

Shri Dinesh Mills Limited, Vadodara.



BOARD OF DIRECTORS

Shri Upendrabhai M. Patel (Chairman Emeritus w.e.f. 1/4/2010)
Shri Bharatbhai U. Patel (Chairman & Managing Director w.e.f. 1/4/2010)
Shri Nimishbhai U. Patel (Managing Director w.e.f. 1/4/2010)
Shri Ranjitsinh P. Gaekwad
Shri Atulbhai G. Shroff
Shri Jal R. Patel
Shri H. N. Elavia
Shri Ambubhai T. Patel
Shri Tanujbhai M. Patel
Shri J. B. Sojitra

COMPANY SECRETARY

Shri J. B. Sojitra

BANKERS

Bank of Baroda
Central Bank of India
Indian Overseas Bank

AUDITORS

M/s. Dalal & Shah
Chartered Accountants
Mumbai

REGISTERED OFFICE

P.O.Box No. 2501,
Padra Road,
Vadodara - 390 020.
Telephone : (0265) 2330060-65
Fax : (0265) 2336195
Email : dinesh@dineshmills.com

NOTICE

NOTICE is hereby given that 75th Annual General Meeting of the Members of Shri Dinesh Mills Ltd will be held at the Registered Office of the Company at Padra Road, Vadodara on Saturday, 4th September, 2010 at 11.00 A.M to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend (including Special Dividend) for the year 2009-2010.
3. To appoint a Director in place of Shri A. T. Patel, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Jal R. Patel, who retires by rotation and being eligible, offers himself for re-appointment.
5. To re-appoint M/s. Dalal & Shah as Auditors and fix their remuneration.

SPECIAL BUSINESS:

6. TO CONSIDER & APPROVE APPOINTMENT OF SHRI ADITYABHAI PATEL AS MARKETING MANAGER.

To consider and if thought fit to pass with or without modification(s), the following Resolution as "SPECIAL RESOLUTION".

"**RESOLVED THAT** pursuant to Section 314 of the Companies Act, 1956, Shri Adityabhai Patel, son of Shri Bharatbhai Patel, Chairman & Managing Director of the Company be and is hereby appointed as "Marketing Manager" w.e.f. 1st August, 2009 on the following terms & conditions:

Sr.	Particulars	Amount Rs. (per month)
1	Basic Salary [Grade: (A+) Rs. 20,400-1650-23,700]	20,400/-
2	Allowances:	
	(a) House Rent Allowance	4,500/-
	(b) Electricity Allowance	500/-
	(c) Magazine Allowance	300/-
3	Perquisites:	
	(a) Reimbursement of Medical & LTA	20% of Basic Salary
	(b) Reimbursement of Education expenses	5% of Basic Salary
	(c) Reimbursement of Hotel expenses	5% of Basic Salary
	(d) Contribution to Provident Fund	12% of Basic Salary
	(e) Contribution to Superannuation Fund	12.5% of Basic Salary
4	Leave and Encashment thereof as per the rules of the Company.	
5	Inflation (High Cost) as per the rules of the Company."	

7. TO CONSIDER & APPROVE APPOINTMENT OF SHRI NIMISHBHAI PATEL AS THE MANAGING DIRECTOR OF THE COMPANY.

To consider and if thought fit to pass with or without modification(s), the following Resolution as "SPECIAL RESOLUTION".



SHRI DINESH MILLS LTD.

"**RESOLVED THAT** pursuant to provision of Section 198, 269, 309 and 316 read with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956 and subject to the approval of the Members of the Company, Shri Nimishbhai U. Patel, Chairman & Managing Director of Dinesh Remedies Ltd., who was re-appointed as an Executive Director of the Company w.e.f. 14th January, 2010 be and is hereby appointed as Managing Director of the Company with effect from 1st April, 2010 to 13th January, 2015 upon the following existing terms as to remuneration with effect from 1st April, 2010 to 31st March, 2012, as set out hereafter in accordance with Part II of Schedule XIII to The Companies Act, 1956 or any amendment thereto from time to time subject to the re-consideration of the remuneration by the Remuneration Committee, the Board of Directors and Members of the Company.

