. Nagar, Andheri-Kurla Road, Andheri (E), Mumbai – 400 059.
2006-2007	14-09-2007	11.30 a.m.	Hotel Kohinoor Continental, J. B. Nagar, Andheri-Kurla Road, Andheri (E), Mumbai – 400 059.

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

C) None of the Resolutions are proposed for the ensuing Annual General Meeting to be carried out by Postal Ballot this year.

6. OTHER DISCLOSURES :

A. There are no materially significant related party transactions i.e. transactions of the Company of material nature with its Promoters, Directors or the Management etc. that may have potential conflict with the interests of the Company at large :

Related party transactions are disclosed in Note No B(12) of Schedule 18 to the financial statement in the Annual report. The Audit Committee had reviewed the related party transactions as a mandatory requirement under clause 49 of the Listing Agreement and found them to be not materially significant.

B. The Company had complied with the requirement of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital market during the last three years. No pecuniary strictures have been imposed on the Company by any of the above mentioned authorities.

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

D. The Company has complied with all the mandatory requirements and has also disclosed any information relating to non mandatory requirements.

7. MEANS OF COMMUNICATION :

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

B. Management Discussion and Analysis Report:

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

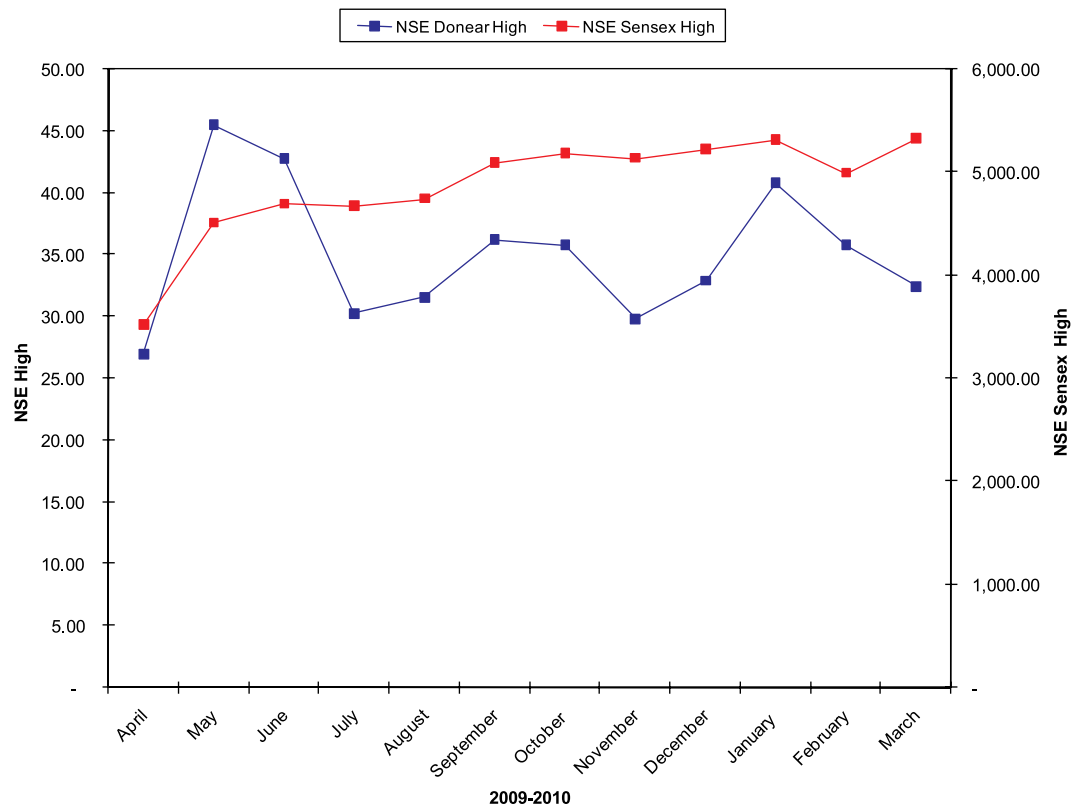
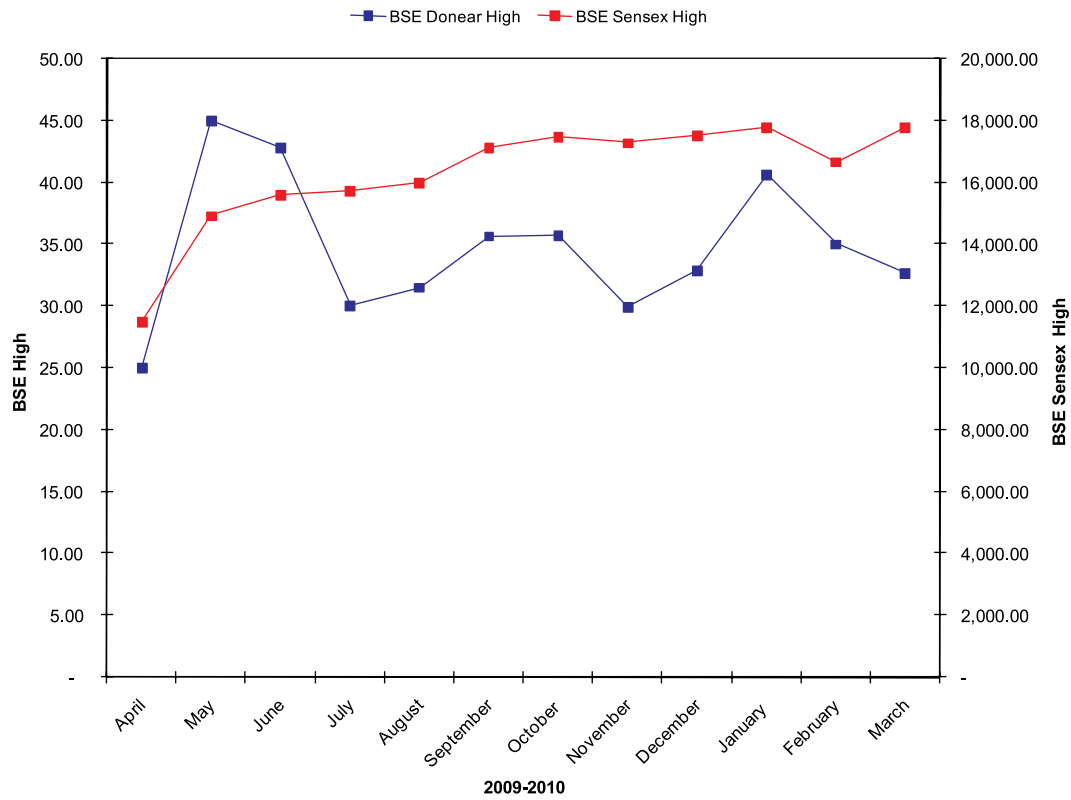
8. GENERAL SHAREHOLDER INFORMATION :

A.	AGM	Date	25th September, 2010	
		Time	11.30 a.m.	
		Venue	Hotel Kohinoor Continental, J. B. Nagar, Andheri-Kurla Road, Andheri (E), Mumbai – 400 059.	
B.	Financial Year of the Company		April to March each year.	
C.	Book closure date		17th September, 2010 to 25th September, 2010 (Both days inclusive)	
D.	Listing at Stock Exchange		Bombay Stock Exchange (BSE) and National Stock Exchange (NSE)	
E.	Stock Code		DONEAR BSE CODE - 512519 NSE ISIN - INE668D01028	
F.	Payment of Annual Listing fees		Listing fees for the financial year 2010-2011 have been paid to the concerned stock exchanges.	
G.	Dividend Payment Date		The dividend recommended by the Board of Directors, if declared in the ensuing AGM would be deposited in a separate Bank Account within 5 days of its declaration and shall be paid by 30th September, 2010 to the shareholders.	
H.	Financial Calendar (Tentative)		First Quarter	45 days from the end of the quarter
			Second Quarter	45 days from the end of the quarter
			Third Quarter	45 days from the end of the quarter
			Audited Results	60 days from the end of the financial Year

I. Stock Market Data :

The Performance of Company's Equity Share Price at Bombay Stock Exchange (BSE) and the National Stock Exchange of India Ltd (NSE) during the year 2009-2010 are as given below:

Month	Share Prices at BSE of Donear Industries Ltd.		BSE Sensex	Share Prices at NSE of Donear Industries Ltd.		NSE Sensex
	High (Rs.)	Low (Rs.)	High	High (Rs.)	Low (Rs.)	High
April, 2009	25.00	17.20	11492.10	27.00	17.45	3517.25
May, 2009	45.00	20.30	14930.54	45.50	18.15	4509.40
June, 2009	42.80	24.50	15600.30	42.80	25.85	4693.20
July, 2009	30.00	24.80	15732.81	30.30	24.00	4669.75
August, 2009	31.50	27.10	16002.46	31.55	26.60	4743.75
September, 2009	35.65	28.30	17142.52	36.25	28.00	5087.60
October, 2009	35.70	21.00	17493.17	35.80	21.10	5181.95
November, 2009	29.90	19.10	17290.48	29.85	18.85	5138.00
December, 2009	32.85	27.50	17530.94	32.95	27.60	5221.85
January , 2010	40.60	30.00	17790.33	40.80	29.20	5310.85
February, 2010	35.00	27.85	16669.25	35.80	28.00	4992.00
March, 2010	32.65	26.05	17793.01	32.45	26.05	5329.55



i. Share Transfer System :

