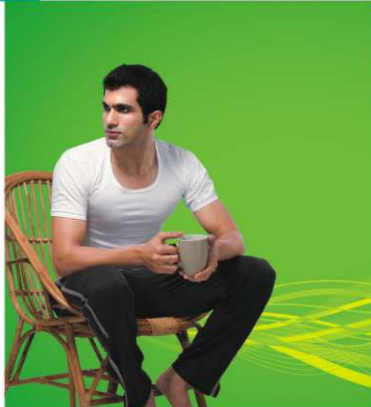
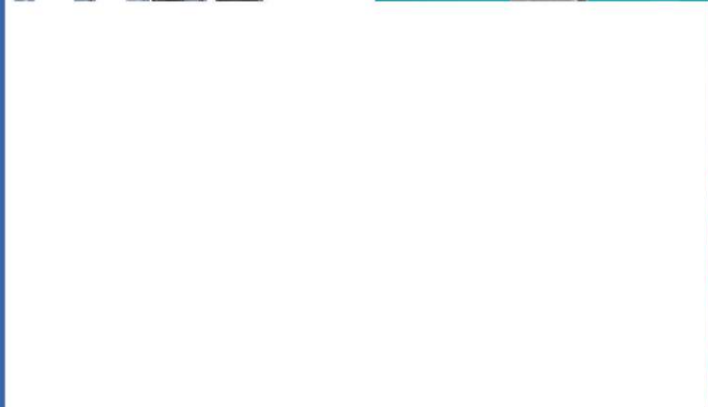
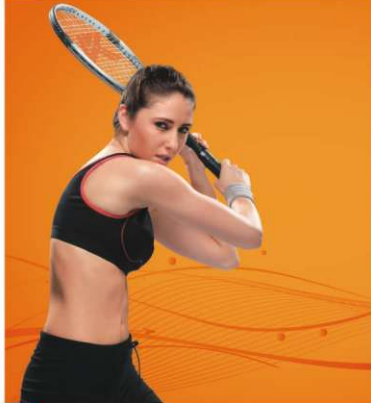




# Maxwell Industries Limited

Annual Report 2010-2011



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## Corporate Information

### Board of Directors

Jaykumar K. Pathare	Chairman
Sunil J. Pathare	Vice Chairman & Managing Director
Kapil J. Pathare	Whole Time Director
Dr. Arvind Kulkarni	Director
Gopal Sehgal	Director
Chetan Sheth	Director
Robin Banerjee	Director
Manish Chhajed	Director

### Vice President Finance & Company Secretary

R. Venkataraman

### Auditors

Attar & Company  
Chartered Accountants

### Internal Auditors

Sharp & Tannan Associates  
Chartered Accountants

### Bankers

State Bank of India  
IDBI Bank Limited  
Standard Chartered Bank  
Barclays Bank PLC

### Plant Location

Spinning Mill	: Kollapalur Village, Gobichettipalayam, Erode, Tamil Nadu - 638456
Knitting Unit	: 360/13, Ganesh Industrial Estate, Village Kachigam, Nani Daman, Daman - 396210
Processing House	: 13-15, SIPCOT, Perundurai, Erode, Tamil Nadu - 638052 C 119, TTC Industrial Area, MIDC, Pawane Village, Navi Mumbai, Maharashtra - 400703
Stitching Units	: 92/94, New GIDC, Umbergaon, Gujarat - 396171 : SF-125/126/127, Appachimarmadam, Thingalur, Erode, Tamil Nadu - 638055
Socks Unit	: 360/7, Ganesh Industrial Estate, Village Kachigam, Nani Daman, Daman - 396210

### Registered Office

C-6, Road No.22, MIDC,  
Andheri (East),  
Mumbai 400 093.  
Phone : + 91 22 28257624/27/33,40209000  
Fax : + 91 22 28371023/24  
E-mail : investor.relations@viporg.com  
Website: http://www.maxwell.in

### Registrars & Transfer Agents

Link Intime India Pvt. Ltd.,  
C-13, Pannalal Silk Mills Compound,  
L. B. S. Marg,  
Bhandup (West),  
Mumbai 400 078.  
Phone : + 91 22 25946970  
Fax : + 91 22 25946969  
Email : rnt.helpdesk@linkintime.co.in

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### 21<sup>ST</sup> ANNUAL GENERAL MEETING

Day	: Thursday
Date	: 11 <sup>th</sup> August, 2011
Time	: 11.00 a.m
Venue	: <b>The All India Plastics Manufacturers' Association Auditorium</b> , Plot No. A-52, Road No.1, MIDC, Marol, Andheri (East), Mumbai - 400093

## NOTICE

NOTICE is hereby given that the 21<sup>st</sup> Annual General Meeting of the Members of Maxwell Industries Limited will be held on Thursday, 11<sup>th</sup> August, 2011 at 11.00 a.m at “**The All India Plastic Manufacturers' Association Auditorium**”, Plot No.A-52, Road No.1, MIDC, Marol, Andheri (East), Mumbai 400 093 to transact the following business;

### ORDINARY BUSINESS:

- 1 To consider and adopt the Balance Sheet as at 31<sup>st</sup> March 2011, the Profit & Loss Account for the year ended on that date, the reports of the Board of Directors and Auditors thereon.
- 2 To declare dividend on Preference Shares.
- 3 To declare dividend on Equity Shares.
- 4 To appoint a Director in place of Mr. Chetan Sheth, who retires by rotation and being eligible, offers himself for reappointment.
- 5 To appoint a Director in place of Mr. Manish Chhajed, who retires by rotation and being eligible, offers himself for reappointment.
- 6 To re-appoint Messrs. Attar & Co., Chartered Accountants, as the Auditors of the Company and to authorize the Board of Directors to fix their remuneration.

Place: Mumbai  
Date: 30<sup>th</sup> May, 2011

By order of the Board of Directors  
**For Maxwell Industries Limited**

Registered Office  
C-6, Road No. 22, MIDC  
Andheri (East), Mumbai 400093.

**R. Venkataraman**  
Vice President Finance &  
Company Secretary

### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. The Proxy form duly completed must reach the Registered Office of the Company not later than forty eight hours before the time appointed for holding the meeting.
3. The Register of members and the share transfer books of the Company will remain closed from 5<sup>th</sup> August, 2011 to 11<sup>th</sup> August, 2011 (both days inclusive).
4. The Company will be transferring the unclaimed dividend for the financial year ended on 31<sup>st</sup> March, 2004 on or before 30<sup>th</sup> September, 2011. The members can claim the said dividend on or before 31<sup>st</sup> August, 2011 being the last date for claiming the unpaid dividend for 31<sup>st</sup> March, 2004. The Company has transferred, the unclaimed dividend upto the financial year ended 31<sup>st</sup> March, 2003 to the Investors Education and Protection Fund (IEPF) of the Central Government. The Members who have not claimed their dividend for the financial years 2003-04, 2004-05, 2005-06, Interim & Final dividend of 2006-07, 2007-08 2008-09 and 2009-10 are requested to claim it from the Company immediately.
5. Members are requested to notify any change in their address to the Company at its Registered Office or to the Registrars and Share Transfer Agents, Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400078.
6. Members desirous of obtaining any information concerning accounts of the Company are requested to address their queries to the Company Secretary atleast Seven days before the date of the meeting, to enable the information required to be made available at the meeting, to the extent possible.
7. Members may be aware, that the Equity Shares of the Company have been subdivided from one equity shares of Rs.10/- each to 5 equity shares of Rs.2/- each, in terms of Resolution passed by the Shareholders of the Company at the Extra Ordinary General Meeting of the Company held on 1<sup>st</sup> February, 2006. The Members who are yet holding their share certificate of Rs.10/- each of the Company need to exchange the same with new equity shares of Rs.2/-each by sending the same to the Company's Registrar & Transfer Agent, M/s. Link Intime India Private Limited since the old share certificate of Rs.10/- each are no longer tradable.
8. Members/proxies are requested to bring the attendance slip duly filled in for attending the Meeting and copy of the Annual Report 2010-11.

## Maxwell Industries Ltd.

### Details of Directors seeking appointment & reappointment at the forthcoming Annual General Meeting:- (in pursuance of Clause 49 of the Listing Agreement)

Name of the Director	Mr. Chetan Sheth	Mr. Manish Chhajed
Date of Birth	12.07.1963	14.06.1978
Date of appointment	30.01.2004	19.05.2009
Qualification	Production Engineer	Electronic Engineer & MBA
Shareholding in Maxwell Industries Limited	NIL	NIL
List of Directorship in other Companies	1. Prestige Metal System Pvt Ltd 2. Sheth Fabricators Pvt Ltd	1. Su-Kam Power Systems Ltd 2. BLR India Pvt Ltd 3. DTDC Courier & Cargo Ltd. 4. Textrade International Pvt Ltd. 5. EMI Transmission Ltd 6. Victory Transformers and Switchgears Ltd. 7. Sarla Holding Pvt Ltd



## DIRECTORS' REPORT

To,  
**THE MEMBERS**  
**MAXWELL INDUSTRIES LTD.**

The Directors of your Company, are pleased to present, the 21<sup>st</sup> Annual Report, on the working and the progress of the Company, along with audited accounts, for the financial year ended on 31<sup>st</sup> March, 2011 and Report of the Auditors thereon.

### FINANCIAL RESULTS

	(Rupees in Lakhs)	
	Current Year Ended 31/03/2011	Previous Year Ended 31/03/2010
Profit before Interest, Depreciation & Income Tax	1994.11	2638.74
Less Interest	1322.09	1136.32
Less : Depreciation	431.84	435.15
Profit before tax	240.18	1067.27
(Less) : Provision for income tax - Current & FBT	0.00	(329.28)
(Less) : Provision for income tax - Deferred	(37.17)	(36.07)
Profit after tax	203.01	701.92
Add/(Less) : Tax adjustment for previous year	(39.71)	(48.87)
Profits for the year	163.30	653.05

### DIVIDEND

	(Rupees in Lakhs)	
	Current Year Ended 31/03/2011	Previous Year Ended 31/03/2010
On buy back of 5% Redeemable Preference Shares	14.11	0.00
5% redeemable Preference Shares	90.72	121.75
Equity Dividend	63.08	252.31

The Directors have recommended a dividend of 5% on Equity Shares (10 paise per Equity Share of Rs.2/- each) and 5% on Redeemable Preference Shares (Rs.5/- per share of Rs.100/- each) for the financial year ended on 31<sup>st</sup> March, 2011. This Dividend of Rs.153.80 lakhs along with dividend distribution tax of Rs.24.95 lakhs will absorb Rs.178.75 lakhs. The Company has paid the Dividend of Rs.14.11 lakhs and Dividend Distribution Tax of Rs. 2.34 lakhs on Buy back of Preference Shares.

### OPERATIONS

During the year, your Company has achieved sales of Rs.229.48 crores, as against Rs.211.39 crores in the previous year. Sales for hosiery business was Rs. 221.58 crores against Rs. 203.17 crores in the previous year representing an increase of 9.06 % growth over the previous year. The external sales of the Spinning Division was Rs.7.73 crores against Rs.8.22 crores in the previous year.

The year 2010-11 had been a turbulent year for the textile industries. The prices of main raw materials i.e Cotton & Yarn showed an unprecedented increase with the input price rising by more than 85% in the financial year, putting the entire cost structure into severe strain.

Apart from this, the processing facility in the south were affected due to closure notice issued resulting from strictures passed by Hon'ble High Court of Tamil Nadu, on the issue of pollution and effluent treatment. The Company's unit at Perundurai had to be shut, resulting in disruption in processing activities of the Company. The Company has now incurred capex to up grade the effluent treatment facility at Perundurai and is awaiting the clearance to restart the unit.