1. Salary : Rs.1,75,000/- per month.
2. Commission : 2% of the net profits or such sum as may be fixed by the Board within the limit of 2% from year to year subject to the overall ceiling laid down in section 198 and 309 of the Companies Act,1956.
3. Allowances & Perquisites :
 - i) Shri Nimishbhai U. Patel shall also be entitled to allowances & perquisites viz. House Rent Allowance @ 60% of the Salary, Furnishing Allowance @ 20% of the salary, Education Allowance @ 10% of the salary, reimbursement of Medical-cum-Leave travel expenses, club fees, insurance premium, electricity bills, gas bills etc. subject to the overall ceiling of his Annual salary.
 - ii) Use of Company's Car with driver and telephone at his residence shall not be included in the computation of the above ceiling of allowances & perquisites, use of car for private purpose and personal long distance calls on telephone shall be billed by the company to Shri Nimishbhai U. Patel.
 - iii) Company's contribution to provident fund and superannuation fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and encashment of leave at the end of tenure of Shri Nimishbhai U. Patel shall not be included in the computation of the aforesaid limits of the remuneration.

RESOLVED FURTHER THAT the draft Agreement to be entered into with Shri Nimishbhai U. Patel, containing various terms & conditions of his appointment and remuneration as placed before the meeting duly initialed by the Chairman for the purpose of identification be and is hereby approved subject to the approval of the members of the Company and the same be executed under the Common Seal of the Company pursuant to the provisions of Articles of Association of the Company."

8. TO CONSIDER & APPROVE THE INCREASE IN THE BORROWING POWERS OF THE COMPANY.

To consider and if thought fit to pass with or without modification(s), the following Resolution as an "ORDINARY RESOLUTION".

"**RESOLVED THAT** pursuant to Section 293(1)(d) of the Companies Act, 1956, Board of Directors be and are hereby authorized to borrow any sum or sums of money for the purpose of the business of the Company from time to time on such terms & conditions as the Board may deem fit notwithstanding that the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) will exceed the aggregate of the Paid up Capital of the Company and its Free Reserves, that is to say, Reserves not set apart for any specific purpose, provided that the total borrowing shall not exceed Rs.100/- Crores. (Rupees One Hundred Crores only)"

Regd. Office :
P.O. Box No. 2501,
Padra Road,
Vadodara - 390 020
Dated : 26th June, 2010

By Order of the Board
For **SHRI DINESH MILLS LTD.**,

J. B. SOJITRA
ASTT. VICE PRESIDENT &
COMPANY SECRETARY

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The information as per Clause - 49 of the Listing Agreement with Bombay Stock Exchange Ltd. is annexed hereto in respect of item No. 3, 4 and 7 (Annexure : A)
3. The Explanatory statement as required under section 173(2) of the Companies Act, 1956 is annexed hereto in respect of item No. 6, 7 and 8. (Annexure : B)
4. The Register of Members and Share Transfer Books will remain closed from Thursday, 5th August 2010 to Thursday, 12th August 2010. (Both days inclusive)
5. The Company has already transferred unclaimed dividend to the Investor Education & Protection Fund for the Financial Year ended 31st March, 2002 pursuant to Section 205 A of the Companies Act, 1956.

Details of the unclaimed dividend which will be transferred to the Investor Education and Protection Fund are as follows:

Dividend No.	Date of Declaration	For the year	Due for transfer on
68	27-9-2003	2002-2003	02-11-2010
69	28-9-2004	2003-2004	03-11-2011
70	30-9-2005	2004-2005	05-11-2012
71	29-9-2006	2005-2006	04-11-2013
72	29-9-2007	2006-2007	04-11-2014
73	30-9-2008	2007-2008	05-11-2015
74	04-9-2009	2008-2009	10-10-2016

6. The Company will have to transfer dividend No.68 for the Financial Year 2002-2003 which remain unclaimed for a period of 7 years to the Investor Education & Protection Fund of the Central Govt. pursuant to Section 205 A of the Companies Act, 1956. Kindly note that once the unclaimed dividend is transferred to the Investor Education and Protection Fund, no claim shall lie in respect thereof.
7. Dividend as recommended by the Board, if sanctioned by the Members will be paid by 30th September, 2010 to those shareholders whose names appear on the Register of Members of the Company on 12th August 2010, Whereas the dividend relating to the shares in dematerialized form will be paid to the beneficial owners as per details to be furnished by National Securities Depository Ltd. and Central Depository Services (India) Ltd. by Electronic Clearing System. (ECS)
8. Shareholders are requested :
 - (a) not to bring their guests, relatives and children to the meeting as the entry is strictly restricted to the members and proxies only.
 - (b) to bring their copy of the Annual Report as the same will not be distributed at the time of the meeting.