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

ii. Registrar & Share Transfer :

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

M/S. LINK INTIME INDIA PVT LTD

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

J) Distribution of Shareholdings as on 31st March, 2010 :

No. of Equity Shares held	No. of Shareholders	% of Shareholders	Total No. of Shares Held	% of Shares
1 – 500	3729	79.95	397,692	0.76
501 – 1000	420	9.01	190,462	0.37
1001 – 2000	210	4.50	186,065	0.36
2001 – 3000	72	1.54	88,177	0.17
3001 – 4000	40	0.86	59,433	0.11
4001 – 5000	25	0.54	72,334	0.14
5001 – 10000	63	1.35	186,363	0.36
10001 - & Above	105	2.25	50,819,474	97.73
TOTAL	4664	100.00	52,000,000	100.00

K) Shareholding Pattern as on 31st March, 2010 :

Category	No. of Shares Held	% of Total Capital	No. of Shareholders	% of Total Shareholders
Promoters	38,940,500	74.89	54	1.16
Non-Promoters :				
Public Financial Institution	NIL	NIL	NIL	NIL
Mutual Funds & UTI	234,409	0.45	1	0.02
Banks	NIL	NIL	NIL	NIL
NRI'S, OCB'S & FII'S	8,946,704	17.21	54	1.16
Private Corporate Bodies	819,778	1.57	266	5.70
Public	3,058,609	5.88	4289	91.96
TOTAL	52,000,000	100.00	4664	100.00

L) Dematerialization of Dematerialized Shares & Liquidity :

The Equity Shares of the Company are dematerialized with National Security Depository Limited and Central Depository Services (India) Limited and the total number of Shares dematerialized as on 31/3/2010 is 21,606,639

M) Registered Office and Address for Correspondence :

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

N) Works :

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

O) Compliance Certificate by Auditors :

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

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

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

- (i) There is one Audit qualification related to the internal audit of the company .
- (ii) Whistle Blower Policy

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

- (iii) Other Non Mandatory requirements

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

- (iv) Remuneration Committee.

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

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

The Composition of the Remuneration Committee is as under.

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

Certification by CEO for Compliance with Code of Conduct :

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

For Donear Industries Limited

Place: Mumbai

Date: 29th May, 2010

(Rajendra V. Agarwal)

Managing Director

Certification by Chief Executive Officer :

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

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

For Donear Industries Limited

Place: Mumbai

Date: 29th May, 2010

(Rajendra V. Agarwal)

Managing Director

The above report has been adopted by the Board of Directors at it's meeting held on 29th May, 2010.

For Donear Industries Limited

Place: Mumbai

Date: 29th May, 2010

(Vishwanath L. Agarwal)

Chairman

AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

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

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

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

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

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

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

Place : Mumbai
Date : 29th May, 2010

J. P. BAIRAGRA
Partner
Membership No. 12839

AUDITORS' REPORT TO THE MEMBERS OF DONEAR INDUSTRIES LIMITED

1. We have audited the attached Balance Sheet of Donear Industries Limited ('the Company') as at 31st March, 2010, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the Directors, as on 31st March 2010 and taken on record by the Board of Directors, we report that no Director is disqualified as on 31st March 2010 from being appointed as a Director of the Company in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010;
 - b. in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
 - c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

Place : Mumbai
Date : 29th May, 2010.

J.P Bairagra
Partner
Membership No. 12839

Annexure referred to in paragraph 3 of Auditor's report to the members of Donear Industries Limited for the year ended 31st March, 2010.

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

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

Number of parties	Amount (Rs.)	Maximum Amount outstanding during the year (Rs.)	Outstanding balance as on 31.03.2010
20	1,226,305,000	882,257,000	247,597,000

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

- (vi) The Company has accepted deposits from the public during the year. In our opinion, the company has complied with the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA of the Companies Act, 1956 and the rules framed there under. To the best of our knowledge and according to the information and explanations given to us, no order has been passed by the Company Law Board, National Company Law Tribunal, Reserve Bank of India or any other Court or Tribunal.
- (vii) In our opinion, the Company has an Internal Audit System commensurate with the size of the company and the nature of its business.
- (viii) We have broadly reviewed the books of accounts relating to the manufacture of textile (Man Made Fabrics) pursuant to the rules made by the Central Government for maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been prepared and maintained. However, we have not made a detailed examination of the records maintained by the company.
- (ix) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Excise Duty, Customs Duty, Cess and other Statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable were outstanding at the year end for a period of more than six months from the date they became payable.

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

- (x) The Company does not have accumulated losses at the end of the financial year March 31, 2010. Further, the Company has not incurred any cash losses during the financial year ended March 31, 2010 and in the immediately preceding financial year ended March 31, 2009.
- (xi) 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 banks during the year. The Company has not taken any loans from financial institutions and has not issued debentures during the year.
- (xii) In our opinion and according to the information and explanation given to us, the Company has not granted any loans and advances during the year on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4 (xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi / mutual benefit fund / societies. Accordingly, clause 4 (xiii) of the Order is not applicable to the Company.
- (xiv) In our opinion and according to the information and explanation given to us, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, clause 4 (xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, clause 4 (xv) of the Order is not applicable to the Company.
- (xvi) In our opinion and according to the information and explanation given to us, term loans have been applied for the purposes for which they were obtained.

- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit for the year ended 31st March, 2010.

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

Place : Mumbai
Date : 29th May, 2010.

J.P Bairagra
Partner
Membership No. 12839

BALANCE SHEET AS AT 31.03.2010

	SCHEDULE NO.	AS AT 31.03.2010		AS AT 31.03.2009	
		RUPEES	RUPEES	RUPEES	RUPEES
I. SOURCES OF FUNDS :					
1. SHAREHOLDERS' FUNDS					
Share Capital	1	104,000,000		104,000,000	
Reserves & Surplus	2	523,500,637		735,760,582	
			627,500,637		839,760,582
2. LOAN FUNDS					
Secured Loans	3	1,899,020,520		1,836,452,978	
Unsecured Loans	4	247,597,000		36,983,000	
			2,146,617,520		1,873,435,978
3. DEFERRED TAX LIABILITY (Net) (Refer note no. B(7) of Schedule 18)			-		30,001,701
Total			2,774,118,157		2,743,198,261
II. APPLICATION OF FUNDS					
1. FIXED ASSET	5				
Gross Block		2,335,506,606		2,035,462,009	
Less : Accumulated Depreciation		899,384,871		540,510,169	
Net Block		1,436,121,735		1,494,951,840	
Add : Capital work-in-progress		115,091,970		275,265,723	
			1,551,213,705		1,770,217,563
2. INVESTMENTS	6		8,990,000		4,010,000
3. DEFERRED TAX ASSET (Net) (Refer note no. B(7) of Schedule 18)			27,077,959		-
4. CURRENT ASSETS, LOANS & ADVANCES					
Inventories	7	769,496,203		584,205,780	
Sundry Debtors	8	664,836,375		530,784,046	
Cash & Bank Balances	9	33,723,645		30,779,359	
Other Current Assets	10	111,304,824		135,284,306	
Loans & Advances	11	196,608,279		230,018,101	
		1,775,969,326		1,511,071,592	
LESS : CURRENT LIABILITIES & PROVISIONS :					
Current Liabilities	12	513,137,423		437,484,233	
Provisions	13	75,995,410		104,616,661	
		589,132,833		542,100,894	
NET CURRENT ASSETS			1,186,836,493		968,970,698
Total			2,774,118,157		2,743,198,261
NOTES ON ACCOUNTS & SIGNIFICANT ACCOUNTING POLICIES	18				
The schedules referred to above form an integral part of the Balance Sheet.					