Further the imposition of Excise duty on all branded textile products in the month of February, 2011 had an affect on depressing the sales for the month of March, 2011.

All these had an impact on sales, stocks and profitability of the Company.

### SALE/ DISPOSAL OF SPINNING DIVISION AT GOBI.

As members are aware that, Board had sought the approval of members of the Company for sale/disposal of Spinning Division of Company situated at Gobichettipalayam, Erode in terms of Section 293(1)(a) of the Companies Act, 1956.

## Maxwell Industries Ltd.

### FIXED DEPOSIT

Your Company did not accept any fixed deposits from public during the year.

### SUBSIDIARY

Your Company does not have any subsidiary Company.

### DIRECTORS

Mr. Chetan Sheth, Director of the Company, retire by rotation and being eligible, offer himself for re-appointment.

Mr. Manish Chhajed, Director of the Company, retire by rotation and being eligible, offer himself for re-appointment.

### AUDITORS

M/s Attar & Company, Chartered Accountants, holds office as auditors of the Company until the conclusion of the forthcoming Annual General Meeting and is eligible for re-appointment.

### PERSONNEL

The Industrial relations with employees continued to be cordial through out the year. Various initiatives in training program which included in house, on the job as well as external training were carried out to enhance managerial and technical skills. Employees have taken initiatives in developing in house Quality assurance system and 5-S implementation programme on shop floor. Job enlargement/ enrichment among the existing employees have given positive impact on efficiency. Your Directors placed on record the appreciation, efforts and dedication of the employees in supporting the various initiatives of the Company.

### Information Pursuant to Section 217 of the Companies Act, 1956.

#### Energy conservation, technology absorption & Foreign Exchange earning & Outgo.

The information required to be disclosed under Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, with respect to conservation of energy, technology absorption, foreign exchange earnings / outgo, are set out in the Annexure to this report.

#### Particulars of Employees:

Pursuant to the amendment in Companies (particulars of employees) Rules, 2011 vide notification No. GSR 289(E) dated 31.03.2011 issued by the Ministry of Corporate Affairs, none of the employees of the Company were in receipt of Rs. Sixty Lakhs per annum or Rs. Five Lakhs per month during the year under review. Accordingly, particulars of Employees are not given pursuant to the provisions of Section 217(2A) of Companies Act, 1956.

### DIRECTORS' RESPONSIBILITY

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2002 the Directors confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed.
- Appropriate accounting principles have been selected and applied consistently, and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2011 and of the profits of the Company for the period ended on 31<sup>st</sup> March, 2011.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe-guarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The annual accounts have been prepared on going concern basis.

### CORPORATE GOVERNANCE

The Company is committed to maintain highest standards of Corporate Governance. The Securities and Exchange Board of India (SEBI) has introduced a Code of Corporate Governance for listed companies which are implemented through the Listing Agreement with the Stock Exchanges, in which the Company's shares are listed. A separate report on Corporate Governance form a part of the Annual Report.

### BUY BACK OF 5% REDEEMABLE PREFERENCE SHARES

The members had passed on 15<sup>th</sup> May, 2010, a Special Resolution under Section 77A of the Companies Act, 1956 enabling the Company and its Board of Directors to Buy Back upto 12,50,050 fully paid up, 5% Redeemable Preference Shares, from the existing Preference Shareholders of the Company.

The Company upto 14<sup>th</sup> September, 2010 has bought back 6,20,600 out of 12,50,050 Preference Shares from the existing Preference Shareholders.

As informed to you, during the financial year under review the price of raw materials were increased substantially as compared to previous year. The Board of Directors of the Company, seeing the implication and effect of raise in the price of basic raw materials on the cash flow of the Company has kept on hold the buy back of remaining 6,29,450 Preference Shares.

The Special Resolution passed by the members under section 77A of the Companies Act, 1956 is valid for a period of one year from the date of passing of Special Resolutions. As the Special Resolution passed by the members has expired.

#### **ACKNOWLEDGEMENT**

The Directors of your Company acknowledge with deep sense of appreciation the encouragement, support and co-operation received by the Company from its Bankers viz. State Bank of India, IDBI Bank Limited, Standard Chartered Bank, Barclays Bank PLC, Bombay Stock Exchange Limited, National Stock Exchange of India Limited, shareholders, suppliers and esteemed customers of the Company.

#### **CAUTIONARY STATEMENT**

Statement made in the Annual Report including those stated under the caption "Management Discussion and Analysis" describing the Company's plan, projections and expectations may constitute "forward looking statement" within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied.

Mumbai  
Date: 30<sup>th</sup> May, 2011

For and on behalf of the Board

**Registered Office**  
Plot No.C-6, Road No.22,  
MIDC, Andheri (East)  
Mumbai 400 093

**J.K. Pathare**  
(Chairman)

## **Annexure to Directors' Report**

### **INFORMATION PURSUANT TO THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES 1988.**

#### **A) CONSERVATION OF ENERGY**

- The products manufactured and sold by the Company, other than yarn are not power intensive, hence the impact on overall cost is marginal. However, steps have been taken to ensure energy conservation in the processing unit where an energy efficient boiler is installed and the condensate is being re-utilised.
- Additional investments and proposals for reduction of energy consumption: NIL
- Total energy consumption and energy consumption per unit of production as per FORM A of the Annexure in respect of Industries specified in scheme thereto:

Year	Units Consumed		Units Consumed per kg. of Production	
	Spinning	Hosiery	Spinning	Hosiery
Current year	92.24 lakhs	28.09 lakhs	4.62	0.13
Previous year	84.36 lakhs	29.47 lakhs	4.16	0.11

#### **B) TECHNOLOGY ABSORPTION**

Efforts are made in technology absorption as per Form B: Not applicable.

#### **C) FOREIGN EXCHANGE EARNING AND OUTGOING**

The Company has earned Rs.1319.19 lakhs (Previous year Rs.1295.56 lakhs) from exports during the year. The total amount of outgo on account of foreign exchange utilised by the Company amounted to Rs.24.38 lakhs (Previous year Rs. 211.25 lakhs).



## CORPORATE GOVERNANCE

Maxwell Industries Ltd, is committed to corporate transparency and lays emphasis on business ethics in all its dealings. The Company believes in meeting its obligations to all its stakeholders, including amongst others, customers, employees and the community in which the Company operates.

Corporate Governance is a process that aims to meet stakeholders aspirations and social expectations. It's not a discipline imposed by a regulator, rather a culture that guides the Board, Management and Employees to function towards best interest of stakeholders.

The Board of Directors have been constituted, in compliance with the Companies Act, 1956 and the Listing Agreement with the Stock Exchanges. The Board functions either as a full Board or through its committees. The Company's Executive provides the Board with reports on the performance.

Your Directors are happy to inform you, that your Company's existing practices and policies are in conformity with the requirements stipulated by Stock Exchanges and SEBI and has gone well beyond simple statutory compliance, by instituting such systems and procedures, as are required to make the Management completely transparent and institutionally sound.

### Board of Directors

The Board of Directors along with its committee provides direction and vision on the functioning of the Company.

- A) Constitution of Board: The Board of Directors comprises of 8 members out of them three are Executive Directors and five Non-executive Independent Directors. The Managing Director & Whole time Directors are being paid remuneration while the other Directors are paid sitting fees for attending the Board Meeting as fixed by the Board.
- B) Composition of Board and number of meetings attended: The gap between 2 Board Meetings does not exceed more than 4 months. Leave of absence is granted as and when requested. All Directors have made necessary Disclosures regarding committee positions. The Board met Four times during the last financial year on 28.05.2010, 12.08.2010, 13.11.2010 and 10.02.2011. The last AGM was held on 12<sup>th</sup> August, 2010.

### COMPOSITION OF BOARD AND ATTENDANCE RECORD:

Name of Director	Category	No. of other directorships/ Board Committees	No. of Board Meetings attended	Attendance at the last AGM held on August 12, 2010
Shri. Jaykumar K Pathare	Chairman, Whole time Director, Promoter	4	4	Yes
Shri. Sunil J Pathare	Vice Chairman & Managing Director, Promoter	5	4	Yes
Shri . Kapil J Pathare	Whole time Director, Promoter	4	4	Yes
Dr. Arvind Kulkarni	Independent Director	0	4	Yes
Shri Gopal Sehgal	Independent Director	2	3	Yes
Shri Chetan Sheth	Independent Director	2	4	Yes
Shri Robin Banerjee	Independent Director	0	1	No
Shri Manish Chhajed +	Independent Director	7	4	Yes

+ Shri. Manish Chhajed representative of M/s. Reliance Capital Partners.

### Remuneration of Directors:

(Rupees in Lakhs)

Director	Relationship with other Director/s	Business Relationship with the Company	Sitting Fees	Salary/ Perquisites	Commission	Total
Shri. Jaykumar K Pathare Chairman	Father of Mr. Sunil J. Pathare & Mr. Kapil J. Pathare	Promoter	N.A.	39.30	5.89	45.19
Shri. Sunil J Pathare Vice Chairman & Managing Director	Son of Mr. J. K. Pathare	Promoter	N.A.	39.00	5.89	44.89

Director	Relationship with other Director/s	Business Relationship with the company	Sitting Fees	Salary/ Perquisites	Commission	Total
Shri. Kapil J Pathare Whole time Director	Son of Mr. J. K. Pathare	Promoter	N.A.	23.23	N.A.	23.23
Dr. Arvind Kulkarni Director	None	None	0.10	N.A.	N.A.	0.10
Shri. Gopal Sehgal Director	None	None	0.08	N.A.	N.A.	0.08
Shri. Chetan Sheth Director	None	None	0.10	N.A.	N.A.	0.10
Shri. Robin Banerjee Director	None	None	0.00	N.A.	N.A.	0.00
Shri. Manish Chhajed # Director	None	None	0.10	N.A.	N.A.	0.10

# sitting fees paid to Reliance Capital Partners

#### Audit Committee

- A) Constitution of Audit Committee: The Audit Committee comprises of five members out of them four are non-executive Independent Directors and one Executive Director.
- B) Composition of Audit Committee and number of meetings attended: During the financial year Audit Committee met four times on 28.05.2010, 12.08.2010, 13.11.2010 and 10.02.2011. The composition of Audit Committee and the number of meetings attended were as under:

Name	Designation	Status	No. of Committee Meetings attended
Shri. Gopal Sehgal	Chairman	Independent Director	3
Dr. Arvind Kulkarni	Member	Independent Director	4
Shri Sunil J. Pathare	Member	Promoter Director	4
Shri. Chetan Sheth	Member	Independent Director	4
Shri Manish Chhajed*	Member	Independent Director	4

\* Shri Manish Chhajed inducted as a member of the committee w.e.f. 28.05.2010

The terms of reference of the Committee are as per the guidelines set out in Clause 49 of the Listing Agreement with the Stock Exchanges and Section 292A of the Companies Act 1956 and inter-alia it briefly includes the following:

- To review compliance with internal control systems;
- To hold periodic discussions with the Statutory Auditors of the Company concerning the accounts of the Company, internal control systems, scope of audit and observation of the auditors if any;
- To review the quarterly, half-yearly and annual financial results of the Company before submission to the Board;
- To make recommendations to the Board on any matter relating to the financial management of the Company;
- Recommending to the Board, the appointment, re-appointment and if required the replacement and removal of Statutory Auditors and fixation of Audit fees.