SHRI DINESH MILLS LTD.

ANNEXURE TO THE NOTICE ANNEXURE : A

THE INFORMATION AS PER CLAUSE 49 OF THE LISTING AGREEMENT WITH BOMBAY STOCK EXCHANGE LTD (ITEM No. 3, 4 & 7)

As per the requirement of Clause 49 of the Listing Agreement with Bombay Stock Exchange Ltd., the details in relation to the re-appointment of Shri A. T. Patel, Shri Jal R. Patel and Shri Nimishbhai U. Patel are as under:-

- (1) **Name** : **Shri Ambubhai T. Patel**
Age : 80 years
Qualifications : M.S., F.R.C.S.
Expertise : Valuable contribution to the Board in the overall management of the Company.
Tenure : Director of the Company since 29-12-1979.
Shareholding in the Company : NIL
Other Directorships : None.
Inter Relationship : He is not related to any Directors of the Company.
- (2) **Name** : **Shri Jal R. Patel**
Age : 72 years
Qualifications : B. Com., A.C.A., A.C.S.
Expertise : In finance and overall management of Companies.
Tenure : Director of the Company since 28-9-2004.
Shareholding in the Company : Nil.
Other Directorships :
- | <u>Name of the Company</u> | <u>Position Held</u> | <u>Member/Chairman of Committee</u> |
|-------------------------------------|--|---|
| Akshar Elemech Pvt.Ltd. | Director | — |
| Jewel Consumer Care Pvt. Ltd. | Director | — |
| Gujarat Gas Company Ltd. | Director | Chairman - Audit Committee
Member - Shareholders Grievance Committee |
| ABC Bearings Ltd. | Director | Chairman - Audit Committee |
| Mipco Seamless Rings (Gujarat) Ltd. | Director | Member - Audit Committee |
| Ineos ABS India Ltd. | Director | Member - Audit Committee
Member - Shareholders Grievance Committee |
| Munjal Auto Ltd. | Director | — |
| Eimco Elecon India Ltd. | Director | Member - Audit Committee |
| Inter Relationship : | He is not related to any Directors of the Company. | |
- (3) **Name** : **Shri Nimishbhai U. Patel**
Age : 44 years
Qualifications : B. B. A., M.B.A. (U.S.A)
Expertise : Valuable contribution in the overall management of Textile & Pharma Companies.
Tenure : Director of the Company since 14-01-1995
Shareholding in the Company : 643998 Equity Shares of Rs. 10/- each.
- | <u>Name of the Company</u> | <u>Position Held</u> | <u>Member/Chairman of Committee</u> |
|-----------------------------|---|-------------------------------------|
| Dinesh Remedies Ltd. | Chairman & Managing Director | Member - Audit Committee |
| Ultramarine & Pigments Ltd. | Director | None |
| Transpek Industry Ltd. | Director | Member - Share Transfer Committee |
| Inter Relationship : | He is related to Shri Upendrabhai M. Patel (Father) and Shri Bharatbhai U. Patel (Brother). | |

ANNEXURE : B

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 (ITEM No. 6, 7 & 8)

ITEM NO.6. TO CONSIDER & APPROVE APPOINTMENT OF SHRI ADITYABHAI PATEL AS MARKETING MANAGER.

Shri Adityabhai Patel, son of Shri Bharatbhai Patel, Chairman & Managing Director of the Company, after completing his B. A. in Computer Science from Cambridge University, U.K., joined as "Management Trainee" in the Company w.e.f. 27th January, 2009. His tenure as "Management Trainee" expired on 31st July, 2009 and the Board of Directors of the Company at their meeting held on 31st July, 2009 appointed him as "Marketing Manager" w.e.f. 1st August, 2009 on the terms & conditions as given in the resolution as set out in Item No.6 of the Notice.