As per our report of even date
M. L. BHUWANIA & CO.
CHARTERED ACCOUNTANTS

DONEAR INDUSTRIES LIMITED

J. P. BAIRAGRA
Partner
Membership No.12839

Vishwanath L. Agarwal
(Chairman)

Rajendra V. Agarwal
(Managing Director)

Place : Mumbai
Date : 29th May, 2010

Sreedhar H.
(Company Secretary)

Durga Prasad Agarwal
(Director)

Ajay V. Agarwal
(Wholetime Director)

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2010

	SCHEDULE NO.	AS AT 31.03.2010		AS AT 31.03.2009	
		RUPEES	RUPEES	RUPEES	RUPEES
INCOME :					
Sales (Refer note no .B(3) of schedule 18)		2,317,502,402		1,820,349,091	
Add : Job Work Charges Received		110,865,015		42,694,150	
			2,428,367,417		1,863,043,241
Other Income	14		25,967,251		6,710,781
			2,454,334,668		1,869,754,022
EXPENDITURE :					
Cost of material	15	1,181,513,057		1,027,279,499	
Operating and Other Expenses	16	1,029,079,452		756,910,644	
Interest & Financial expenses(Net)	17	123,144,313		83,053,543	
Depreciation	5	359,485,190		200,134,298	
			2,693,222,012		2,067,377,984
Profit for the year before Tax			(238,887,344)		(197,623,962)
Less: Provision for Tax:-					
- Wealth Tax		145,001		147,584	
- Deferred Tax (Refer Note No. B(7) of Schedule 18)		(57,079,660)		25,350,308	
- Fringe Benefit Tax		-		2,195,438	
- Income tax for earlier years		(11,014)		(311,600)	
			(56,945,673)		27,381,730
Profit for the year after Tax			(181,941,671)		(225,005,692)
Add: Balance brought forward from previous year			386,150,231		641,574,622
			204,208,560		416,568,930
APPROPRIATIONS :					
Proposed Final Dividend			26,000,000		26,000,000
Tax on Dividend			4,318,275		4,418,700
Balance carried to Balance Sheet			173,890,285		386,150,230
			204,208,560		416,568,930
Basic and Diluted Earning per Share (See Note No.B(6) of Schedule 18)			(3.50)		(4.33)
Nominal Value of Equity Share			2.00		2.00
NOTES ON ACCOUNTS & SIGNIFICANT ACCOUNTING POLICIES	18				
The schedules referred to above form an integral part of the Profit & Loss Account.					

As per our report of even date
M. L. BHUWANIA & CO.
CHARTERED ACCOUNTANTS

DONEAR INDUSTRIES LIMITED

J. P. BAIRAGRA
Partner
Membership No.12839

Vishwanath L. Agarwal
(Chairman)

Rajendra V. Agarwal
(Managing Director)

Place : Mumbai
Date : 29th May, 2010

Sreedhar H.
(Company Secretary)

Durga Prasad Agarwal
(Director)

Ajay V. Agarwal
(Wholetime Director)

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31.03.2010

		AS AT 31.03.2010		AS AT 31.03.2009	
		RUPEES	RUPEES	RUPEES	RUPEES
A. Cash flow from operating activities :					
Net Profit before tax as per P & L account			(238,887,344)		(197,623,962)
<u>Adjustment for :</u>					
Depreciation		359,485,190		200,134,298	
Interest Paid		123,150,386		83,997,889	
Interest Received		(898,231)		(648,670)	
(Profit) / Loss on sale of fixed assets		487,948		58,963	
Unrealised Foreign Exchange rate difference(net)		(1,087,488)		(997,625)	
Sundry Balances written off / (back)		23,962,345		(4,603,040)	
Leave salary provision		620,837		399,859	
			505,720,987		278,341,674
Operating Profit Before Working Capital Changes			266,833,643		80,717,712
<u>Adjustment for :</u>					
Trade and Other Receivables		(124,166,537)		(57,384,237)	
Inventories		(185,290,423)		(103,900,458)	
Trade and Other Payables		90,495,283		233,098,158	
			(218,961,677)		71,813,463
Cash Generated From Operations			47,871,966		152,531,175
Direct Tax Paid(net of refunds(including Fringe Benefit Tax))			(3,484,805)		(6,472,500)
Cash Flow Before Extra Ordinary Items			44,387,161		146,058,675
Extra Ordinary Items			-		-
Net Cash From Operating Activities	Total		44,387,161		146,058,675
B. Cash Flow From Investing Activities :					
Purchase of Fixed Assets (including Advance for Capital Goods)		(204,998,427)		(250,834,577)	
Purchase of Investments		(5,040,000)		(2,540,000)	
Sale of Fixed Assets		27,084,000		8,947,524	
Interest received		19,070,162		(7,491,265)	
Net Cash From Investing Activities	Total		(163,884,265)		(251,918,318)
C. Cash Flow From Financing Activities :					
Proceeds from/(Repayments of) Borrowings (Net)		286,134,049		171,071,895	
Interest Paid		(133,315,707)		(81,214,351)	
Dividend Paid (Including tax on distributed profits)		(30,376,952)		(30,359,818)	
Net Cash From Financing Activities	Total		122,441,390		59,497,726
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	Total		2,944,286		(46,361,917)
Opening balance of Cash and equivalents			30,779,359		77,141,276
Closing balance of Cash and equivalents (Refer Note No.1 below)			33,723,645		30,779,359
	Total		2,944,286		(46,361,917)
Note 1. Cash and cash equivalents include :					
-Cash in hand			1,556,631		743,818
-Cheque in Hand			17,711,979		15,468,254
-Balance with Scheduled Banks					
in Margin Money Accounts		7,069,749		8,682,891	
in Current Accounts		2,975,557		5,477,190	
in Unclaimed Dividend Accounts		413,541		371,793	
in Foreign Currency Account		4,234,209		34,215	
			14,693,056		14,566,089
-Unrealised translation gain/(loss) on foreign currency cash and cash equivalents			(238,021)		1,198
	Total		33,723,645		30,779,359

2. Interest on delayed payments from Customers Rs. 892,158/- (Previous Year Rs.295,676/-) has been considered as cash flow from Operating Activities.

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

As per our report of even date

M. L. BHUWANIA & CO.
CHARTERED ACCOUNTANTS

DONEAR INDUSTRIES LIMITED

J. P. BAIRAGRA
Partner
Membership No.12839

Vishwanath L. Agarwal
(Chairman)

Rajendra V. Agarwal
(Managing Director)

Place : Mumbai
Date : 29th May, 2010

Sreedhar H.
(Company Secretary)

Durga Prasad Agarwal
(Director)

Ajay V. Agarwal
(Wholetime Director)

Schedules Forming Part of the Balance Sheet and Profit & Loss Account for the Period Ended 31st March, 2010

		AS AT 31.03.2010		AS AT 31.03.2009	
		RUPEES	RUPEES	RUPEES	RUPEES
<u>SCHEDULE 1 - “SHARE CAPITAL ”</u>					
Authorised [Refer Note below]					
100,000,000 (Previous Year 100,000,000) Equity Shares of Rs. 2/- each	Total		200,000,000		200,000,000
Issued, Subscribed & Paid up [Refer Note below]					
52,000,000 (Previous Year 52,000,000) Equity Shares of Rs. 2/- each	Total		104,000,000		104,000,000
Note : Of the above shares 45,500,000 of Rs.2/- each have been allotted as fully paid up bonus shares by capitalisation of General Reserves in previous years.					
<u>SCHEDULE 2 - “ RESERVES & SURPLUS”</u>					
General Reserve					
As per last Balance Sheet			349,610,352		349,610,352
Profit & Loss Account					
	Total		173,890,285		386,150,230
			523,500,637		735,760,582
<u>SCHEDULE 3 - “SECURED LOANS”</u> [Refer Note No. B(1) of schedule 18]					
(A) Term Loans from Banks :					
i) Indian Rupee		1,063,077,489		1,156,551,068	
ii) Interest accrued & due on above		5,719,093		15,615,501	
			1,068,796,582		1,172,166,569
(B) Working Capital Loans from Banks :					
i) Cash Credit		316,943,481		497,920,079	
ii) Working Capital Demand Loan		462,057,152		147,617,179	
iii) Export Packing Credit Loan		50,000,000		17,256,933	
iv) Interest accrued & due on above		1,223,305		1,492,218	
			830,223,938		664,286,409
	Total		1,899,020,520		1,836,452,978
<u>SCHEDULE 4 - “UNSECURED LOANS”</u>					
i) From Directors			206,405,000		-
ii) From Body Corporates			41,192,000		36,983,000
	Total		247,597,000		36,983,000

SCHEDULE 5 - "Fixed Assets"