#### Investors Grievance Committee

- A) Constitution of Investors Grievance Committee: The Investors Grievance Committee comprises of Five members out of them Four are non-executive Independent Directors and one Executive Director.
- B) Composition of Investors Grievance Committee and number of meetings attended: The Investor Grievance Committee met four times during the last financial year on 28.05.2010, 12.08.2010, 13.11.2010 and 10.02.2011. The composition of Investors Grievance Committee and the number of meetings attended were as under:

Name	Designation	Status	No. of Committee Meetings attended
Dr. Arvind Kulkarni	Chairman	Independent Director	4
Shri. Gopal Sehgal	Member	Independent Director	3
Shri. Chetan Sheth	Member	Independent Director	4
Shri Manish Chhajed*	Member	Independent Director	4
Shri Sunil J. Pathare	Member	Promoter Director	4

\* Shri Manish Chhajed inducted as a member of the committee w.e.f. 28.05.2010

The Company has appointed an agency viz. M/s. Link Intime India Pvt Ltd., to attend the investors' grievances. The Company Secretary is the compliance officer for the purpose, who interacts with the agency on the said matter and acts as Secretary of the committee. The shares of the Company are listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited and all the complaints received from the share holders were resolved within the reasonable time.

## General Body Meeting

The last three General Body Meetings of the Company (all held at The All India Plastic Manufacturers Association, MIDC, Andheri East, Mumbai) details of which are as under:-

Financial Year	Date	Time	Special Resolution if passed
2009-2010	12 <sup>th</sup> August, 2010	11.00 a.m	No
2008-2009	20 <sup>th</sup> August, 2009	11.00 a.m	No
2007-2008	29 <sup>th</sup> August, 2008	11.00 a.m	Yes

## Postal Ballot

No Special Resolution was passed through postal ballot during the financial year 2007-08 2008-09 and 2009-10, however the following Special Resolution passed through postal ballot on 15<sup>th</sup> May, 2010 in the last financial year 2010-11.

1. Alteration of Articles of Association by inserting new article 12A after existing article 12 of the Articles of association.
2. Approved the Buy Back of 5% Redeemable Preference Shares of the Company from the existing Preference Shareholders.

At present, there is no proposal to pass any Special Resolution through Postal Ballot, however the following Ordinary Resolution proposed to be passed through postal ballot and the result will be declared on 13<sup>th</sup> July, 2011.

Sale of undertaking under section 293(1)(a) of the Companies Act, 1956

## Disclosure

- 1) The Company's transaction with related parties, as per requirement of Accounting Standard 18, are disclosed elsewhere in this Annual Report.
- 2) The Company has not entered into any other transactions of material nature with its Promoters, Directors or the Management, their subsidiaries or relatives etc., which may have potential conflict with the interests of the Company at large.
- 3) Secretarial Audit was carried out by a qualified practicing Company Secretary to reconcile the total admitted capital with National Securities Depositories Limited (NSDL) and Central Depositories Services Limited (CDSL) and the total issued and listed capital. The Secretarial Audit Report confirms that the total issued / paid up capital is an agreement with the total number of dematerialized shares held with NSDL and CDSL.
- 4) The Company has not implemented the Whistle Blower Policy which is a non-mandatory requirement under the code of the Corporate Governance.
- 5) None of the Directors of the Company is disqualified as per provision of Section 274(1)(g) of the Companies Act, 1956.
- 6) The Company has not accepted any public deposits and no amount on account of public deposit was outstanding as on 31<sup>st</sup> March, 2011.

## Means of Communication

The Company communicates with the shareholders through its Annual Report, General Meetings and disclosure through website. Information and latest updates and announcement regarding the Company can be accessed at Company's website [www.maxwell.in](http://www.maxwell.in)

The quarterly results are published in English, Hindi and Marathi Newspapers. These results are submitted to the Stock Exchanges within the stipulated time. The quarterly results for the quarters of the last financial year was published in the below mentioned newspapers on the following dates:

Quarterly Results	Newspaper	
	Business Standard (English + Hindi Edition)	Sakal (Regional Language)
30 <sup>th</sup> June, 2010	13.08.2010	13.08.2010
30 <sup>th</sup> September, 2010	16.11.2010	16.11.2010
31 <sup>st</sup> December, 2010	11.02.2011	11.02.2011
31 <sup>st</sup> March, 2011	31.05.2011	31.05.2011

## General Shareholders information

- A) Annual General Meeting is proposed to be held on Thursday, the 11<sup>th</sup> August, 2011 at 11.00 a.m. at **The All India Plastics Manufacturers Association, MIDC, Andheri (East), Mumbai-400093.**
- B) Financial Calendar : 1<sup>st</sup> April, 2011 to 31<sup>st</sup> March, 2012
- Quarterly Results : Results for quarter ending 30<sup>th</sup> June, 2011- Second week of August, 2011  
Results for quarter ending 30<sup>th</sup> September, 2011- Second week of November, 2011  
Results for quarter ending 31<sup>st</sup> December, 2011- Second week of February, 2012  
Audited Results for year ended 31<sup>st</sup> March, 2012 - May, 2012
- Annual Results : May, 2012
- C) Book Closure : 05/08/2011 to 11/08/2011  
(Both days inclusive)
- D) Dividend Payment : 16.08.2011
- E) Registered office of the Company : C-6, Road No. 22, MIDC, Andheri (E)  
Mumbai 400 093.
- F) Registrar & Transfer Agent : Link Intime India Pvt Ltd.  
C-13, Pannalal Silk Mills Compound  
LBS Marg, Bhandup (West)  
Mumbai - 400 078
- G) Listing of Equity Share : The Bombay Stock Exchange Limited (BSE)  
The National Stock Exchange of India Limited (NSE)
- H) Stock code : 532613 (BSE)  
MAXWELL (NSE)
- I) ISIN : INE450G01024
- J) Stock Market Data :

Month	Bombay Stock Exchange (in Rs.)			National Stock Exchange (in Rs.)		
	High	Low	Volume (Nos.)	High	Low	Volume (Nos.)
April 2010	22.65	19.05	1926950	22.70	19.45	3551226
May 2010	22.20	18.10	996058	22.95	18.15	1143672
June 2010	22.65	17.60	1486672	22.60	17.50	1125758
July 2010	24.80	19.65	3472804	24.75	19.35	3334866
August 2010	27.25	22.25	4783238	27.45	22.00	4188782
September 2010	30.15	24.65	3989329	30.40	24.30	3310939
October 2010	29.70	22.50	1480005	27.90	22.60	978921
November 2010	26.50	18.60	797137	25.85	18.10	621553
December 2010	21.70	16.50	539419	23.50	15.05	555960
January 2011	20.60	16.00	280074	20.50	16.05	220429
February 2011	17.40	14.80	278354	17.45	14.05	162327
March 2011	22.00	15.20	2280337	21.90	15.25	3155939

Source: Website of Bombay Stock Exchange and National Stock Exchange of India Limited.

## Distribution of Shareholders as on 31<sup>st</sup> March, 2011.

Slab of No of Shareholding	Shareholders	% of Shareholders	Amount (Rs.)	% of Amount
1-500	6621	65.8609	1417823	2.2478
501-1000	1455	14.4733	1271365	2.0156
1001-2000	1084	10.7829	1806558	2.8640
2001-3000	240	2.3873	613110	0.9720
3001-4000	174	1.7308	627269	0.9944
4001-5000	133	1.3230	624406	0.9899
5001-10000	181	1.8005	1308279	2.0741
10001 above	165	1.6413	55408405	87.8422
	10053	100.0000	63077215	100.0000

## Maxwell Industries Ltd.

### Share price performance in comparison to broad based indices BSE Sensex and NSE Nifty

#### Share price performance relative to BSE Sensex based on the share price on 31<sup>st</sup> March, 2011

Period	% Change in		
	Maxwell Share Price	BSE Sensex	Maxwell Relative to Sensex
Year on year	-10.43	10.94	-21.37
2 Years	98.20	100.29	-2.09
3 Years	8.64	24.29	-15.65
4 Years	-49.13	48.75	-97.89
5 Years	-37.48	72.39	-109.87

#### Share price performance relative to Nifty based on the share price on 31<sup>st</sup> March, 2011

Period	% Change in		
	Maxwell Share Price	NSE Nifty	Maxwell Relative to Nifty
Year on year	-10.46	11.10	-21.60
2 Years	97.19	93.10	4.08
3 Years	10.73	23.20	-12.49
4 Years	-	-	-

(Sources: compiled from data available on BSE & NSE website)

The Shares of the Company got listed on NSE on 6<sup>th</sup> August, 2007.

#### Shareholding pattern as on 31<sup>st</sup> March, 2011

Category	No. of Shares held	% to total
1. Indian Promoters & Person Acting in Concert	4,00,97,868	63.5695
<b>Sub-total</b>	<b>4,00,97,868</b>	<b>63.5695</b>
2.1 Mutual Funds & UTI	875	0.0014
2.2 Banks, FIs, Insurance Companies	Nil	Nil
2.3 FII's	2,12,973	0.3376
<b>Sub-total</b>	<b>2,13,848</b>	<b>0.3390</b>
3.1 Bodies Corporates	1,18,21,370	18.7411
3.2 Indian Public	1,04,07,338	16.4994
3.3 Trust	500	0.0008
3.4 NRIs. / NRNs.	4,04,269	0.6409
3.5 Clearing Members	1,32,022	0.2903
<b>Sub-total</b>	<b>2,27,65,499</b>	<b>36.0915</b>
<b>Grand Total</b>	<b>6,30,77,215</b>	<b>100.00</b>

#### Dematerialization of Shares:

About 96.57% of the shares of the Company have been dematerialized as on March 31, 2011. The Company has entered into an agreement with National Securities Depository Limited (NSDL), Central Depository Services (India) Limited (CDSL) whereby shareholders can dematerialize their shares.

The equity shares of the Company are traded at Bombay Stock Exchange and National Stock Exchange of India Ltd.

Secretarial Audit Report for reconciliation of the share capital of the Company obtained from Practicing Company Secretary has been submitted to Stock Exchanges within stipulated time.

No. of shares held in dematerialized and physical mode

	No. of Shares	% of total Shares issued
Holding in dematerialized form	6,09,83,508	96.68%
Holding in physical form	20,93,707	3.32%
<b>Total</b>	<b>6,30,77,215</b>	<b>100.00%</b>



## Maxwell Industries Ltd.

The names and addresses of the Depositories are as under:

1. National Securities Depository Ltd.  
Trade World, 4<sup>th</sup> Floor  
Kamala Mills Compound  
Senapathi Bapat Marg, Lower Parel,  
Mumbai - 400013
2. Central Depository Services (India) Limited  
Phiroze Jeejeebhoy Towers  
28<sup>th</sup> Floor, Dalal Street  
Mumbai 400023

### Share Transfer System

Application for transfer of shares held in physical form is received at the office of the Registrar and Transfer Agents of the Company. Investors Grievance Committee approves valid transfer of shares and share certificates duly endorsed are dispatched within the prescribed time.

Shares held in dematerialized form are electronically traded in the Depository and the Registrars and Share Transfer Agents of the Company periodically receive from the depository the beneficiary holdings so as to enable them to update the records and to send all corporate communications, dividend warrants etc.