The Board recommends to pass the Special Resolution as set out in Item No.6 of the Notice. Except Shri Upendrabhai M. Patel, Shri Bharatbhai U. Patel and Shri Nimishbhai U. Patel, who are related to Shri Adityabhai Patel, no other Directors of the Company is in any way concerned or interested in this resolution

ITEM NO.7 APPOINTMENT OF SHRI NIMISHBHAI U. PATEL AS THE MANAGING DIRECTOR OF THE COMPANY.

Members are aware that Shri Nimishbhai Patel has been rendering his valuable services to the Company since 1990. He has very rich experience in textile and pharma industry. He is also rendering honorary services as Chairman & Managing Director of our Subsidiary Company, Dinesh Remedies Ltd. He has made significant contribution to the progress of these Companies in consultation with other members of the Board from time to time. Members of the Remuneration Committee and the Board of Directors of the Company have re-appointed Shri Nimishbhai U. Patel as an Executive Director of the Company w.e.f. 14th January, 2010 and subsequently appointed as Managing Director of the Company w.e.f. 1st April, 2010 on existing terms & conditions, more particularly incorporated in draft Agreement of his appointment.

Shri Nimishbhai U. Patel fulfils all the terms & conditions of Schedule XIII to the Companies Act, 1956 and who is also not disqualified u/s. 274(1)(g) the Companies Act, 1956.

The Board recommends to pass the Special Resolution as set out in Item No.7 of the Notice. Except Shri Upendrabhai M. Patel, Shri Bharatbhai U. Patel and Shri Nimishbhai U. Patel, who are related to each other, no other Directors of the Company is in any way concerned or interested in this resolution.

The draft Agreement containing various terms & conditions of appointment to be executed between the Company and Shri Nimishbhai U. Patel is available for inspection by the members of the Company at its Registered Office between 11.00 a.m. to 01.00 p.m. on any working day before the date of the ensuing 75th Annual General Meeting.

The above statement may be treated as an abstract of the terms of contract with the Managing Director and the Memorandum of Interest as required u/s.302 of the Companies Act, 1956.

ITEM NO.8 TO CONSIDER & APPROVE THE INCREASE IN THE BORROWING POWERS OF THE COMPANY.

The Members of the Company at their Extra-ordinary General Meeting held on 5th August, 1987 had given consent to the Directors of the Company for borrowing of any sum from time to time for the purpose of business of the Company not exceeding Rs. 40/- Crores.(Rupees Forty Crores only). However, looking to the future CAPEX requirements, Board of Directors of the Company at their meeting held on 26th June, 2010 have decided to increase the limit of borrowing powers from Rs.40/- Crores to Rs.100/- Crores.

The Board recommends to pass the Ordinary Resolution as set out in Item No.8 of the Notice. None of the Directors of the Company is in any way concerned or interested in this resolution.

Regd. Office :
P.O. Box No. 2501,
Padra Road,
Vadodara - 390 020
Dated : 26th June, 2010

By Order of the Board
For SHRI DINESH MILLS LTD.,

J. B. SOJITRA
ASTT. VICE PRESIDENT &
COMPANY SECRETARY



SHRI DINESH MILLS LTD.

DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting their Report together with the Audited Accounts for the financial year ended 31st March, 2010.

FINANCIAL RESULTS :

PARTICULARS	2009 - 2010		2008-2009	
	Rs.	Rs.	Rs.	Rs.
SALES TURNOVER (NET)		79,93,74,670		78,90,41,821
GROSS PROFIT		<u>17,06,22,822</u>		<u>18,61,19,193</u>
Less:				
A. Depreciation		6,39,61,059		5,18,14,970
B. Provision for Taxation :				
(i) Current Tax	3,00,00,000		4,44,25,000	
(ii) Deferred Tax	32,92,467	3,32,92,467	37,68,959	4,81,93,959
NET PROFIT		<u>7,33,69,296</u>		<u>8,61,10,264</u>
Add : Previous Year's Surplus		2,52,87,283		2,01,60,840
Add: Adjustments relating to earlier years		1,99,335		13,65,001
Profits available for Appropriation		9,88,55,914		10,76,36,105
Appropriating therefrom:				
A. Proposed Dividend		1,58,32,500		1,05,55,000
B. Dividend Tax on above		26,29,588		17,93,822
C. General Reserve		6,00,00,000		7,00,00,000
D. Surplus carried to B/S		2,03,93,826		2,52,87,283
		<u>9,88,55,914</u>		<u>10,76,36,105</u>

DIVIDEND

Your Directors have recommended for your consideration Dividend Rs. 3/- per Equity share including Rs.1/- as Special Dividend on completion of 75th year of the Company (Previous year Rs.2/- per Equity share) on 52,77,500 equity shares of Rs.10/- each amounting to Rs. 1,58,32,500/- for the financial year ended 31st March, 2010.