Sr. No.	Particulars of Assets	GROSS BLOCK (At Cost)				DEPRECIATION				NET BLOCK	
		As at 01.04.2009	Additions during the year	Deduction/Adjustment during the year	As at 31.03.2010	As at 01.04.2009	For the Year	Deduction/Adjustment during the year	Up to 31.03.2010	As at 31.03.2010	As at 31.03.2009
1.	Freehold Land	56,860,760	11,774,349	-	68,635,109	-	-	-	-	68,635,109	56,860,760
2.	Factory Land & Building	359,752,388	137,517,316	-	497,269,704	69,479,594	37,871,013	-	107,350,607	389,919,097	290,272,794
3.	Office Premises	875,481	-	-	875,481	355,536	25,997	-	381,533	493,948	519,945
4.	Residential Building	3,805,526	-	-	3,805,526	446,542	167,949	-	614,491	3,191,035	3,358,984
5.	Plant & Machinery	1,505,538,931	147,851,561	26,409,000	1,626,981,492	427,731,733	300,960,620	-	728,692,353	898,289,139	1,077,807,198
6.	Electrical Installation	18,478,161	3,163,129	-	21,641,290	8,388,427	1,623,912	-	10,012,339	11,628,951	10,089,734
7.	Furniture & Fixtures	24,603,372	11,121,202	-	35,724,574	12,452,209	3,535,441	-	15,987,650	19,736,924	12,151,163
8.	Computer	31,156,172	3,630,079	-	34,786,251	9,843,076	9,310,123	-	19,153,199	15,633,052	21,313,096
9.	Vehicle	20,119,591	4,554,244	1,773,437	22,900,398	7,457,434	3,795,919	610,489	10,642,864	12,257,534	12,662,157
10.	Air Conditioner	6,141,845	1,923,430	-	8,065,275	2,376,066	614,486	-	2,990,552	5,074,723	3,765,779
11.	Office Equipment	4,255,521	807,088	-	5,062,609	1,584,759	556,245	-	2,141,004	2,921,605	2,670,762
12.	Intangible Assets	3,874,262	5,884,635	-	9,758,897	394,794	1,023,485	-	1,418,279	8,340,618	3,479,468
	Current Year	2,035,462,010	328,227,033	28,182,437	2,335,506,606	540,510,170	359,485,190	610,489	899,384,871	1,436,121,735	1,494,951,840
	Previous Year	1,003,420,611	1,041,164,609	9,123,211	2,035,462,009	340,492,595	200,134,298	785,906	540,510,169	1,494,951,840	-

Note : Depreciation for the year of Plant & Machinery is net off Rs.1,187,595/- (Previous Year Rs. 533,688) and of Electrical Installation is net off Rs.Nil (Previous Year Rs.135,494) being depreciation for earlier year.

		AS AT 31.03.2010		AS AT 31.03.2009	
		RUPEES	RUPEES	RUPEES	RUPEES
<u>SCHEDULE 6 - “ INVESTMENTS”</u>					
<u>Unquoted Equity Shares Long Term (At Cost)</u>					
<u>Non-Trade Investments</u>					
11,000 (Previous Year 11,000) Equity Shares of R.Ajay Kumar Investment Co. Pvt. Ltd. of Rs. 10/- each fully paid up Trade Investments			110,000		110,000
67,200 (Previous Year 38,400) Equity Shares of Palsana Enviro Protection Ltd. of Rs. 100/- each fully paid up - 28,800 Equity Shares purchased during the year			8,880,000		3,900,000
	Total		8,990,000		4,010,000
Note: Aggregate Cost of Unquoted Investments is Rs.8,990,000 (Previous Year Rs 4,010,000)					
<u>SCHEDULE 7 - “ INVENTORIES”</u>					
(As Verified, Valued & Certified by a Director)					
(At lower of cost or net realisable value)					
(a) Raw material			208,583,657		137,543,592
(b) Semi Finished Goods			209,276,302		146,973,634
(c) Finished Goods			132,052,012		137,632,615
(d) Traded Finished Goods			172,315,722		107,255,216
(e) Stores & Spares			20,395,509		22,676,332
(f) Packing Materials			26,873,001		32,124,391
	Total		769,496,203		584,205,780
<u>SCHEDULE 8 - “SUNDRY DEBTORS”</u>					
More than six months and above					
Considered Good		66,251,427		53,710,129	
Considered Doubtful		18,677,279		-	
Other than above (Considered Good)			84,928,706		53,710,129
			598,584,948		477,073,917
			683,513,654		530,784,046
			18,677,279		-
	Total		664,836,375		530,784,046
<u>SCHEDULE 9 - “CASH & BANK BALANCES”</u>					
-Cash in hand					
-Cheques in Hand					
-Balance with Scheduled Banks					
in Margin Money Accounts		7,069,749		8,682,891	
in Current Accounts		2,975,557		5,477,190	
in Unclaimed Dividend Accounts		413,541		371,793	
in Foreign Currency Account		4,002,926		35,080	
			14,461,773		14,566,954
			33,723,645		30,779,359
<u>SCHEDULE 10 - “ OTHER CURRENT ASSETS”</u>					
(Unsecured, considered good unless otherwise stated)					
(a) Export Incentives Received/Receivable			48,304,534		42,123,783
(b) Interest Receivable			51,867,622		82,805,389
(c) Other Current Assets			11,132,668		10,355,134
	Total		111,304,824		135,284,306
<u>SCHEDULE 11 - “LOANS & ADVANCES”</u>					
(Unsecured, considered good unless otherwise stated)					
(a) Advances recoverable in cash or kind or for value to be received			5,074,609		3,949,291
(b) Balance with Central Excise			78,581		24,444,061
(c) Loans to Staff			9,512,197		7,538,349
(d) Advances against Capital Goods					
Considered Good		37,083,522		38,914,908	
Considered Doubtful		327,490		-	
		37,411,012		38,914,908	
		327,490		-	
Less : Provision for Doubtful Advances					
			37,083,522		38,914,908
			58,541,207		79,987,828
			4,341,858		8,686,082
			35,361,633		35,361,633
(h) Deposits :					
- with Government Bodies		3,066,773		3,010,811	
- with Others		10,451,129		10,101,351	
			13,517,902		13,112,162
(i) Trade Advances					
Considered Good		33,096,770		18,023,787	
Considered Doubtful		2,198,268		-	
		35,295,038		18,023,787	
		2,198,268		-	
Less : Provision for Doubtful Advances					
			33,096,770		18,023,787
			196,608,279		230,018,101

		AS AT 31.03.2010		AS AT 31.03.2009	
		RUPEES	RUPEES	RUPEES	RUPEES
<u>SCHEDULE 12 - “CURRENT LIABILITIES”</u>					
(a) Creditors for Goods*			70,386,773		104,053,768
(b) Creditors for Expenses*			87,320,226		74,429,036
(c) Creditors for Capital Goods*			8,033,061		46,388,578
(d) Investors Education & Protection Fund : ** Unclaimed dividend			415,197		373,449
(e) Advance from Customers			33,195,005		16,342,325
(f) Deposits from Agents / Dealers / Others			144,817,793		114,226,131
(g) Temporary Bank Overdraft			37,830,612		
(h) Other Liabilities			131,138,756		81,670,946
	Total		513,137,423		437,484,233
* Refer Note No. B(2) of schedule 18					
** Amount due and outstanding to be credited to Investor Education & Protection Fund is Rs.46 (previous year Rs.Nil)					
<u>SCHEDULE 13 - “PROVISION”</u>					
(a) Provision for Taxation			39,661,785		63,939,353
(b) Provision for Fringe Benefit Tax			3,921,422		8,785,517
(c) Proposed Dividend			26,000,000		26,000,000
(d) Tax on Proposed Dividend			4,318,275		4,418,700
(e) Provision for Leave Encashment			2,093,928		1,473,091
	Total		75,995,410		104,616,661
<u>SCHEDULE 14 - “OTHER INCOME”</u>					
-Sale of Scrap			6,679,121		4,269,479
-Exchange Rate Difference (Net)			426,791		1,639,866
-Rent Received			760,106		776,436
-Miscellaneous Income			18,101,233		25,000
	Total		25,967,251		6,710,781
<u>SCHEDULE 15 - “COST OF MATERIAL”</u>					
<u>Raw Material Consumed</u>					
Opening Stock		137,543,592		120,929,214	
Add: Purchases		973,473,554		725,372,074	
Less: Closing Stock		208,583,657		137,543,592	
			902,433,489		708,757,696
Fabric purchases			206,949,791		258,115,537
Trading Goods purchases			193,912,348		161,343,991
<u>(Increase) / Decrease in stock :</u>					
<u>Opening Stock</u>					
-Finished Goods		137,632,615		136,191,065	
-Semi-Finished Goods		146,973,634		103,330,133	
-Trading Goods		107,255,216		51,402,542	
		391,861,465		290,923,740	
<u>Closing Stock</u>					
-Finished Goods		132,052,012		137,632,615	
-Semi-Finished Goods		209,276,302		146,973,634	
-Trading Goods		172,315,722		107,255,216	
		513,644,036		391,861,465	
			(121,782,571)		(100,937,725)
			1,181,513,057		1,027,279,499