### Plant Locations of Maxwell Industries Ltd:

Factory Location	Activity
(i) Kolappalur Village, Gobichettipalayam Taluk, Erode, Tamil Nadu - 638 456.	Spinning Mill
(ii) 360/13, Ganesh Industrial Estate, Kachigam, Nani Daman, Daman, 396 210	Knitting Unit
(iii) Plot no. 13-15, SIPCOT Industrial Growth Centre, Perundurai- Erode, Tamilnadu 638 052.	Process House
(iv) C 119, TTC Industrial Area, MIDC, Pawane Village, Navi Mumbai - 400 703.	Process House
(v) Plot No. 92/94, New GIDC, Umbergaon, Valsad, Gujarat - 396 171.	Stitching Unit
(vi) S. F. No. 125, 126 & 127, Appachimarmadam, Thingalur, Erode, Tamilnadu 638 055.	Stitching & Elastic Unit
(vii) 105, SIDCO, Mudalipalayam, Tirpur, Tamil Nadu 641 606.	Knitting Unit
(viii) 360/7, Ganesh Industrial Estate, Kachigam, Nani Daman, Daman, 396 210.	Socks Unit

### Investors Correspondence

Shareholders correspondence should be addressed to our Registrar & Transfer Agents at the following address:

M/s. Link Intime India Pvt Ltd. : C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W) Mumbai - 400 078.  
Tel No. - 022 25946970 Fax No. - 022 25946969  
Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

In case of difficulty investors are advised to correspond with the Company Secretary at the Registered Office of the Company at the following address:

Maxwell Industries Ltd. : C 6, Road No. 22, MIDC, Andheri (E), Mumbai 400093  
Tel No. - 022 28257624 Fax No. - 022 28371023  
Email: [investor.relations@viporg.com](mailto:investor.relations@viporg.com)

## ANNEXURE TO CORPORATE GOVERNANCE FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2011

### DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT

I, Jaykumar Pathare, Chairman of Maxwell Industries Limited ("the Company") hereby declare that, to the best of my information, all the Board members and Senior Management personnel of the Company have affirmed their compliance and undertaken to continue to comply with the code of conduct laid down by the Board of Directors of the Company for the Board members and Senior Management.

For **Maxwell Industries Limited**

**J. K. Pathare**  
Chairman

Date: 30<sup>th</sup> May, 2011  
Place : Mumbai

## **AUDITORS' CERTIFICATE**

To The Members of  
Maxwell Industries Limited

We have examined the compliances of conditions of Corporate Governance by Maxwell Industries Limited for the year ended 31<sup>st</sup> March, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the certificate of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

**For Attar & Co.**  
Chartered Accountants  
Registration No 112600W

**M. F. Attar**  
Proprietor  
Membership No.: 34977  
Mumbai.  
Dated: 30<sup>th</sup> May, 2011

## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry structure and developments

#### Market overview

During 2010-11, the Indian economy saw acceleration in the pace of growth, with increase in the agricultural production and a good industrial and service sector growth. With strong demand, robust consumption, savings and investment rates set to continue in 2011, GDP growth projection for 2011-12 is in excess of 8%. Notwithstanding signs of recovery from the previous financial crisis, the textile and apparel industry went through a tough year struggling with the surging and fluctuating prices of raw materials in year 2010 and early 2011. Since 2010, the prices of raw materials, especially cotton, have been surging to an uncontrollable level. The uncertainty of the raw material issue is expected to continue in 2011.

The Indian textile industry contributes about 14% to industrial production, 4% to the country's gross domestic product (GDP) and 17% to the country's export earnings, according to the Annual Report 2010-11 of the Ministry of Textiles. It provides direct employment to over 35 million people and is the second largest provider of employment after agriculture. Cotton textiles have registered a growth of 10.8% during April-January 2010-11, while textile products including wearing apparel have registered a growth of 4.3%, as per the Index of Industrial Production (IIP) data released by the Central Statistical Organisation (CSO). Government is promoting investment under the Technology Upgradation Fund Schemes (TUFS) for tapping the growth potential of this sector. Further, Government has taken initiative for setting up of textiles parks with world class infrastructure facilities and allowing 100% foreign direct investment (FDI) under the automatic route.

#### Financial Review

Please refer Board Report for operation-wise financial performance review.

#### Outlook and Opportunity

The year saw the cotton and yarn price go over the roof. The impact of a floods in Pakistan and frost hit cotton in China resulted in the world output of cotton going down. Despite the fact that India has produced higher output, the pressure of higher international requirement kept the cotton price at an all time high, even in international markets. The cotton prices moved from 72 cents to reach an all time high of 182 cents. This had a spiraling effect even in the Indian market place. This did help the spinning activity of the Company which recorded higher than normal profits and on the other hand the Hosiery segment was badly hit on account of price rise. The governments' policy on export of yarn and cotton did not help the industry either. Presently the industry is breathing a sign of relief with the yarn price showing a downward movement. Developing countries with both textile and clothing capacity may be able to prosper in the new competitive environment after the textile quota regime of quantitative import restrictions under the multi-fibre arrangement (MFA) came to an end on 1<sup>st</sup> January, 2005 under the World Trade Organisation (WTO) Agreement on Textiles and Clothing. The elimination of quota restriction will open the way for the most competitive developing countries to develop stronger clusters of textile expertise, enabling them to handle all stages of the production chain from growing natural fibres to producing finished clothing. After the phasing out of quota regime under the multi-fibre pact, India can envisage its textile sector becoming \$100b industry by 2010. This will include exports of \$50b.

#### Outlook on threats, risks and concerns

The current year had been a turbulent period in the history of Textile industry every possible happening which effect the industry took place. The year saw the input prices of cotton and yarn hit all time highs with the price rising over 85 %. The increase which started in April showed only a upper side movement. The industry did respond with price increase but was unable to pass on the full impact of the price raise due to timing issues. To add to further troubles the impact of pollution and effluent issues crippled the areas around Tirupur with all the processing industries being shut down. The Company's own facility at Perundurai also had to be shut down. To further improve the effluent handling capacity the Company had spent on additional CAPEX to make this unit more complaint in handling effluent and is awaiting orders from the pollution control Board to resume operation. The reintroduction of Excise had a further depressing effect in the month of March with lower off takes. The result of volatility in yarn prices and the issues of effluent have opened a new front for the industry. There are many new entrants in the market leading to increase in competition.

#### Internal Control systems and adequacy

The Company's internal control systems, commensurate with the size of the company and nature of its business, has well documented policies and procedures ensuring that all assets are safeguarded and protected against loss from unauthorized use or disposition, reducing wastages and maintenance of proper accounting records for ensuring accuracy and reliability of its financial information. The company has an internal audit which is carried out by an external firm and reports to the Audit committee. The internal auditor reviews the internal procedures and reports on the control adequacies to the Audit Committee which meets periodically to review the financial performance and the accuracy of financial records and also the internal audit. Internal control improvements are continuous process and are always being upgrades to strengthen the process and to make the same commensurate with the size and nature of the business.

#### Human Resource Development

Your Company believes that skill development is a vital component for Human Resource Development. It's a continuous process with training serving as an interface in the assimilation of knowledge and skills. The Company continues to lay emphasis in nurturing and strengthening the overall development of the Human Resources and has always been recognizing the man power as a vital tool in the Company's growth. Also, during the year under review, industrial relations remained cordial. The human resource of the company is characterized by its loyalty and long-term association. HRD efforts thrive to attract best talent in the industry and retain them by improving quality and competitiveness through performance management system, training and other motivational tools.

## **AUDITORS' REPORT**

To the Members,  
**Maxwell Industries Limited,**

We have audited the attached Balance Sheet of Maxwell Industries Limited as at 31<sup>st</sup> March, 2011 and also Profit and Loss Account and 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.

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 test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government in terms of Section 227 (4A) of the Companies Act 1956, and on the basis of such checks of the books and record of the Company and according to information and explanations received by us, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order,
2. Further to our comments in the Annexure referred to in Paragraph (1) above,
  - a) We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of the audit;
  - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
  - d) In our opinion, the Balance Sheet and Profit & Loss account and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable;
  - e) According to information and explanation given to us and on the basis of written representation from the directors taken on record by the board of the directors, none of the directors are disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a director under section 274 (1) (g) of the Companies Act, 1956;
  - f) In our opinion and to the best of our information and according to explanations given to us, the accounts read with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view: -
    - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2011;
    - ii) In the case of Profit and Loss Account, of the profit of the Company for the year ended on that date; and
    - iii) In the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **Attar & Co.**  
Chartered Accountants  
Registration No 112600W

**M.F. Attar**  
Proprietor  
Membership No.: 34977  
Mumbai.  
Dated: 30<sup>th</sup> May, 2011

## **ANNEXURE TO THE AUDITORS' REPORT**

(Referred to in Paragraph 1 of our report of even date.)

- 1) In respect of it's fixed assets:
  - a) The Company is maintaining proper records showing full particulars including quantitative details and situation of the fixed assets.
  - b) Some of the Fixed Assets were physically verified by the Management during the year in accordance with program of verification, which in our opinion is reasonable. No material discrepancies were noticed on such physical verification.
  - c) In our opinion the Company has not disposed off substantial part of fixed assets during the year.
- 2) In respect of it's inventories:
  - a) As explained to us, inventory has been physically verified by the management at regular intervals during the year. 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 inventory followed by the management are reasonable and adequate in relation to the size of Company and nature of its business.
  - c) On the basis of our examination of records of inventories, in our opinion, the Company has maintained proper records of inventory and no material discrepancies were noticed on physical verification of inventory as compared to book records.
- 3) In respect of loan secured or unsecured, taken from / granted to any Company, firm or other parties covered in register maintained u/s. 301 of the Companies Act 1956

According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies/firms or others parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of the clause 4(iii)(d), iii(e), (iii)(f) and (iii)(g) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for sale of goods and services. During the course of our audit we have not observed any major weakness in internal control.
- 5) In respect of transactions covered u/s. 301 of the Companies Act 1956
  - a) In our opinion and according to the information and explanations given to us the transactions made in pursuance of contracts or arrangements that needed to be entered into the register maintained under Section 301 of Companies Act, 1956 have been so entered.
  - b) In our opinion and according to the information and explanations given to us, where such transactions are in excess of Rs.Five lacs in respect of any party during the year, the transactions have been made at prices which are prima facie reasonable having regard to prevailing market prices at the relevant time.
- 6) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits under the provision of Section 58A and Section 58AA of the Companies Act, 1956 and the rules framed there under.
- 7) Internal Audit has been carried out by firm of Chartered Accountants during the year which is commensurate with the size of the Company and the nature of its business.
- 8) We have broadly reviewed the books of account maintained by the Company in respect of it's spinning mill, pursuant to the rules made by the Central Government, prescribing the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956. We are of the opinion that prima facie the prescribed accounts and records have been maintained and are being made up. We have not however, made a detailed examination of the same with a view to determining whether they are accurate or complete.
- 9) In respect of statutory dues
  - a) According to the information and explanation given to us and records as produced and examined by us, in our opinion the Company is generally regular in depositing the undisputed statutory dues including Provident Fund, Investor Education and Protection Funds, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other statutory dues which have not been deposited on account of any dispute excepting those mentioned hereunder :



Forum where the dispute is pending	Name of the Statute	Rs In lakhs	FY to which the amounts relate to
High Court of Mumbai	Income Tax Act	1,157.49	1992-01
High Court of Chennai	Central Sales Tax	12.91	1999-00
High Court of Chennai	Central Sales Tax	195.46	2001-02
Deputy Commercial Tax Office – Tamil Nadu	Central Sales Tax	13.30	2001-02
Deputy Commercial Tax Office – Tamil Nadu	Tamilnadu General Sales Tax	5.43	2001-02
Deputy Commercial Tax Office – Tamil Nadu	Central Sales Tax	802.77	2002-03
Deputy Commercial Tax Office – Delhi	Central Sales Tax	12.00	2005-06
Deputy Commercial Tax Office – West Bengal	West Bengal Sales Tax	1.54	2005-06
Deputy Commercial Tax Office West Bengal	West Bengal Sales Tax	5.24	2007-08

- 10) The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
- 11) Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and banks. The Company has not issued debentures that were outstanding during the year.
- 12) The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) The provisions of any special statute applicable to chit fund, nidhi, mutual benefit fund, societies are not applicable to the Company.
- 14) In our opinion the Company is not a dealer or trader in shares, securities, debentures and other investments.
- 15) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- 16) To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the Company were prima facie applied by the Company during the year for the purpose for which the loan was obtained.
- 17) According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company we are of the opinion that funds raised on short term basis have prima facie not been used during the year for long term investment and vice versa. There are no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligations.
- 18) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained u/s. 301 of the Companies Act, 1956 during the year.
- 19) According to the information and explanations given to us, and the records examined by us the Company has not issued any debentures during the year.
- 20) The Company has not raised any money by way of public issue during the year.
- 21) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices, and according to the information and explanations given to us we have neither come across any instance of material fraud on or by the Company noticed or reported during the year nor have we been informed of such case by the management.