MANAGEMENT DISCUSSION AND ANALYSIS:

A. OVERALL REVIEW OF OPERATIONS:

During the year under review, Sales Turnover has been increased to Rs. 7994 lacs from Rs. 7890 lacs whereas Net Profit has been reduced to Rs. 734 lacs from Rs.861 lacs as compared to the previous year due to higher Depreciation and Interest as the Company has added new machineries and also taken term loans to finance the same.

During the year under review, our export has been decreased to Rs. 250 lacs as compared to Rs. 338 lacs of the previous year due to down turn in the US and other western markets. However, we could achieve marginal increase in the sales turnover of Worsteds Suiting and Paper maker felt (clothing).

B. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE.

Highlights		(Rs. in Lacs)	
Particulars	2009-10	2008-09	% change
Sales Turnover (Net)	7994	7890	1.32
Operating profit (PBDIT)	2000	2080	(3.85)
Depreciation	640	518	23.55
Interest	293	219	33.79
Profit before Tax	1067	1343	(20.55)
Tax	333	482	(30.91)
Net Profit	734	861	(14.75)

C. OVERALL OUTLOOK

As per the policy of the Company, new machineries and equipments are added in a phased manner to upgrade the technology.

Despite adverse impact of global economical slow down, our Company would make every effort to increase Sales Turnover during the year 2010-2011 with innovative marketing strategies.

D. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Internal Audit department conducts audit of all departments of the Company and places audit reports/plans before the Audit Committee which reviews adequacy of internal audit functions, audit procedures and its coverage periodically. The minutes of the Audit Committee meetings are placed at the meetings of the Board of Directors from time to time.

E. INDUSTRIAL RELATIONS

The industrial relations both at Baroda and Ankleshwar unit have remained cordial. As on 31st March, 2010, there were 1088 employees in the Company.

FIXED DEPOSITS

As on 31st March, 2010, there were 47 Depositors, whose deposits were not claimed after the date on which the deposits were due for payment or renewal.

The amount due to such depositors was Rs. 4,66,000/- which remained unclaimed or unpaid. Subsequently, 01 Depositor has renewed and/or claimed the deposit amount of Rs.10,000/-.

INSURANCE

All the properties of the Company including buildings, plant and machinery and stocks have been insured.

DIRECTORS

Shri A. T. Patel and Shri Jal R. Patel, Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment. Shri Upendrabhai M. Patel has retired as Chairman & Managing Director w.e.f. 1st April, 2010.

Shri Upendrabhai M. Patel, upon completion of M.B.A. from US, joined the Company in the year 1951. As the Company was closed due to severe financial constraints, Shri Upendrabhai Patel was instrumental to re-start the closed Mill by organizing finance from Banks. During his tenure, the Company had to face many challenges for survival due to various factors viz. severe financial constraints, frequent changes in the Government policies, stabilization of quality products in woolen & worsted as well as industrial fabrics and cut throat competitive environment over the globe. During the Industrial License Era, Shri Upendrabhai Patel was successful in getting the license for establishment of new business i.e. Industrial Fabrics (paper makers' felt) in the year 1966 and



SHRI DINESH MILLS LTD.

license for expansion of worsted fabrics at Ankleshwar in the year 1977. Due to his vision & untiring efforts since 1951, he could turn around erstwhile Platewell Processes & Chemicals Ltd. (now amalgamated with the Company). He was also successful to bring foreign technology and upgradation of existing technology from time to time and as a result thereof, our Company could grow and establish the reputation in the domestic & international markets.