		AS AT 31.03.2010		AS AT 31.03.2009	
		RUPEES	RUPEES	RUPEES	RUPEES
<u>SCHEDULE 16-“OPERATING & OTHER EXPENSES”</u>					
Stores & Spares Consumed			39,604,342		21,444,571
<u>Manufacturing Expenses</u>					
Processing charges			15,146,409		22,110,020
Other Manufacturing Expenses			75,573,475		48,728,340
<u>Power and Fuel</u>					
Electricity Expenses		32,945,552		41,993,487	
Coal Consumption		38,889,106		32,623,980	
Gas Consumption		80,796,725		33,846,860	
Generator Expenses		2,682,284		4,186,322	
			155,313,667		112,650,649
<u>Employees Cost</u>					
Salaries, Wages & Other Benefits		187,322,028		131,515,374	
Contribution to Provident and other funds		4,397,689		4,130,437	
Staff Welfare expenses		4,369,225		3,014,029	
			196,088,942		138,659,840
<u>Repairs & Maintenance :</u>					
On Building		2,118,931		808,881	
On Machinery		3,776,707		2,372,397	
On Others		7,995,405		5,553,365	
			13,891,043		8,734,643
<u>Selling & Distribution Expenses</u>					
Transportation Expenses			29,425,069		24,385,438
Sample Expenses			8,752,529		6,782,436
Advertisement & Sales Promotion			96,035,066		64,617,213
Packing Expenses			118,754,155		116,359,951
Sales Commission			97,057,961		79,010,070
Discount, Rebate & Claims			34,955,404		29,657,262
<u>Other Expenses</u>					
Legal & Professional Expenses			3,983,553		4,556,943
Directors Remuneration			4,974,654		6,555,000
Travelling & Conveyance			21,452,510		20,183,131
Loss/Obsolescence of Fixed Assets			487,948		58,963
Provision for Doubtful Advances			2,525,758		-
Provision for Doubtful Debts			18,677,279		-
Insurance charges			5,559,326		5,861,492
Brokerage on Purchase			2,200,870		985,965
Rent,Rates & Taxes			23,472,703		18,824,697
Printing & Stationery			5,229,766		4,342,827
Postage & Telephone			10,282,233		9,838,912
Sundry Balance W/off (net)			38,999,727		466,560
<u>Auditors Remuneration :</u>					
a) <u>Statutory Auditor</u>					
Audit Fees(including Limited Review)		440,000		440,000	
Tax Audit Fees		95,000		95,000	
Certification and Other Services		2,500		15,500	
Towards Service Tax [Previous Year is net of service tax credit taken Rs.57,433]		96,579		-	
			634,079		550,500
b) <u>Cost Auditor</u>					
Audit Fees		60,000		60,000	
Towards Service Tax [Previous Year is net of service tax credit taken Rs.6,180]		11,618		-	
			71,618		60,000
Miscellaneous Expenses			9,929,366		11,485,221
	Total		1,029,079,452		756,910,644
<u>SCHEDULE 17 - “FINANCE EXPENSES”</u>					
<u>Interest :</u>					
On Term Loan		69,228,422		38,004,171	
On Other Bank Loan		41,615,485		40,583,212	
On Security Deposit		4,124,205		2,195,323	
On Early Payment Incentive		5,677,243		5,330,657	
On Others		11,877		327,454	
			120,657,232		86,440,817
Premium on Forward Contract			3,289,694		-
Bank Charges & Commission			4,880,703		2,887,730
			128,827,629		89,328,547
Less: Interest on Delayed Payments from Customers		4,785,085		5,626,334	
Interest Received on Deposits		898,231	5,683,316	648,670	6,275,004
[Tax deducted at source Rs.1,20,365/- (previous year Rs.1,035,602)]					
	Total		123,144,313		83,053,543

SCHEDULE 18 - "NOTES ON ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES"

A. SIGNIFICANT ACCOUNTING POLICIES

(1) Basis of Accounting

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

(2) Revenue Recognition

Sales are accounted when significant risk and rewards are passed on to the customer. Sales are accounted inclusive of excise duty and net of volume discount. Dividend is accounted as and when received.

(3) Fixed Assets

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

(4) Depreciation

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

(5) Investments

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

(6) Inventories

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

(7) Employees Benefit

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

(8) Foreign Exchange Transactions

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

(9) Borrowing Costs

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

(10) Taxation

- (a) Provision for Income Tax is made on the basis of the estimated taxable income for the accounting year in accordance with the Income Tax Act, 1961.
- (b) The deferred tax for timing differences between the book profits and tax profits for the year is accounted for using the tax rates and laws that have been enacted or substantially enacted as of the balance sheet date. Deferred tax assets arising from timing differences are recognized to the extent there is virtual certainty that these would be realized in future and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.
- (c) Fringe Benefit tax is determined at Current applicable rates on expenses falling within the ambit of "Fringe Benefit" as defined under the Income Tax Act 1961.

(11) Lease

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

(12) Impairment of Assets

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

(13) Provision & Contingent Liabilities :

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

B. NOTES ON ACCOUNTS(1) Secured Loans :(a) Term Loan from State Bank of Hyderabad , Dena Bank, State Bank of India and State Bank of Indore

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

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

- (b) Cash Credit, Working Capital Demand Loan from State Bank of Hyderabad and Dena Bank
 Secured by way of first charge on pari passu basis on all the current assets of the Company, and also secured by way of second and subsequent charge on pari passu basis on the fixed assets of the company (Present and future). The above loans and facilities are guaranteed by the Directors, Shri. V. L. Agarwal and Shri R. V. Agarwal.

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

(3) Sales are inclusive of Export Incentives of Rs.19,263,193 (Previous year Rs. 18,531,422)

(4) Estimated amount of contracts remaining to be executed on Capital account & not provided for (net of advances) is Rs.33,518,666 (Previous year Rs.6,814,368)

(5) Contingent Liabilities :

Particulars	2009-10	2008-09
	Rs.	Rs.
a) Disputed Income Tax Liability where Company is in appeal	Nil	16,502,311
b) Disputed Income Tax Liability where Department is in appeal	Nil	16,075,154
c) Bank Guarantees executed under EPCG Schemes to Customs Authorities	895,000	895,000
d) Bank Guarantees executed towards Electricity Department	2,062,500	1,812,500
e) Bonds executed under EPCG Schemes to Customs Authorities	263,490,145	235,696,894
f) Bonds executed in favour of the excise department towards concessional custom duty availed	3,740,229	3,740,229
g) Claims against the Company not acknowledged as debt	159,780	159,780
h) Bills Discounted with the Company's Bankers	Nil	14,968,118

(6) Basic and Diluted Earning per Share - The numerator and denominator used to calculate Basic and Diluted Earnings per share :

Particulars	2009-10	2008-09
	Rs.	Rs.
(a) Profit / (Loss) attributable to the Equity Shareholder	(181,941,671)	(225,005,692)
(b) Basic / Weighted average number of Equity Shares outstanding during the year (in Nos.)	52,000,000	52,000,000
(c) Basic & Diluted earning per share (a) / (b)	(3.50)	(4.33)
(d) Face Value of each share	2.00	2.00

(7) Breakup of Deferred Tax Assets (Net) :

Particulars	As on 01.04.2009	During the Year	As on 31.03.2010
	Rs.	Rs.	Rs.
Deferred Tax Liability :			
(a) On account of timing differences Relating to Gratuity	387,367	(8,804)	378,563
Total Deferred Tax Liability	387,367	(8,804)	378,563
Deferred Tax Assets :			
(a) <u>On account of difference in</u> Depreciation as per Books and as per Income Tax Act, 1961	(30,115,038)	47,747,081	17,632,043
(b) <u>On account of provision for</u> Provision For Doubtful Debts	-	8,289,935	8,289,935
Provision For Doubtful Advances	-	838,994	838,994
Provision for Leave Encashment	500,704	194,847	695,551
Total Deferred Tax Assets :	(29,614,334)	57,070,856	27,456,522
Net Deferred Tax Assets	30,001,701	(57,079,660)	(27,077,959)

(8) Derivatives :HEDGED :

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

Currency	Buy or Sell	As on 31.03.2010		As on 1.03.2009	
		Amount in foreign currency	Rs.	Amount in foreign currency	Rs.
USD	BUY	8,000,000	337,057,152	-	-

UNHEDGED :

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

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

Particulars	Foreign Currency	As on 31.03.2010		As on 1.03.2009	
		Amount in foreign currency	Rs.	Amount in foreign currency	Rs.
Export of Goods	US \$	966,512	43,522,146	231,672	12,087,272

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

Particulars	Foreign Currency	As on 31.03.2010		As on 1.03.2009	
		Amount in foreign currency	Rs.	Amount in foreign currency	Rs.
Import of Goods	US \$	-	-	152,500	7,956,581
	GBP	4,500	305,408	-	-
Commission Payable	US \$	95,528	4,301,656	42,242	2,203,941
	Euro	1,278	77,429	574	39,550

(9) Employee Benefits :