For **Attar & Co.**  
Chartered Accountants  
Registration No 112600W

**M.F. Attar**  
Proprietor  
Membership No.: 34977  
Mumbai.  
Dated: 30<sup>th</sup> May, 2011

## ACCOUNTING POLICIES

### A) Basis of preparation of financial statements:

The financial statements have been prepared under the historical cost convention, on the accrual basis of accounting and comply with the mandatory accounting standards and statement issued by Institute of Chartered Accountant of India (ICAI) and the provisions of the Companies Act, 1956.

All amounts in financial are presented in Rupees in lakhs except per share data or as otherwise stated. Figures for the previous year have been regrouped /rearranged wherever considered necessary to conform to the figures presented in the current year.

### B) Fixed assets and depreciation

- i) Fixed assets are valued at cost of acquisition /construction (including expenses /interest on borrowings, directly attributable to such asset, during construction period). Cost of acquisition is inclusive of freight, insurance, duties net of credits under CENVAT scheme, levies and all incidentals attributable to bringing the asset to its working condition.
- ii) Buildings, Plant & Machinery(except assets subject matter of impairment ) and other assets, including intangible assets are depreciated over their estimated useful lives or lives derived from the rates specified in Schedule XIV to the Companies Act, 1956, whichever is lower, except for assets costing less than Rs. 5000/- which are fully depreciated in the year of acquisition.
- iii) Assets subject to impairment, on the asset's revised carrying amount, over its remaining useful life.

### C) Investments:

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Long term investments are stated at cost less provision for diminution other than temporary, if any in the value of such investments. Current investments are valued at lower of cost or market value.

### D) Foreign Currency Transactions:

- a) Initial Recognition.

Transactions in foreign currencies are recorded in the reporting currency , by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

- b) Conversion

Foreign currency monetary items are reported using the closing rate. Non- monetary items are reported using the exchange rate at the date of transaction.

In respect of transactions covered by forward exchange contracts premium or discount being the difference between the forward rate and the exchange rate on the date of the transaction is recognized as income or expense over the life of the contract.

- c) Exchange difference

Transactions not covered by forward contracts and outstanding at year end are translated at exchange rates prevailing at the year end and the profit / loss so determined is recognized in the Profit and Loss Account.

### E) Inventories :

- i. Cost of Inventories has been computed to include all cost of Purchases. Cost of Conversion and other costs incurred in bringing the inventories to their present location.
- ii. Raw materials and components, Stores and Spares are valued at cost. The cost are ascertained using the weighed average method , except in case of slow moving and obsolete material , at lower of cost or estimated realizable value.
- iii. Work-in-progress and finished goods are valued at lower of cost or realizable value.
- iv. Scrap is valued at estimated realizable value.
- v. Goods in transit are stated at actual cost upto the Balance Sheet.

## F) Revenue recognition

- i. Revenue from sale of products recognized on dispatch of goods, but net of Incentives on sales including rebates, discounts & excise duty.
- ii. Income from Interest is recognized in the year in which it is accrued and stated at gross of tax deducted at source.
- iii. Rental income from hiring of facilities is accounted in accordance with the terms and conditions agreed with the customer.
- iv. Dividend is recognized when the right to receive the dividend is unconditionally established on the Balance Sheet date.

## G) Borrowing cost

Borrowing costs that are attributable to the acquisition of qualifying assets are capitalized as part of the cost of such assets to the extent they relate to the period till such assets are ready to put to use. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to Profit and Loss account. Borrowing cost comprises of interest and other cost incurred in connection with borrowing of funds.

## H) Miscellaneous Expenditure (to the extent not written off or adjusted)

The balance under the head Miscellaneous Expenditure (to the extent to written off or adjusted) comprises of Advertisement & publicity expenses and preliminary expenses which are amortized over a period of 5 years.

## I) Income Taxes

Tax expense comprise of current, deferred tax.

- i) Current Income tax is determined based on the amount of tax payable in respect of taxable income for the year.
- ii) Deferred tax is recognized on timing differences being the difference between taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent years. Deferred tax assets and liabilities are computed on the timing differences applying the tax rates enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against such deferred tax assets can be realized.

## J) Retirement and Other Employee Benefits

Retirement benefits to employees are provided for by payments to Gratuity, Superannuation and Provident Funds

Retirement benefit in the form of provident fund /pension schemes are charged to Profit and Loss account of the year when the contributions to the respective funds are due.

### i) Gratuity Plan

The Company has taken an insurance policy under the group gratuity scheme with Life Insurance Corporation of India to cover the gratuity liability of the employees of the company. The liability for gratuity is provided for on the basis of actuarial valuation done at the end of the financial year.

### ii) Leave Encashment

Liability for leave encashment is provided for on actuarial valuation done at the end of the financial year.

Balance Sheet as at 31<sup>st</sup> March, 2011

(Rupees in Lakhs)

	Schedules	31.03.2011	31.03.2010
<b>I. SOURCES OF FUNDS</b>			
SHAREHOLDERS' FUNDS			
Share Capital	1	3,075.94	3,696.54
Reserves and Surplus	2	7,328.19	7,360.09
LOAN FUNDS			
Secured Loans	3	7,687.23	6,862.53
Unsecured Loans	4	523.09	541.17
DEFERRED TAX LIABILITY		1,137.23	1,100.07
		<b>19,751.68</b>	<b>19,560.40</b>
<b>II. APPLICATION OF FUNDS</b>			
FIXED ASSETS	5		
Gross Block		14,279.78	13,430.41
Less : Depreciation		6,249.13	5,838.71
Net Block		<b>8,030.65</b>	<b>7,591.70</b>
Capital Work in Progress		0.00	619.82
INVESTMENTS	6	1.15	1.19
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	7	10,941.21	8,857.28
Sundry Debtors	8	5,269.13	5,606.23
Cash and Bank balances	9	137.38	245.62
Loans and Advances	10	829.33	823.86
		<b>17,177.05</b>	<b>15,532.99</b>
Less:CURRENT LIABILITIES AND PROVISIONS	11		
Current Liabilities		5,224.68	3,433.84
Provisions		232.49	765.47
		<b>5,457.17</b>	<b>4,199.31</b>
NET CURRENT ASSETS		<b>11,719.88</b>	<b>11,333.68</b>
MISCELLANEOUS EXPENDITURE	12	0.00	14.01
(To the extent not written off or adjusted)		<b>19,751.68</b>	<b>19,560.40</b>

As per our report of even date

**For Attar & Co.**

Chartered Accountants

Registration No - 112600W

For and on behalf of Board

**J. K. Pathare****M.F.Attar**

Proprietor

M.No.034977

Mumbai

Dated :30<sup>th</sup> May, 2011**R. Venkataraman**

Vice President-Finance

&amp; Company Secretary

**S. J. Pathare****K. J. Pathare**

Profit and Loss Account for the year ended on 31<sup>st</sup> March, 2011

(Rupees in Lakhs)

	Schedules	31.03.2011	31.03.2010
<b>INCOME</b>			
Gross Sales		22,948.55	21,139.02
Less : Excise Duty		16.96	0.00
Net Sales		22,931.59	21,139.02
Increase /(Decrease) in Stocks	13	462.09	828.93
Other Income	14	288.21	303.42
		23,681.89	22,271.37
<b>EXPENSES</b>			
Cost of goods Consumed/Sold	15	12,657.10	11,385.10
Employees Remuneration and Benefits	16	1,240.64	993.44
Managerial Remuneration		112.27	119.31
Manufacturing and Other Expenses	17	5,783.87	5,455.35
Selling and Distribution Expenses	18	894.90	1,087.86
Advertisement Expenses		984.99	568.06
Interest	19	1,322.09	1,136.32
Deferred Expenses written off		14.01	23.51
Depreciation		431.84	435.15
		23,441.71	21,204.10
<b>PROFIT BEFORE TAX</b>		240.18	1,067.27
Less : Provision for Taxation - Current Tax		0.00	(329.28)
- Deferred Tax		(37.17)	(36.07)
<b>PROFIT AFTER TAX</b>		203.01	701.92
Add/(Less) : Tax Adjustment for earlier years		(39.71)	(48.87)
		163.30	653.05
Add : Surplus brought forward		600.55	454.69
		763.85	1,107.74
<b>APPROPRIATIONS</b>			
Transfer to General Reserve		20.00	71.00
Dividend paid on buyback of Preference Shares		14.11	0.00
Proposed Dividend			
Preference Share Capital		90.72	121.75
Equity Share Capital		63.08	252.31
Corporate Dividend Tax		27.29	62.13
		215.20	507.19
Balance Carried to Balance Sheet		548.65	600.55
Basic and Diluted EPS (in Rs.) [F.V.Rs.2/-]		0.07	0.81
Notes on Accounts and Additional Information	20		

As per our report of even date

**For Attar & Co.**

Chartered Accountants

Registration No - 112600W

For and on behalf of Board

J. K. Pathare

**M.F.Attar**

Proprietor

M.No.034977

Mumbai

Dated :30<sup>th</sup> May, 2011**R. Venkataraman**Vice President-Finance  
& Company Secretary**S. J. Pathare****K. J. Pathare**



## Maxwell Industries Ltd.

Cash Flow Statement for the year ended on 31<sup>st</sup> March, 2011

(Rupees in Lakhs)

	31.03.2011	31.03.2010
<b>A. Cash Flow From Operations</b>		
Net Profit before Tax & Extraordinary items	240.18	1,067.27
<b>Add:</b>		
1) Depreciation	431.84	435.15
2) Preliminary Expenses	14.01	23.51
3) Investment W/off	0.04	0.00
4) Interest	1,322.09	1,136.32
5) (Profit)/Loss on Sale of Assets (Net)	(14.42)	4.51
6) Insurance Claim	(2.73)	(3.42)
7) Other Income	(131.41)	(144.64)
8) Interest Received	(10.17)	(19.97)
9) Duty drawback	(102.91)	(112.54)
10) Rent Received	(17.36)	(21.60)
	<b>1,488.98</b>	<b>1,297.32</b>
<b>Operating Profit before Working Capital Changes</b>	<b>1,729.16</b>	<b>2,364.59</b>
Adjusted for :		
(Increase) / Decrease in Trade Receivables	337.11	146.94
(Increase) / Decrease in Inventories	(2,083.92)	(1,516.93)
(Increase) / Decrease in Other Receivables	(51.90)	68.33
Increase / (Decrease) in Trade Payables	1,836.82	515.93
Increase / (Decrease) in Other Liabilities	(48.58)	59.06
(Increase)/Decrease in Working Capital	(10.48)	(726.67)
<b>Cash Generated from Operations</b>	<b>1,718.68</b>	<b>1,637.92</b>
Less:		
Direct Tax Refunds	0.00	5.85
Direct Taxes Paid	(268.82)	(322.92)
Net cash used before extraordinary items	<b>1,449.86</b>	<b>1,320.85</b>
<b>Extraordinary items</b>		
Add:		
Insurance Claim	2.73	3.42
Duty Drawback	102.91	112.54
<b>(A)</b>	<b>1,555.50</b>	<b>1,436.81</b>
<b>B. Cash Flow from Investing Activity</b>		
Purchase of Fixed Assets	(262.15)	(135.27)
Capital Work In Progress	0.00	(619.82)
Sale of Fixed Assets	25.60	31.53
Sale of Investments	0.00	0.03
Interest Received	10.17	19.97
Other Income	131.41	144.64
Rent Received	17.36	21.60
<b>(B)</b>	<b>(77.61)</b>	<b>(537.32)</b>