The Board of Directors of our Company while accepting the request of Shri Upendrabhai Patel for his retirement from the position of Chairman & Managing Director of the Company w.e.f. 1st April, 2010, placed on record its sincere appreciation for the outstanding and exceptional services rendered by him to the Company and achieving a significant position in the Woolen & Felt business in India. While appreciating the valuable services rendered by Shri Upendrabhai Patel throughout his tenure, initially as Director in 1951, Managing Director in 1967 and Chairman & Managing Director since 1975, the Board has conferred the position "Chairman Emeritus" to Shri Upendrabhai Patel w.e.f. 1st April, 2010.

SUBSIDIARY COMPANY

As required by Accounting Standard 21 relating to Consolidation of Accounts, we have consolidated Accounts of our Subsidiary Company viz. Dinesh Remedies Ltd (DRL). The Audited Annual Accounts alongwith Directors' Reports and Auditors Reports thereon for the year ended 31st March, 2010 of DRL have been annexed with the Annual Accounts of the Company pursuant to Section 212 of the Companies Act, 1956.

AUDITORS

You are requested to appoint M/s. Dalal & Shah, Chartered Accountants as Auditors for the year 2010-11 and fix their remuneration as recommended by the Audit Committee and Board of Directors of the Company. The Auditors Report on the Accounts is self-explanatory and therefore, does not call for any explanation.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO.

Information pursuant to 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 is given in the Annexure - A to this Report.

EMPLOYEES

The details of remuneration paid to employees as required under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended from time to time are given in the Annexure - B which forms part of this Report.

DIRECTORS RESPONSIBILITIES STATEMENT

Your Directors confirm that:

- I. In preparation of Accounts for the period ended 31st March, 2010, the applicable Accounting standards have been followed alongwith proper explanation relating material departures.
- II. The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the profit of the Company for that period.
- III. The Directors have taken proper and sufficient care for the maintenance of adequate Accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- IV. The Directors have prepared the annual Accounts for the period ended 31st March, 2010 on a going concern basis.

CORPORATE GOVERNANCE

The Report on Corporate Governance pursuant to Clause 49 of the Listing Agreement with Bombay Stock Exchange Ltd. alongwith the certificate of M/s. Dalal & Shah, Chartered Accountants, Auditors of the Company are attached herewith as Annexure No. 'C' and 'D' respectively.

APPRECIATION

Your Directors express their satisfaction for the services rendered by all our employees during the year under review.

Date : 26th June, 2010

VADODARA

For and on behalf of the Board of Directors

BHARAT U. PATEL
CHAIRMAN

ANNEXURE : A

A. CONSERVATION OF ENERGY

(a) Details of energy conservation measures taken:

1. Installation of AC Drive in certain machineries.
2. Installation of additional 5 meters felt dryer to process small size felts.

(b) Energy conservation measures under consideration.

1. Replacement of existing cooling tower with new energy saver cooling tower.
2. Installation of AC Drives in other machineries.

B. TECHNOLOGY ABSORPTION:

Efforts made in Technology absorption as per Form - B of the Annexure.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

1. During the year under review, the Company achieved lower exports as compared to that of the previous year.
2. Total foreign exchange used and earned: Rs. 2792 lacs and Rs. 246 lacs respectively.



FORM 'A'

(A) POWER & FUEL CONSUMPTION

SR. NO.	PARTICULARS	CURRENT YEAR (2009-2010)	PREVIOUS YEAR (2008-2009)
1.	Electricity :		
	• Purchased Units	19,68,445	29,16,564
	Total Amount (Rs.)	1,46,73,171	1,96,53,811
	Rate per unit (Rs.)	7.45	6.74
	• Own Generation		
	I. Through Diesel Generator (KWH)	87,943	2,53,995
	Units per Litre of Diesel Oil	3.12	3.13
	Cost per Litre (Rs.)	7.33	10.72
	II. Through Steam Turbine Generator	Nil	Nil
	III. Through Wind Mill (Units)	63,58,997	56,03,969
	Total Amount (Rs.)	1,91,57,755	1,91,80,415
	Rate per Unit (Rs.)	3.01	3.42
2.	Coal (Steam coal)		we do not use coal
	Lignite Qty. (Tonnes)	2,307	2,262
	Total cost (Rs.)	68,39,966	62,29,064
	Avg. Rate per Tonne (Rs.)	2964.87	2753.79
3.	Furnace Oil :		
	Qty. (Ltrs.)	55,965	95,575
	Total amount (Rs.)	15,52,964	29,85,324
	Avg. Rate per Litre (Rs.)	27.75	31.24
4.	Others (Natural Gas) :		
	Qty. (Nm3)	9,81,416	10,84,399
	Total cost (Rs.)	52,21,085	58,59,220
	Avg Rate (Rs.)	5.32	5.40