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

Particulars	Current Year	Previous Year
	Amount (in Rs.)	Amount (in Rs.)
(a) Defined Contribution Plan		
Contribution to Employees Provident Fund	2,961,096	4,437,713
(b) Defined Benefit Plan		
Gratuity	Funded	Funded
(i) <u>Assumptions</u>	As on 31/03/2010	As on 31/03/2009
Discount Rate	8%	8%
Salary Escalation	4%	4%
(ii) <u>Table showing changes in present value of obligations</u>	As on 31/03/2010	As on 31/03/2009
Present value of obligations as at beginning of year	3,654,253	2,980,067
Interest cost	292,340	238,405
Current Service cost	1,248,824	995,016
Benefits paid	(115,416)	(558,875)
Actuarial (gain)/Loss on obligations	(542,744)	(360)
Present value of obligations as at end of year	4,537,257	3,654,253
(iii) <u>Table showing changes in the fair value of plan assets</u>		
Fair value of plan assets at beginning of year	4,941,319	4,785,622
Expected return on plan assets	447,479	412,406
Contributions	524,386	302,166
Benefits paid	(115,416)	(558,875)
Actuarial Gain / (Loss) on Plan assets	Nil	Nil
Fair value of plan assets at the end of year	5,797,768	4,941,319
(iv) <u>Table showing fair value of plan assets</u>		
Fair value of plan assets at beginning of year	4,941,319	4,785,622
Actual return on plan assets	447,479	412,406
Contributions	524,386	302,166
Benefits Paid	(115,416)	(558,875)
Fair value of plan assets at the end of year	5,797,768	4,941,319
Funded Status	1,260,511	1,287,066
Excess of Actual over estimated return on plan assets	Nil	Nil
(Actual rate of return=Estimated rate of return as ARD falls on 31st March)		
(v) <u>Actuarial Gain/Loss recognized</u>	As on 31/03/2010	As on 31/03/2009
Actuarial (gain)/Loss for the year Obligation	(542,744)	(360)
Actuarial (gain)/Loss for the year - Plan Assets	Nil	Nil
Total (gain) / Loss for the year	(542,744)	(360)
Actuarial (gain) / Loss recognized in the year	(542,744)	(360)
(vi) <u>The amounts to be recognized in the Balance Sheet and Statements of Profit and Loss</u>		
Present value of obligations as at the end of year	4,537,257	3,654,253
Fair value of plan assets as at the end of the year	5,797,768	4,941,319
Funded status	1,260,511	1,287,066
Net Asset / (Liability) recognized in balance sheet	(1,260,511)	(1,287,066)
(vii) <u>Expenses Recognised in statement of Profit & Loss</u>		
Current Service cost	1,248,824	995,016
Interest Cost	292,340	238,405
Expected return on plan assets	(447,479)	(412,406)
Net Actuarial (gain)/Loss recognised in the year	(542,744)	(360)
Expenses recognised in statement of Profit & Loss	550,941	820,655

(10) Segment Reporting :

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

Particulars	2009-10		2008-09	
	Within India	Outside India	Within India	Outside India
	Rs.	Rs.	Rs.	Rs.
Segment Revenue	2,276,467,839	177,866,829	1,709,765,564	159,988,458
Segment Assets	3,292,650,885	43,522,146	3,273,211,883	12,087,272
Addition to Fixed Assets	328,227,033	-	1,041,164,609	-

(11) Disclosure for operating leases under Accounting Standard 19 - "Leases" :Assets taken on lease :

The Company's major leasing arrangements are in respect of residential / godowns / office premises (including furniture and fittings therein wherever applicable) taken on leave and license basis. The aggregate lease rentals Rs. 16,886,657 (Previous Year Rs. 17,639,697) are charged as Rent and shown under Schedule 16 of "Administrative, Selling & Other Expenses" These leasing arrangements, which are cancelable, range between 11 months and 5 years generally, or longer, and are usually renewable by mutual consent at mutually agreed terms and conditions.

Assets given on lease :

The Company's major leasing arrangements are in respect of office premises given on leave and license basis. The aggregate lease rentals Rs.760,106/- (previous year Rs. 776,436/-) are collected as Lease Rent and shown under Schedule "Other Income". These leasing arrangements, which are cancelable, is for the period 3 years and are usually renewable by mutual consent at mutually agreed terms and conditions.

(12) Related Party Disclosures :

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

(a) Individual having control/Significant influence.

(i) Shri Vishwanath L. Agarwal.

(b) Relatives of individual or entities where relatives of individual or individual himself has control / significant influence.

(i) Mrs.Kesari Devi Jajodia

(ii) Mrs.Bhavardevi Agarwal

(c) Key Management Personnel.

(i) Shri Rajendra V. Agarwal

(ii) Shri Ajay V. Agarwal

(d) Relative of Key Management Personnel

(i) Mrs.Uma Agarwal (Wife of Shri Rajendra V.Agarwal)

(ii) Mrs.Neena Agarwal (Wife of Shri Ajay V.Agarwal)

(iii) Mr.Rahul R. Agarwal (Son of Shri Rajendra V.Agarwal)

(iv) Miss.Ruchi R. Agarwal (Daughter of Shri Rajendra V.Agarwal)

(v) Mr.Surya A. Agarwal (Son of Shri Ajay V.Agarwal)

(vi) Miss Sonia A. Agarwal (Daughter of Shri Ajay V.Agarwal)

- (e) Entities where individual having control/significant influence or key management personnel or their relatives are able to exercise significant influence
- (i) Donear Synthetics Ltd.
 - (ii) Lav Kush Traders Pvt. Ltd.
 - (iii) Vishwanath L.Agarwal (HUF)
 - (iv) Rajendra Agarwal (HUF)
 - (v) Ajay Agarwal (HUF)
 - (vi) Laxmi Synthetics..... [Proprietary concern of Shri Ajay V. Agarwal]
 - (vii) Rajendra Synthetics..... [Proprietary concern of Ajay Agarwal (HUF)]
 - (viii) Sonia Synthetics Pvt. Ltd.
 - (ix) Ruchi Silk Mills Pvt. Ltd.
 - (x) R.Ajay Kumar Investment Co. Pvt. Ltd.
 - (xi) Rajendra Synthetics Pvt. Ltd.
 - (xii) U.N.Reality Pvt.Ltd.
 - (xiii) V.R.A. Reality Pvt.Ltd.
- (f) The details of the transactions with above mentioned related parties are as under :

Nature of Transaction	Individual having control / Significant influence.		Relatives of individual or entities where relatives of individual or individual himself has control / significant influence.		Key Management Personnel.		Relative of key Management Personnel		Entities where individual having control / significant influence or key management personnel or their relatives are able to exercise significant influence	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
(i) Transactions during the year										
Purchase of goods (Material & Capital items)	-	-	-	-	-	-	-	-	-	23,987
Directors Sitting Fees	5,000	4,000	-	-	-	-	-	-	-	-
Rent Paid	-	-	-	-	-	-	-	-	-	60,000
Remuneration	-	-	-	-	4,974,654	6,555,000	-	-	-	-
Salary Paid	-	-	-	-	-	-	240,000	286,080	-	-
Loan Received	68,630,000	34,300,000	83,475,000	69,535,000	298,100,000	165,650,000	240,450,000	239,895,000	535,650,000	13,220,000
Loan Repaid	25,110,000	34,300,000	83,475,000	72,185,000	135,215,000	165,650,000	240,450,000	239,895,000	531,441,000	5,082,000
(ii) Balance as at the end of the year										
Amount Payable	-	-	-	-	-	-	-	-	-	3,030
Loans payable	43,520,000	-	-	2,650,000	162,885,000	-	-	-	41,192,000	36,983,000
Investments	-	-	-	-	-	-	-	-	-	110,000
Guarantee given on behalf of the Company	1,899,020,520	1,836,452,978	-	-	1,899,020,520	1,836,452,978	-	-	-	-

- (g) Disclosure of related party transaction, the amount of which is in excess of 10% of total related party transactions of the same type

	Nature of Transaction	Name of the related party	Current Year	Previous Year
			Rs.	Rs.
(i)	Purchase of goods (material & capital item)	Donear Synthetics Ltd.	-	23,987
(ii)	Directors' Sitting Fees	Vishwanath L. Agarwal	5,000	4,000
(iii)	Rent Paid	Laxmi Synthetics	-	60,000
(iv)	Remuneration Paid	Shri Rajendra V. Agarwal	3,923,385	5,520,000
		Shri Ajay V. Agarwal	1,051,269	1,035,000
(v)	Salary Paid	Miss. Ruchi Agarwal	240,000	286,080
(vi)	Loans Received	Shri Vishwanath L. Agarwal	68,630,000	34,300,000
		Mrs. Bhavardevi Agarwal	83,475,000	69,535,000
		Smt. Uma R. Agarwal	66,900,000	58,660,000
		Shri Ajay V. Agarwal	227,200,000	134,650,000
		Mrs. Neena A. Agarwal	108,900,000	98,010,000
		Mr. Rahul R. Agarwal	46,550,000	52,550,000
		Shri Rajendra Agarwal	70,900,000	31,000,000
		Mr. Surya A. Agarwal	2,500,000	1,600,000
		Miss Sonia A. Agarwal	7,100,000	8,575,000
		Miss Ruchi R. Agarwal	8,500,000	20,500,000
		Donear Synthetics Ltd	6,320,000	3,280,000
		Lav- Kush Traders Pvt. Ltd	-	25,000
		Shri Vishwanath Agarwal HUF	11,300,000	2,000,000
		Shri Rajendra Agarwal HUF	3,400,000	-
		Shri Ajay V. Agarwal HUF	9,000,000	2,150,000
		Ruchi Silk Mills Pvt. Ltd.	1,900,000	1,670,000
		Sonia Synthetics Pvt. Ltd	1,165,000	890,000
		R. Ajaykumar Invest. Pvt. Ltd	4,380,000	1,750,000
		Rajendra Synthetics Pvt. Ltd	6,445,000	1,455,000
		U.N. Reality Pvt. Ltd.	382,065,000	-
		V.R.A. Reality Pvt. Ltd.	109,675,000	-