# Cash Flow Statement for the year ended on 31<sup>st</sup> March, 2011

(Rupees in Lakhs)

	31.03.2011	31.03.2010
<b>C. Cash Flow from Financing</b>		
<b><u>Issue of Shares</u></b>		
Buy Back of Redeemable 5 % Preference Shares	(620.60)	0.00
<b><u>Proceeds from Borrowing</u></b>		
Secured Loans		
Bank Overdraft	1,820.28	579.09
Loan from others	38.29	(116.68)
Medium Term Loan from Banks	(1,033.87)	260.56
<b><u>Unsecured Loans</u></b>		
Security Advances	52.38	(6.43)
Deferred Sales Tax Loan	(70.47)	(58.80)
<b><u>Interest</u></b>		
Bank	(1,283.65)	(1,117.29)
Others	(38.44)	(19.03)
<b><u>Dividend paid</u></b>		
Dividend Tax Paid	(64.48)	(63.59)
Dividend paid	(385.57)	(372.32)
(C)	(1,586.13)	(914.49)
<b>Net Increase in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(108.24)</b>	<b>(15.00)</b>
Cash & Cash Equivalents at the end of the year	137.38	245.62
Less : Cash & Cash Equivalents at the beginning of the year	245.62	260.62
<b>Net Increase in Cash &amp; Cash Equivalents</b>	<b>(108.24)</b>	<b>(15.00)</b>

As per our report of even date

**For Attar & Co.**

Chartered Accountants

Registration No - 112600W

**For and on behalf of Board**
**J. K. Pathare**
**M.F.Attar**

Proprietor

M.No.034977

Mumbai

Dated :30<sup>th</sup> May, 2011

**R. Venkataraman**

Vice President-Finance

&amp; Company Secretary

**S. J. Pathare**
**K. J. Pathare**

Schedules to the accounts for the year ended on 31<sup>st</sup> March, 2011

(Rupees in Lakhs)

	31.03.2011	31.03.2010
<b>SCHEDULE '1' SHARE CAPITAL</b>		
<b>Authorised :</b>		
<b>Equity :</b>		
15,00,00,000 Ordinary Shares of Rs 2 /- each	3,000.00	3,000.00
<b>Preference :</b>		
45,00,000 Preference Shares of Rs. 100/- each	4,500.00	4,500.00
	<b>7,500.00</b>	<b>7,500.00</b>
<b>Issued, Subscribed and Paid up:</b>		
6,30,77,215 Ordinary Shares of Rs. 2/- each fully paid up	1,261.54	1,261.54
5%, 24,35,000 Redeemable Preference Shares of Rs.100/- each fully paid up	1,814.40	2,435.00
<b>Note</b>		
i. 3,57,50,000 Ordinary Shares of Rs. 2/- each allotted as fully paid Bonus Shares by way of capitalisation of Share Premium.		
ii. The Company has allotted the 5%, 24,35,000 Redeemable Preference Shares of Rs.100/- each on 1st February, 2006, redeemable after 31.01.2016 with an option to the Company to redeem it at the end of 8th, 9th and 10th year in three equal installments of Rs.811.66 Lacs each i.e redeemable on 31.01.2014, 31.01.2015 and 31.01.2016.		
iii. Out of 24,35,000 Preference Shares, Company bought back 6,20,600 Preference Shares from the preference shareholders.		
	<b>3,075.94</b>	<b>3,696.54</b>
<b>SCHEDULE '2' RESERVES AND SURPLUS</b>		
<b>Securities Premium</b>		
As per last Balance Sheet	3,859.54	3,859.54
Less: Transfer to Capital Redemption Reserve	620.60	0.00
	<b>3,238.94</b>	<b>3,859.54</b>
<b>General Reserve</b>		
As per last Balance Sheet	1,300.00	1,229.00
Add:-Transferred from Profit and Loss account	20.00	71.00
	<b>1,320.00</b>	<b>1,300.00</b>
<b>Capital Redemption Reserve</b>		
As per last Balance Sheet	1,600.00	1,600.00
Add: Transfer from Securities Premium	620.60	0.00
	<b>2,220.60</b>	<b>1,600.00</b>
<b>Profit and Loss Account</b>		
	<b>548.65</b>	<b>600.55</b>
	<b>7,328.19</b>	<b>7,360.09</b>
<b>SCHEDULE '3' SECURED LOANS</b>		
a) Term Loans from Bank	787.37	1,821.24
b) Cash Credits	6,853.03	5,032.75
c) Loan from others - Vehicles	46.83	8.54
	<b>7,687.23</b>	<b>6,862.53</b>
<b>SCHEDULE '4' UNSECURED LOANS</b>		
Security Advances	322.22	269.84
Deferred Sales Tax Loan (Due within one year Rs 84.12 lacs)	200.87	271.33
	<b>523.09</b>	<b>541.17</b>

## Maxwell Industries Ltd.

Schedules to the accounts for the year ended on 31<sup>st</sup> March, 2011

(Rupees in Lakhs)

## SCHEDULE '5' : FIXED ASSETS

Name of the asset	Gross Block				Depreciation Block				Net Block	
	Op. Bal. 01.04.2010	Additions	Deletions	Total 31.03.2011	Op. Bal. 01.04.2010	Depre- ciation for the year	Deduc- tions/ Adjust- ments	Total 31.03.2011	As at 31.03.2011	As at 31.03.2010
<b><u>Owned Assets</u></b>										
Goodwill & Other Rights on Acquisition	1,258.21	0.00	0.00	<b>1,258.21</b>	0.00	0.00	0.00	<b>0.00</b>	<b>1,258.21</b>	1,258.21
Land	307.69	4.08	1.64	<b>310.13</b>	0.00	0.00	0.00	<b>0.00</b>	<b>310.13</b>	307.69
Buildings	404.94	4.63	0.00	<b>409.57</b>	82.80	7.27	0.00	<b>90.07</b>	<b>319.50</b>	322.13
Factory Buildings	2,897.85	144.37	0.00	<b>3,042.22</b>	520.40	79.91	0.00	<b>600.31</b>	<b>2,441.91</b>	2,377.46
Furniture & Fixtures	263.24	16.82	18.43	<b>261.63</b>	128.79	14.85	13.30	<b>130.34</b>	<b>131.29</b>	134.44
Office Equipments	89.59	3.34	4.14	<b>88.79</b>	52.41	5.36	1.87	<b>55.90</b>	<b>32.89</b>	37.17
Plant & Machinery	7,276.13	616.73	4.93	<b>7,887.93</b>	4,388.97	276.65	4.93	<b>4,660.69</b>	<b>3,227.24</b>	2,887.15
Vehicles	203.88	63.03	0.05	<b>266.86</b>	86.85	20.04	0.01	<b>106.88</b>	<b>159.98</b>	117.02
Electrical Installations	504.64	24.47	0.38	<b>528.73</b>	400.20	11.32	0.04	<b>411.48</b>	<b>117.25</b>	104.45
Boilers	48.32	0.00	0.00	<b>48.32</b>	38.80	3.59	0.00	<b>42.39</b>	<b>5.93</b>	9.51
Effluent Treatment Plant	13.76	0.00	0.00	<b>13.76</b>	10.95	1.02	0.00	<b>11.97</b>	<b>1.79</b>	2.81
Computer Systems	162.16	4.51	3.04	<b>163.63</b>	128.54	11.83	1.27	<b>139.10</b>	<b>24.53</b>	33.66
<b>Total</b>	<b>13,430.41</b>	<b>881.98</b>	<b>32.61</b>	<b>14,279.78</b>	<b>5,838.71</b>	<b>431.84</b>	<b>21.42</b>	<b>6,249.13</b>	<b>8,030.65</b>	7,591.70
Previous Year	13,388.67	135.27	93.53	13,430.41	5,461.04	435.15	57.48	5,838.71	7,591.70	-

(Rupees in Lakhs)

	31.03.2011	31.03.2010
<b>SCHEDULE '6' INVESTMENTS</b>		
<b><u>Quoted</u></b>		
100 Shares in N.K. Industries Ltd. of Rs. 10 each at a premium of Rs.30 each fully paid [Market Value Rs.0.01 (P.Y. Rs.0.01)]	<b>0.04</b>	0.04
21900 Shares in Kripa Chemicals Ltd. of Rs. 10 each [Market Value Rs.0.45 (P.Y. Rs.0.45)]	<b>5.48</b>	5.48
	<b>5.52</b>	5.52
Less : Provision for Diminution in Value of Investments	<b>5.52</b>	5.48
	<b>0.00</b>	0.04
Government Securities (Deposited with Sales Tax Authorities)		
National Saving Certificates	<b>1.15</b>	1.15
	<b>1.15</b>	1.19
<b>SCHEDULE '7' INVENTORIES</b>		
(At cost or market value whichever is lower as Certified by the Management)		
Raw Materials	<b>5,363.03</b>	3,741.19
Work In Progress	<b>2,153.07</b>	2,144.97
Finished Goods	<b>3,425.11</b>	2,971.12
	<b>10,941.21</b>	8,857.28

## Maxwell Industries Ltd.

Schedules to the accounts for the year ended on 31<sup>st</sup> March, 2011

(Rupees in Lakhs)

	31.03.2011	31.03.2010
<b>SCHEDULE '8' SUNDRY DEBTORS</b>		
Unsecured and considered good		
(a) Outstanding for a period exceeding six months	740.60	899.63
(b) Others	4,528.53	4,706.60
	<b>5,269.13</b>	<b>5,606.23</b>
<b>SCHEDULE '9' CASH AND BANK BALANCES</b>		
Cash on hand	2.00	0.26
Balances with Scheduled Banks		
On Fixed Deposit Account / Margin Account	108.78	18.31
On Current Account	7.11	210.16
On Unclaimed Dividend Account (As per contra)	19.49	16.89
	<b>137.38</b>	<b>245.62</b>
<b>SCHEDULE '10' LOANS AND ADVANCES</b>		
(Unsecured and considered good)		
Sundry Deposits	142.60	196.64
Other Advances	686.73	627.22
	<b>829.33</b>	<b>823.86</b>
<b>SCHEDULE '11' CURRENT LIABILITIES AND PROVISIONS</b>		
<b>a) Current Liabilities</b>		
Sundry Creditors	5,205.19	3,416.95
Unclaimed Dividend (As per Contra)	19.49	16.89
	<b>5,224.68</b>	<b>3,433.84</b>
<b>b) Provisions</b>		
Provision for Taxation	53.74	329.28
Proposed Dividend - Preference Share Capital	90.72	121.75
- Equity Share Capital	63.08	252.31
Corporate Dividend Tax	24.95	62.13
	<b>232.49</b>	<b>765.47</b>
	<b>5,457.17</b>	<b>4,199.31</b>
<b>SCHEDULE '12' MISCELLANEOUS EXPENDITURE</b>		
(To the extent not written off)		
Preliminary Expenses	0.00	14.01
	<b>0.00</b>	<b>14.01</b>
<b>SCHEDULE '13' INCREASE /DECREASE IN STOCKS</b>		
<b>Closing Stocks</b>		
Work in Progress	2,153.07	2,144.97
Finished Goods	3,425.11	2,971.12
	<b>5,578.18</b>	<b>5,116.09</b>
<b>Less:-Opening Stocks</b>		
Work in Progress	2,144.97	1,759.79
Finished Goods	2,971.12	2,527.37
	<b>5,116.09</b>	<b>4,287.16</b>
	<b>462.09</b>	<b>828.93</b>