(B) CONSUMPTION PER UNIT OF PRODUCTION

Per Unit Productwise	Rs.	Rs.
• Woollen Fabrics (Mtrs.)		
Electricity	22.43	14.55
Furnace Oil	-	-
Coal	-	-
Lignite	-	-
Gas	5.32	4.83
• Worsted Fabrics (Mtr.) :		
Electricity	13.63	15.34
Furnace Oil	1.10	1.89
Coal	-	-
Lignite	4.85	3.95
Gas	2.00	2.00
• Felt (Clothing) (Kg.) :		
Electricity	17.78	26.74
Furnace Oil	0.20	0.38
Coal	-	-
Lignite	0.87	0.79
Gas	9.35	10.42

FORM "B"**RESEARCH & DEVELOPMENT**

R & D has continued its efforts to assist concerned department of the Company in relation to product developments and in implementation of new products or technologies in bulk production. This is in addition to its efforts towards various manufacturing related Trouble Shooting Jobs and Standardization of incoming materials like Dyes, Chemicals, Auxiliaries etc. as well as raw materials. The efforts of R & D in Pollution Control and clean production techniques have helped the Company to adhere to continuously challenging Norms set by Pollution Control Authorities.

Due to above efforts of R&D, the Company has benefited through rationalization of incoming materials, rationalization of required process and pollution control measures

EXPENDITURE ON R & D: NIL**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

During the year, the Company was having a Technical License Agreement for paper makers felt (clothing) which has been expired on 30th September, 2009.

The Company has absorbed/adapted all the required technology as per the terms of Technical License Agreement.

ANNEXURE : B**STATEMENT UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AS AMENDED AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2010.**

Sr. No.	Name	Age (In Years)	Designation	Remuneration (Rs.)	Qualifications & experience	Date of Commencement of employment	Last employment before joining the Company with designation
1	Patel Bharatbhai U.	56	Managing Director	49,86,988/-	B.Text, M.B.A (USA) (37)	12/5/1973	First Employment
2	Patel Nimishbhai U.	44	Executive Director	50,25,688/-	B.B.A., M.B.A (Finance) (U.S.A) (19)	1/12/1990	- Do -
3	Patel Upendrabhai M.	82	Chairman & Managing Director	49,88,894/-	B.Sc (Hons) Mumbai, M.B.A (U.S.A) (59)	28/8/1951	- Do -

Notes:

1. Remuneration received as shown in the statement includes salary, commission, allowances, perquisites, employer's contribution to provident fund, superannuation fund etc.
2. Managing Directors at Sr. No.1 & 3 above are related to each other and also to the Executive Director at Sr.No.2.
3. Nature of employment - Appointments of Managing Directors and Executive Director are contractual in nature. Other terms and conditions as per the Company's rules.
4. No employee of the Company was in receipt of remuneration during the financial year at a rate which in the aggregate is in excess of that drawn by the Managing Directors and Executive Director of the Company and no employee except Managing Directors and Executive Director hold Equity Shares by himself or alongwith his spouse and dependent children in excess of 2% of equity shares of the Company.



ANNEXURE : C CORPORATE GOVERNANCE

A. COMPANY'S PHILOSOPHY

The code on Corporate Governance introduced by the Securities and Exchange Board of India (SEBI) has been implemented in terms of the Listing Agreement with the Bombay Stock Exchange Ltd from the year 2001-2002.

Corporate Governance refers to a combination of voluntary practices adopted by a Company inter woven with laws, regulations, procedure and disclosures. It is aimed in the long run to maximize employees and shareholders value and fosters long-term partnership between the investors, employees and other stakeholders with the Company.

The Company firmly believes in good Corporate Governance. Given below is the report of Board of Directors of the Company on the Corporate Governance practices being followed by the Company.