(vii)	Loans Repaid	Shri Vishwanath L. Agarwal	25,110,000	34,300,000
		Mrs. Bhavardevi Agarwal	83,475,000	69,535,000
		Shri Rajendra Agarwal	30,715,000	31,000,000
		Mrs. Kesaridevi Jajodia	-	2,650,000
		Shri Ajay V. Agarwal	104,500,000	134,650,000
		Smt. Uma R. Agarwal	66,900,000	58,660,000
		Mrs. Neena A. Agarwal	108,900,000	98,010,000
		Mr. Rahul R. Agarwal	46,550,000	52,550,000
		Mr. Surya A. Agarwal	2,500,000	1,600,000
		Miss Sonia A. Agarwal	7,100,000	8,575,000
		Miss Ruchi R. Agarwal	8,500,000	20,500,000
		Shri Vishwanath Agarwal HUF	11,300,000	2,000,000
		Shri Rajendra Agarwal HUF	3,400,000	-
		Shri Ajay V. Agarwal HUF	9,000,000	2,150,000
		Donear Synthetics Ltd	3,605,000	320,000
		Sonia Synthetics Pvt. Ltd	370,000	22,000
		Lav- Kush Traders Pvt. Ltd	219,000	81,000
		R.Ajaykumar Investment Co.Pvt.Ltd	8,278,000	105,000
		Rajendra Synthetics Pvt. Ltd	3,375,000	126,000
		Ruchi Silk Mills Pvt. Ltd.	154,000	278,000
		U.N.Reality Pvt.Ltd.	382,065,000	-
		V.R.A. Reality Pvt.Ltd.	109,675,000	-

Notes : Related parties and transaction with related parties are as identified by the management and relied upon by the auditor.

(13) Additional information pursuant to the provision of paragraphs 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956 :

(i) Details of licensed and installed capacity :

Particulars	UOM	Li- censed Capac- ity	Installed Capacity *	Actual Production	Opening Stock		Closing Stock		Purchase for Resale		Turnover	
					Qty.	Value (in Rs.)	Qty.	Value (in Rs.)	Qty.	Value (in Rs.)	Qty.	Value (in Rs.)
Fabrics *	Mtrs	N.A	246 Looms	15,141,799	4,501,116	284,606,249	5,243,963	341,328,314	5,333,639	206,949,791	19,217,148	2,001,135,498
	(Mtrs)	(N.A)	(246 Looms)	(12,501,449)	(3,975,963)	(239,521,198)	(4,501,116)	(284,578,919)	(5,492,091)	(258,115,537)	(17,383,883)	(1,565,312,863)
Yarn Dyeing	Kgs.	N.A	2,000,000	1,609,473	-	-	-	-	-	-	444,626	8,417,651
	(Kgs.)	(N.A)	(2,000,000)	(1,799,957)	-	-	-	-	-	-	(475,930)	(40,331,167)
Fabric Processing	Mtrs.	N.A	24,000,000	21,847,415	-	-	-	-	-	-	6,729,841	102,159,424
	(Mtrs.)	(N.A)	(24,000,000)	(16,702,614)	-	-	-	-	-	-	(2,621,673)	(36,140,427)
Fabric Packing Job	Mtrs.	N.A	N.A	57,588	-	-	-	-	-	-	57,588	287,940
	(Mtrs.)	(N.A)	(N.A)	-	-	-	-	-	-	-	-	-

* Fabrics includes Finished Fabrics and Grey Fabrics

Notes :

- (1) Installed Capacity being technical matter is as Certified by Directors and relied upon by Auditors
- (2) Production of fabric is net of Shrinkage 888,040 Mtrs (Previous Year 842,572 Mtrs)
- (3) Purchase of Fabrics includes 550,570 Mtrs of Rs.28,309,719 (Previous Year 115,564 Mtrs of Rs.9,397,519) given to Job workers for manufacturing of Garments, out of which 515,443 Mtrs of Rs.28,233,819 (Previous Year 84,504 Mtrs of Rs.6,883,048) has been used by job workers in the production of Garments.
- (4) Closing Stock of Fabrics includes 66,187 Mtrs of Rs.2,590,371 (Previous Year 31,060 Mtrs of Rs.2,514,471) of Fabrics lying with Job Workers for Garment Manufacturing.
- (5) Production of Yarn Dyeing includes 1,164,847 Kgs (Previous Year 1,324,027 Kgs) used in internal consumption out of which 52,772 Kgs (Previous Year 41,426 Kgs) done on job work basis from others.
- (6) Production of Fabric Processing includes 15,117,574 Mtrs (Previous Year 14,080,941 Mtrs) used in internal consumption.
- (7) Turnover of Fabric Processing represents 6,715,665 Mtrs (Previous Year 2,621,673 Mtrs) done on job work basis for others.
- (8) Figures in bracket are of previous year.

(ii) Goods for Trade :

Particulars	UOM	Opening Stock		Closing Stock		Purchase for Resale		Turnover	
		Qty.	Value (in Rs.)	Qty.	Value (in Rs.)	Qty.	Value (in Rs.)	Qty.	Value (in Rs.)
Garments	Nos	441,641	107,255,216	672,752	172,315,722	727,550	193,912,348	737,113	316,366,904
	Nos	(223,643)	(51,482,542)	(441,641)	(107,255,216)	(723,280)	(161,343,991)	(505,282)	(221,258,784)

Garments includes Blazer, Suits, Shirts, Trouser, Denim, Track Suit, T-Shirt, Jacket, Corduroy, Cargo, Socks, Handkerchief, Sweat Shirt, Tie, etc.

Notes :

- (1) Purchase for Resale includes 240,674 Nos (Previous Year 43507 Nos) manufactured from Job Workers on internal consumption of 515,443 Mtrs (Previous Year 84,504 Mtrs) of Fabrics.
- (2) Figures in bracket are of previous year

(iii) Consumption of Raw Material :

Particulars	Units	2009-10		2008-09	
		Qty.	Value (in Rs.)	Qty.	Value (in Rs.)
Yarn	Kgs	5,495,775	777,578,454	5,699,954	616,595,415
Dyes & Chemicals	Kgs	----	124,855,035	---	92,162,281
Total			902,433,489		708,757,696

Notes :

- (1) As numerous types of Dyes & Chemicals are consumed, it is not practical to give quantitative details of consumption, hence consumption is given in value only.

(iv) Value of imported and indigenous Raw Material, Stores & Spares consumed : -

Particulars	Category	2009-10		2008-09	
		Value (in Rs.)	Percentage	Value (in Rs.)	Percentage
(A) Yarn Consumed	Indigenous	762,829,298	84.53%	573,442,414	80.91%
	Imported	14,749,156	1.63%	43,153,001	6.09%
Total Yarn Consumed		777,578,454	86.16%	616,595,415	87.00%
(B) Dyes & Chemicals consumed	Indigenous	124,855,035	13.84%	92,162,281	13.00%
	Imported	-	-	-	-
Total Dyes & Chemical Consumed		124,855,035	13.84%	92,162,281	13.00%
Total Raw Material Consumed		902,433,489	100.00%	708,757,696	100.00%
(C) Store & Tools Consumed	Indigenous	27,324,222	68.99%	10,740,916	50.09%
	Imported	12,280,120	31.01%	10,703,655	49.91%
Total Stores & Spares Consumed		39,604,342	100.00%	21,444,571	100.00%

(v) Earnings in Foreign Exchange

Particulars	2009-10	2008-09
	Value (in Rs.)	Value (in Rs.)
F.O.B Value of Exports	174,128,434	156,171,980

(vi) C.I.F Value of Imports :

Particulars	2009-10	2008-09
	Value (in Rs.)	Value (in Rs.)
Capital Goods	45,479,116	28,068,291
Stores & Spares	18,738,035	16,332,533
Raw Material	14,749,156	43,153,001
Total	78,966,307	87,553,825

(vii) Remittance in Foreign Currencies on account of dividend to non-resident shareholders :

Particulars	2008-09	2007-08
	Value (in Rs.)	Value (in Rs.)
Number of Shareholders	27	11
Number of Shares held	11,106	3,376
Amount remitted (in Rs.)	5,553	5,064
Financial Year	2007-08	2006-07
Nature of Dividend	Annual	Annual

(viii) Expenditure in Foreign Currency

Particulars	2009-10	2008-09
	Value (in Rs.)	Value (in Rs.)
Travelling	1,495,598	984,118
Advertisement	1,151,120	875,514
Interest	18,404,255	71,562
Books & Periodicals	1,362,723	-
Sales Promotion	1,473,523	28,610
Commission	7,666,530	6,131,568
Total	31,553,749	8,091,372

(ix) Remuneration to Managing Director/Whole Time Director

Particulars	2009-10	2008-09
	Value (in Rs.)	Value (in Rs.)
Remuneration	4,300,000	5,700,000
Contribution to Provident Fund	516,000	684,000
Gratuity	158,654	171,000
Total	4,974,654	6,555,000

- (14) In the opinion of the Board, the current assets, loans & advances have a value realization, in the ordinary course of business at least equal to the amount at which they are stated.
- (15) Borrowing Cost capitalised during the year Rs.7,455,952 (Previous Year Rs. 35,232,771)
- (16) The balance of Sundry Debtors & Sundry Creditors and Loans & advances are subject to confirmation and consequential adjustment, if any.
- (17) Previous year figures have been regrouped /restated wherever considered necessary to make them comparable with those of the current year.