Schedules to the accounts for the year ended on 31<sup>st</sup> March, 2011

(Rupees in Lakhs)

	31.03.2011	31.03.2010
<b>SCHEDULE'14' OTHER INCOME</b>		
Interest (T.D.S.Rs.- 1.35 Lacs) (P.Y.Rs. 1.32 Lacs)	10.17	19.97
Rent (T.D.S. Rs 1.10 lacs) (P.Y.Rs. 2.82 lacs)	17.36	21.60
Profit on Sale of Assets	23.63	1.25
Duty Drawbacks	102.91	112.54
Insurance Claims	2.73	3.42
Others	131.41	144.64
	<b>288.21</b>	<b>303.42</b>
<b>SCHEDULE'15'COST OF GOODS SOLD/ CONSUMED</b>		
Opening Stock	3,741.19	3,053.19
Add:Purchases (incl Excise Duty )	14,278.94	12,073.10
	<b>18,020.13</b>	<b>15,126.29</b>
Less:Closing Stock	5,363.03	3,741.19
	<b>12,657.10</b>	<b>11,385.10</b>
<b>SCHEDULE'16' EMPLOYEES REMUNERATION AND BENEFITS</b>		
Salaries, Wages & Bonus	876.57	740.37
Contribution to Provident and other funds	106.57	81.06
Welfare Expenses	147.26	148.51
Gratuity Benefits	110.24	23.50
	<b>1,240.64</b>	<b>993.44</b>
<b>SCHEDULE'17' MANUFACTURING AND OTHER EXPENSES</b>		
Processing and Labour Charges	4,481.52	4,187.00
Rent	156.64	116.27
Rates & Taxes	44.09	89.75
Insurance	51.56	38.36
Electricity Charges	16.95	17.41
Legal and Professional Charges	82.81	116.52
General Expenses	61.59	46.58
Motor Car Expenses	58.25	60.23
Conveyance Expenses	14.34	19.80
Travelling Expenses	241.13	206.69
Printing & Stationery	29.40	30.96
Postage & Telephone	71.67	69.05
Repairs & Maintenance		
-Building	9.63	4.06
-Machinery	50.36	54.82
-Others	58.74	86.46
Bank Charges	47.63	121.60
Exchange Loss	236.51	124.56
Loss on Sale/ Discard of Assets-Net	9.20	5.75
Audit Fees	10.48	8.82
Security service charges	51.37	50.66
	<b>5,783.87</b>	<b>5,455.35</b>
<b>SCHEDULE'18' SELLING AND DISTRIBUTION EXPENSES</b>		
Freight, Delivery etc.	496.72	514.55
Sales Tax and Other Overheads	198.31	195.07
Bad- Debts Written off	143.00	180.32
Sales Promotion Expenses	56.87	197.92
	<b>894.90</b>	<b>1,087.86</b>
<b>SCHEDULE'19' INTEREST</b>		
Bank	1,054.80	1,025.94
Term Loan	228.85	91.35
Others	38.44	19.03
	<b>1,322.09</b>	<b>1,136.32</b>

### Notes on accounts

- 1 a) Working Capital borrowing from banks are secured by hypothecation of Company's entire stock of raw materials (imported and indigenous), stocks in process, finished goods and goods in transit covered by documents of title to goods, book debts further collaterally secured by way of first charge on land and building, plant and machinery, furniture & fixture and electrical equipments of the Company's units at TTC Turbhe (Navi Mumbai), Gobichettipalayam (Tamil Nadu) and Equitable Mortgage of land at Edayarpalayam (Tamil Nadu), Umbergaon (Gujarat) and Perundurai (Tamil Nadu).  
  
b. Term loan from Barclays Bank PLC is secured by way of first charge on land and building, plant and machinery, furniture and Fixture and electrical equipments of the Company's units at Thingalur (Tamil Nadu), Kachigam (Daman).
2. Cash Credit loan from State Bank of India of Rs. 6853.03 Lakhs outstanding as on 31.03.2011.
3. Payment against supplies from small scale and ancillary undertakings are generally made in accordance with agreed credit terms.
4. In the opinion of the Company, the current assets, loans and advances are approximately of the value stated if realized in the ordinary course of the business.
5. Sundry Debtors and Sundry Creditors balances are subject to confirmation.

# ACCOUNTING STANDARD DISCLOSURES (Issued by Institute of Chartered Accountant of India)

## 6. AS 10 - ACCOUNTING FOR FIXED ASSETS:

The Company assets were capitalized on the date they were ready and put to use for commercial production. Depreciation on these assets under the Companies Act and Income Tax Act have been calculated accordingly.

## 7. AS-15 - EMPLOYEES BENEFIT:

The Company has classified the various benefits provided to employees as under:

### Defined Contribution Plans:

The Company has recognized the following amounts in the Profit and Loss Accounts which are included under contribution to Provident Fund and Other Funds:

(Rupees in Lakhs)

Particulars	31.03.2011	31.03.2010
Provident Fund& Employee Pension Scheme	106.57	81.06

Company employees are covered by the contribution of the company to Provident Fund Scheme and Employees Family Pension Schemes

### DEFINED BENEFIT PLANS

(Rupees in Lakhs)

Particulars	31.03.2011	31.03.2010	31.03.2011	31.03.2010
	Gratuity	Gratuity	Leave Encashment	Leave Encashment
Current service cost	10.60	9.78	6.10	9.29
Interest cost	9.16	7.25	3.75	3.26
Expected return on plan assets	-12.01	-9.38	0.00	0.00
Net Actuarial (gain )/ loss to be recognized	20.90	6.92	-6.99	4.04
Total expenses recognized in the statement of Profit & Loss Account	28.65	14.58	2.86	16.59
<b>Actual Contribution &amp; Benefit Payments</b>				
Actual Benefit Payments	0.00	0.00	0.00	5.15
Actual Contribution	43.74	14.41	0.00	0.00
<b>Net Asset / (Liability) recognized in Balance Sheet</b>				
Liability at the end of the year	155.10	114.45	48.35	45.49
Fair value of plan assets at the end of the year	180.59	124.85	0.00	0.00
Net Asset / (Liability) recognized in the Balance Sheet	-25.49	-10.40	48.35	45.49
<b>Change in Defined Benefit Obligations (D.B.O.)</b>				
Present value of D.B.O. at Beginning of Year	114.45	90.58	45.49	34.05
Interest Cost	9.16	7.25	3.75	3.26
Current Service Cost	10.60	9.78	6.10	9.29
Benefits Paid	0.00	-0.09	-6.99	4.04
Actuarial (Gain)/ Losses on Obligations	20.90	6.92	48.35	45.49
Present Value of D.B.O. at the End of Year	155.10	114.45	-	-
<b>Change in Fair Value of Plan Assets during the year</b>				
Planned assets at Beginning of the year	124.85	101.15	-	-
Expected return on planned assets	12.01	9.38	-	-
Contributions	43.74	14.41	-	-
Benefit paid	0.00	-0.09	-	-
Actuarial gain /(loss) on plan assets	-	-	-	-
Fair value of plan assets at the end of the year	180.59	124.85	-	-
<b>Defined benefit plan - Gratuity Assumptions</b>				
Discount rate	8%	8%	8.25%	8.25%
Salary Escalation Rate	4%	4%	4%	4%
Rate of return on plan assets	8%	8%	2%	2%

**8. AS-17 - SEGMENT REPORTING:**

The segments are identified based on the dominant source and nature of risks and returns and the internal organization and management structure. Inter segment revenue is accounted on the basis of transactions which are primarily market driven. Unallocated Corporate Expenses include revenue and expenses which relate to the enterprise as a whole and are not attributable to the segments.

Sr. No.	Particulars	2010-11	2009-10
1	Segment Revenue		
	a) Hosiery and Others	22158.25	20316.98
	b) Spinning Mill	4086.73	3084.32
	Total	26244.98	23401.30
	Less:		
	Inter Segment revenue	3313.39	2262.28
	Sales / Income from Operations	22931.59	21139.02
2	Segment Results		
	[ Profit / (Loss) before tax and interest from each segment]		
	a) Hosiery and Others	2007.87	2960.43
	b) Spinning Mill	529.50	85.69
	Total	2537.37	3046.12
	Less:		
	i) Interest	1322.09	1136.32
	ii) Other un-allocable expenditure net unallocable income	975.10	842.53
	Total Profit Before Tax	240.18	1067.27
3	Capital Employed (Segment Asset- Segment Liabilities) (Based on estimates in terms of available data)		
	a) Hosiery and Others	17231.80	17124.42
	b) Spinning Mill	1382.66	1321.94

**9. AS 18 RELATED PARTY:****A. List of Related Parties with whom the Company undertook transactions;**

- Group Concerns:** VIP Overseas Marketing Pvt. Ltd., Hybo Hindustan, Pako Hindustan, PATS Treasure.
- Directors and other members of Promoter Group:** Shri J. K. Pathare, Shri Sunil J. Pathare, Smt Lalita J. Pathare, Shri Kapil J. Pathare.

**B. Details of transactions are as follows;****(Rupees in Lakhs)**

Sr. No.	Type of Transaction	2010-11	2009-10
1	Sales to and recoveries	24.03	68.27
2	Purchases from and payments	336.10	446.10
3	Remuneration to Directors	112.57	119.31

**C. Outstanding balances**
**(Rupees in Lakhs)**

Sr. No.	Type of Transaction	2010-11	2009-10
1	Dues to Company	824.97	659.94
2	Payable by Company	468.85	253.76

**10. AS-20 EARNINGS PER SHARE (EPS):**
**(Rupees in Lakhs)**

Particulars	2010-11	2009-10
Net Profit After Tax	163.30	653.05
Less:-Preference Dividend including Dividend Distribution Tax	121.89	141.34
Profit Available to Equity Shareholders	41.41	511.71
Weighted average no. of equity shares for basic EPS	63077215 Nos	63077215 Nos
Nominal Value of equity shares	Rs.2/-	Rs.2/-
Basic earnings per equity share	Rs.0.07	Rs.0.81

**11. AS-22 -ACCOUNTING FOR TAXES ON INCOME:**

Components of deferred tax liability:

**(Rupees in Lakhs)**

Particulars	2010-11	2009-10
<b>DEFERRED TAX LIABILITY:</b>		
Difference between Book and Tax Depreciation	86.21	39.31
<b>TOTAL DEFERRED TAX LIABILITY</b>	<b>86.21</b>	<b>39.31</b>
<b>DEFERRED TAX ASSETS:</b>		
MAT Tax Credit	47.84	0.00
Preliminary Expenses	0.00	3.23
Others	1.21	0.00
<b>TOTAL DEFERRED TAX ASSETS</b>	<b>49.05</b>	<b>3.23</b>
<b>NET DEFERRED TAX LIABILITY</b>	<b>37.16</b>	<b>36.08</b>

**12. AS-29 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

The Company recognizes 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 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 that the likelihood of outflow of resources is remote, no provision or disclosure is made.

**(Rupees in Lakhs)**

Particulars	2010-11	2009-10
Guarantees given by Bank	30.95	35.05
Claims against the company not acknowledged as debts -		
Cotton Corporation of India	33.83	33.83
Income Tax Liability in Appeal by IT department	1157.49	1157.49
Export obligations	454.47	196.52
Letter of Credits	0.00	458.03

## Maxwell Industries Ltd.

### 13. Value of Imports on C.I.F. Basis

(Rupees in Lakhs)

Particulars	2010-11	2009-10
Raw materials	0.00	127.40
Components, Stores & Spares	2.70	3.88
Capital Goods	0.00	52.94
Royalty paid	5.52	0.00

### 14. Expenditure in foreign currency

(Rupees in Lakhs)

Particulars	2010-11	2009-10
Travelling Expenses`	9.41	11.41
Export Promotion	6.75	15.62

### 15. Earnings in foreign currency

(Rupees in Lakhs)

Particulars	2010-11	2009-10
F.O.B value of exports	1319.19	1295.56

### 16. Remuneration to auditors

(Rupees in Lakhs)

Particulars	2010-11	2009-10
Audit Fees (including service tax)	9.93	8.27
Tax Audit (including of service tax)	0.55	0.55



17. Additional Information pursuant to the provisions of paragraphs 3 & 4 of Part II Schedule VI to the Companies Act, 1956.

Quantity in Units / Value in Lakhs

Particulars	2010-11		2009-10	
A) Licensed Capacity (Spinning Mill) Installed capacity (Spinning Mill)	26208 Spindles 26208 Spindles		26208 Spindles 26208 Spindles	
B) Quantitative information in respect of Sales & Closing Stocks (As certified by management)	Quantity	Value	Quantity	Value
<b>i) Sales</b>				
Hosiery (Boxes)	65.60	21016.51	68.27	19023.36
Yarn (Kgs)	4.80	1007.64	5.85	822.04
Fabric (Kgs)	1.33	246.47	0.90	114.57
Socks (Pieces)	25.15	570.98	48.31	1048.99
Elastics (Mtrs)	1.19	1.16	41.16	54.15
Waste Cottons / Others	5.00	88.84	0.00	75.91
<b>Total</b>		22931.59		21139.01
<b>ii) Closing Stocks</b>				
Hosiery (Boxes)	8.65	3425.11	11.50	2971.12
Raw Material :				
Socks (Pieces)	6.33	142.26	12.21	234.19
Yarn (Kgs)	4.75	1085.34	3.41	657.46
Cotton (Kgs)	1.38	227.19	3.18	229.58
Fabric (Kgs.)	10.92	3075.97	8.99	1808.29
Elastics (Mtrs)	71.26	249.56	84.80	242.41
Packing Materials & Others	0.00	582.71	0.00	569.26
Work In Progress	0.00	2153.07	0.00	2144.97
<b>Total</b>		10941.21		8857.28
<b>iii) Finished Goods Purchased</b>				
Hosiery (Boxes)	10.22	2179.66	11.51	1807.23
Socks (Pieces)	12.80	182.70	23.94	288.87
<b>Total</b>		2362.36		2096.10

18. Raw Material Consumption(Included in Cost of Goods Sold)

(Rupees in Lakhs)

Particulars	2010-11		2009-10	
	Quantity	Value	Quantity	Value
Fabric / Yarn (Kgs)	102.16	5596.82	114.62	5752.34
Elastics (Mtrs)	410.26	469.49	382.21	372.33
Cotton (Kgs)	25.58	2572.21	21.15	1669.66
Packing Material	0.00	1172.04	0.00	1090.71
Others	0.00	392.25	0.00	404.76
<b>Total</b>		10202.81		9289.80

19 Break up of Raw Materials Consumed

(Rupees in Lakhs)

Particulars	2010-11		2009-10	
	Percentage	Value	Percentage	Value
Imported	0.00%	0.00	1.37%	127.40
Indigenous	100.00%	10,202.81	98.63%	9,162.40

**20. Managerial remuneration Under Section 198 of the Companies Act, 1956 to the Managing Director & Whole time Director**

(Rupees in Lakhs)

Particulars	2010-11	2009-10
a) Remuneration	100.03	97.03
b) Contribution to Provident and other funds	8.50	8.50
c) Perquisites	0.30	2.00
d) Commission	3.44	11.78
Total	112.27	119.31

**21. Computation of Net Profit as per Sec 309(5) and Sec. 198 of the Companies Act, 1956.**

(Rupees in Lakhs)

Particulars	2010-11	2009-10
i) Profit before Tax as per P& L A/c	240.18	1067.27
Add :		
a) Depreciation as per books	431.84	435.15
b) Directors Remuneration	100.33	99.03
c) Directors Commission	3.44	11.78
d) (Profit)/Loss on Sale of Fixed Assets	(14.42)	4.51
Total	761.38	1617.74
iii) Less:		
a) Depreciation as per Sec. 350	(431.84)	(435.15)
B) Profit/(Loss) on Sale of Fixed Assets as per Sec. 350	14.42	(4.51)
	(417.42)	(439.66)
Net Profit u/s 198/349 of the Companies Act 1956 .	343.96	1178.08
Commission to Managing Director & Whole Time Director @ 0.05% of the Net profit to each(P.Y. Rs.11.78) [P.Y.@0.05% of the Net Profit to each].	3.44	11.78

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

As per our report of even date

**For Attar & Co.**

Chartered Accountants

Registration No - 112600W

**M.F.Attar**

Proprietor

M.No.034977

Mumbai

Dated :30<sup>th</sup> May, 2011

**R. Venkataraman**

Vice President-Finance

&amp; Company Secretary

**For and on behalf of Board**
**J. K. Pathare**
**S. J. Pathare**
**K. J. Pathare**

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

## I) REGISTRATION DETAILS

Registration No.	59804	State Code	11
Balance Sheet Date	31-03-2011		

## II) CAPITAL RAISED DURING THE YEAR : (Amt. in Rs. Thousands)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

## III) POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS : (Amt. Rs. in thousands)

Total Liabilities	1975168	Total Assets	1975168
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## Sources of Funds

Paid up Capital	307594	Reserves & Surplus	732819
Secured Loans	768723	Unsecured Loan	52309

## Application of Funds

Net Fixed Assets	803065	Investments	115
Net Current Assets	1171988	Misc. Expenditure	NIL
Accumulated Loss	NIL		

## IV) PERFORMANCE OF COMPANY

Turnover	2294855	Total Expenditure	2344171
+Profit/-Loss before tax	24018	+Profit/-Loss after tax	20301
Earning per share	0.07	Dividend Rate	5%

## V) GENERIC NAME OF TWO PRODUCTS / SERVICES OF COMPANY

(as per monetary items)

Item Code No. 600121.00

(ITC Code)

Product Description HOSIERY PRODUCTS

Item Code No. 510720.01

(ITC Code)

Product Description HOSIERY YARN

As per our report of even date

For Attar &amp; Co.

Chartered Accountants

Registration No - 112600W

M.F.Attar

Proprietor

M.No.034977

Mumbai

Dated :30<sup>th</sup> May, 2011

R. Venkataraman

Vice President-Finance  
& Company Secretary

For and on behalf of Board

J. K. Pathare

S. J. Pathare

K. J. Pathare

**FINANCIAL HIGHLIGHTS**
**(Rupees in Lakhs) Except ratio and face value of shares.**

	<b>2010-11</b>	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Equity Share capital	<b>1262</b>	1262	1262	1262	1262	1078 *	616	616	616	616
Redeemable Pref. Shares Capital	<b>1814**</b>	2435	2435	2435	2435	2435	-	-	-	-
Convertible Pref. Shares Capital	-	-	-	-	1600	-	-	-	-	-
Reserves & Surplus	<b>7328</b>	7360	7143	6934	6505	3516	3337	3185	3166	3065
Misc. exp. not written off	-	14	38	61	109	87	73	106	17	32
Net Worth	<b>8590</b>	8608	8367	8135	7658	4507	3880	3695	3765	3649
Long term Debts	<b>834</b>	1321	2259	1323	2027	1578	1518	1146	1182	1064
Net Asset Block	<b>8031</b>	7592	7928	8295	5628	5379	2329	2667	3103	3490
Total Income	<b>22932</b>	21139	19818	20780	19485	17534	18006	16302	16333	16390
Profit before tax	<b>240</b>	1067	1102	1584	1385	1451	246	310	251	328
Taxation	<b>37</b>	365	394	578	547	547	90	106	101	116
Profit after tax	<b>203</b>	702	708	1006	903	904	156	204	150	212
Dividend Rate on										
Equity share	<b>5.00%</b>	20.00%	20.00%	22.50%	20.00%	15.00%	5.00%	5.00%	8.00%	10.00%
Redeemable Pref. Shares	<b>5.00%</b>	5.00%	5.00%	5.00%	5.00%	5.00%	-	-	-	-
OCPS	-	-	-	10.00%	10.00%	-	-	-	-	-
No of Equity Shares (in lakhs)	<b>630.77</b>	630.77	630.77	630.77	630.77	539 *	61.6	61.6	61.6	61.6
Face value of Share-Equity (Rs.)	<b>2</b>	2	2	2	2	2	10	10	10	10
Preference (Rs.)	<b>100</b>	100	100	100	100	100	-	-	-	-
Earning per share (Rs.)	<b>0.07</b>	0.81	0.80	1.21	0.94	1.54	3.05	0.87	2.55	3.45
Book value per share (Rs.)	<b>13.62</b>	13.65	13.26	12.90	12.14	8.36	62.99	59.98	61.12	59.24
Current Ratio	<b>1.40</b>	1.68	1.77	1.79	1.95	1.55	1.58	1.55	1.51	1.49
Debt equity Ratio	<b>0.15</b>	0.21	0.40	0.17	0.45	0.41	0.41	0.30	0.32	0.25

\* Split-up of equity shares from Rs. 10/- each to Rs. 2/- each and issue of bonus shares.

\*\* Rs. 620.60 lacs 5% Redeemable Preference shares of Rs. 100/- each bought back

[illegible]

[illegible]



**Maxwell Industries Limited**

Registered Office: C-6, Road No. 22, M.I.D.C., Andheri (East), Mumbai – 400093

**PROXY FORM**

I/We.....

..... being a member of the above named company, hereby

appoint.....

or failing him..... of .....

as my/our proxy to vote for me / us on my / our behalf at the TWENTY FIRST ANNUAL GENERAL MEETING of the Company to be held on Thursday the 11<sup>th</sup> August, 2011 at 11.00 am at "The All India Plastics Manufacturers' Association Auditorium, Plot No. A-52, Road No.1, Marol, Andheri (East), Mumbai -400093" and any adjournment therein.

Signed this.....,

Registered Folio / D.P. & Client I. D. No. ....

No. of Equity shares held .....

Affix  
1 Rupee  
Revenue  
Stamp

Member's Signature

Note :

- i) Proxy need not be a member.
- ii) The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the schedule time of the aforesaid meeting.



**Maxwell Industries Limited**

Registered Office: C-6, Road No. 22, M.I.D.C., Andheri (East), Mumbai – 400093

**ATTENDANCE SLIP**

I hereby record my presence at the TWENTY FIRST ANNUAL GENERAL MEETING of the Company to be held on Thursday the 11<sup>th</sup> August, 2011 at 11.00 am "The All India Plastics Manufacturers' Association Auditorium, Plot No. A-52, Road No.1, Marol, Andheri (East), Mumbai -400093" and any adjournment therein.

Name:.....

Reference Folio / D.P. & Client I. D. No. ....

No. of Equity shares held.....

SIGNATURE OF THE ATTENDING MEMBER/PROXY

Note :

- i) Shareholder/ Proxyholder wishing to attend the meeting must bring the Attendance Slip to the meeting and hand over at the entrance duly signed and completed in Block letters.
- ii) Shareholder/ Proxyholder desiring to attend the meeting should bring his/her copy of the Annual Report for reference at the meeting.

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**MAXWELL INDUSTRIES LIMITED**

C-6 , Road No.22, MIDC, Andheri (E),Mumbai-400093.India.  
Tel: +91 22 28257624/27/40209000,Fax: +91 22 28257623/24  
Website : [www.maxwell.in](http://www.maxwell.in)