As per our report of even date
M. L. BHUWANIA & CO.
 CHARTERED ACCOUNTANTS

DONEAR INDUSTRIES LIMITED

J. P. BAIRAGRA
Partner
 Membership No.12839

Vishwanath L. Agarwal
 (Chairman)

Rajendra V. Agarwal
 (Managing Director)

Place : Mumbai
 Date : 29th May, 2010

Sreedhar H.
 (Company Secretary)

Durga Prasad Agarwal
 (Director)

Ajay V. Agarwal
 (Wholetime Director)

BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	42076	State Code	1 1
Balance Sheet Date	31 / 03 / 2010		
	Date/Month/Year		

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 N I L

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

Total Assets 3,363,250,990	Total Liabilities 3,363,250,990
-------------------------------	------------------------------------

Source of Funds

Paid – up Capital 104,000	Reserves & Surplus 523,501
Secured Loans 1,899,021	Unsecured Loans 247,597
Deferred Tax Liability (Net) N I L	

Application of Funds

Net Fixed Assets 1,551,214	Investments 8,990
Net Current Assets 1,186,836	Misc. Expenditure N I L
Accumulated Losses N I L	Deferred Tax Assests (Net) 271

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

Turnover * 24,543	Total Expenditure 26,932
Profit / (Loss) Before Tax -2,389	Profit / (Loss) After Tax -1,819
Earning Per Share in Rs. -3.50	Dividend Rate % 25%

* Including Other Income

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

Item Code No. (ITC Code)	5514-22
Product Description	Man Made Fabrics

DONEAR INDUSTRIES LIMITED

Vishwanath L. Agarwal
(Chairman)

Rajendra V. Agarwal
(Managing Director)

Place : Mumbai
Date : 29th May, 2010

Sreedhar H.
(Company Secretary)

Durga Prasad Agarwal
(Director)

Ajay V. Agarwal
(Wholetime Director)



SUITINGS • SHIRTINGS • COTTONS • APPARELS

India ka Style

This image shows a full page of blank, lined paper. It features approximately 28 evenly spaced horizontal black lines across the entire width of the page, typical of notebook or legal stationery. There are no margins, text, or other markings present.

DONEAR INDUSTRIES LIMITED

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

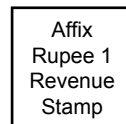
PROXY FORM

TWENTY FOURTH ANNUAL GENERAL MEETING ON SATURDAY 25TH SEPTEMBER, 2010

Reg. Folio No.

I / We
 of in the district of
 being a member / of the above named company hereby appoint
 of
 in the district of or failing of
 as my / our proxy to vote for me / us on my / our behalf at the TWENTY FOURTH ANNUAL GENERAL MEETING of the company
 to be held on Saturday 25th September, 2010 and at the adjournment thereof.

Signed this Day of 2010



Signature.....

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

DONEAR INDUSTRIES LIMITED

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

ATTENDANCE SLIP

TWENTY FOURTH ANNUAL GENERAL MEETING ON SATURDAY 25TH SEPTEMBER, 2010

Reg. Folio No.

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

I hereby record my presence at the TWENTY FOURTH ANNUAL GENERAL MEETING on Saturday 25th September 2010 at
 Hotel Kohinoor Continental, Andheri Kurla Road, J.B.Road, Andheri (East), Mumbai - 400 059.

Member / Proxy name in Block letters

Member / Proxy Signature

Note : Please fill this attendance slip and hand it over at the ENTERANCE OF THE MEETING HALL.

A Retail Chain of

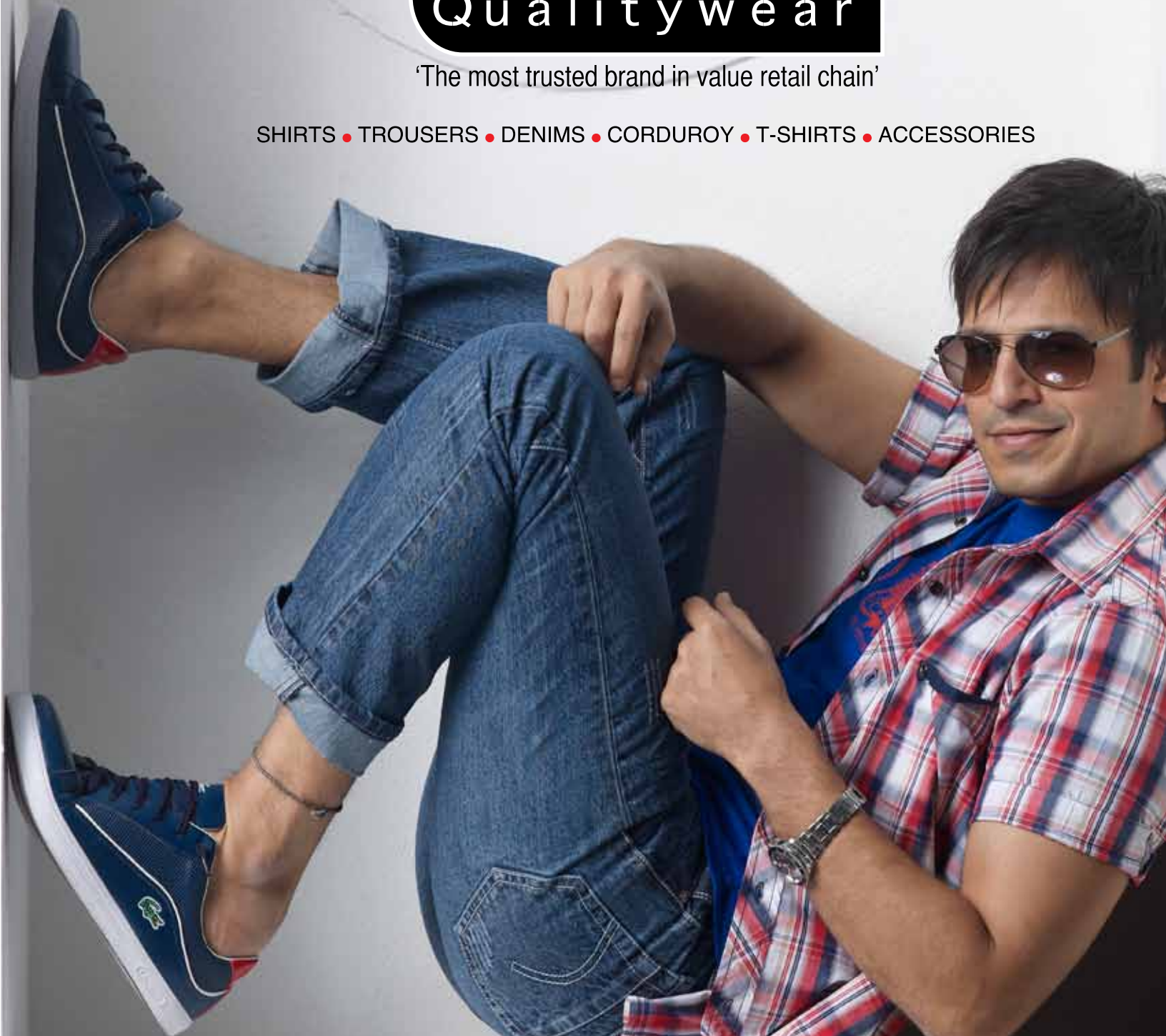


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210, Key Tuo Industrial Estate, Kondivita Lane, Near M.I.D.C., Andheri (East), Mumbai - 400 059. INDIA.
Tel. : +91 22 4081 3591 • Fax.: 91 22 2837 0041 • E-mail : sales@donear.com • Website : www.donear.com