B. BOARD OF DIRECTORS

The Board of Directors presently comprises two Managing Directors and eight Non-Executive Directors. During the year, Seven Board Meetings were held on 17/4/2009, 24/6/2009, 31/7/2009, 04/9/2009, 31/10/2009, 28/01/2010 and 31/03/2010.

The composition of the Board of Directors and their attendance at the Board Meetings during the year and at the last Annual General Meeting as also number of other directorship/membership of Committees of Directors are as follows :

Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance at last AGM	No. of other Directorship	No. of Other Memberships in Committees of Directors
Shri U. M. Patel	CMD	7	YES	1	1
Shri B. U. Patel	MD	6	YES	2	1#
Shri N. U. Patel	ED	7	YES	3	1
Shri R.P. Gaekwad	NED	NIL	NO	NIL	NIL
Shri A.G. Shroff	NED	5	NO	6	2#
Shri H. N. Elavia	NED	7	YES	1	1
Shri Jal Patel	NED	5	YES	6	7##
Shri A. T. Patel	NED	6	YES	NIL	NIL
Shri T. M. Patel	NED	6	YES	3	4#
Shri J. B. Sojitra	NED	7	YES	NIL	NIL

CMD - Chairman & Managing Director
MD - Managing Director
NED - Non-Executive Director

ED - Executive Director
Chairman in one Committee
Chairman in two Committees

C. AUDIT COMMITTEE

The Audit Committee constituted by the Board pursuant to Section 292-A of the Companies Act, 1956 read with Clause - 49 of the Listing Agreement with the Bombay Stock Exchange Ltd, with the required terms of reference as per the above referred statutory requirements, comprises 3 non-promoter, independent, non-executive Directors. The Committee met on 24/6/2009, 31/7/2009, 31/10/2009 and 28/01/2010 during the year and the attendance of the members at the meetings was as follows:

Name of Members	Status	No. of Meetings attended
Shri H. N. Elavia	Chairman	04
Shri A. T. Patel	Member	04
Shri T. M. Patel	Member	03

D. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

The Committee constituted by the Board comprises 4 non-promoters, independent, non-executive Directors namely Shri A. G. Shroff, Shri Jal Patel, Shri A. T. Patel and Shri T. M. Patel. The Committee met on 31/10/2009 and 31/03/2010 which was attended by the Members as under:

Name of Members	Status	No. of Meetings attended
Shri A. G. Shroff	Chairman	02
Shri Jal Patel	Member	01
Shri A. T. Patel	Member	02
Shri T. M. Patel	Member	02

As on 31/03/2010, there were no Investor Grievances remaining unattended/pending for more than 30 days.

E. DIRECTORS REMUNERATION COMMITTEE

The Committee constituted by the Board comprises 3 non-promoter, independent, non-executive Directors viz. Shri A. G. Shroff, Shri A. T. Patel and Shri T. M. Patel, pursuant to Clause - 49 of the Listing Agreement read with Schedule XIII to the Companies Act, 1956 to review, assess and recommend revision of remuneration including appointment of Chairman & Managing Director(s) and Executive Director(s) from time to time. The Committee met on 31/10/2009 and considered re-appointment of Shri Nimishbhai U. Patel as Executive Director for five years effective from 14th January, 2010 upon existing terms & conditions in accordance with the Schedule XIII to the Companies Act, 1956. The Committee also met on 31/03/2010 and considered appointment of Shri Nimishbhai U. Patel as the Managing Director of the Company w.e.f. 1st April, 2010 which have been approved by the Board, at its meetings held on 31/10/2009 and 31/03/2010 respectively, subject to approval of members of the Company on the existing remuneration for a period not exceeding three years as per the details given hereunder:

1. Salary : Rs.1,75,000/- per month.
2. Commission : 2% of the net profits or such sum as may be fixed by the Board within the limit of 2% from year to year subject to the overall ceiling laid down in section 198 and 309 of the Companies Act,1956.
3. Allowances & Perquisites :
 - i) Shri Nimishbhai U. Patel shall also be entitled to allowances & perquisites viz. House Rent Allowance @ 60% of the Salary, Furnishing Allowance @ 20% of the salary, Education Allowance @ 10% of the salary, reimbursement of Medical-cum-Leave travel expenses, club fees, insurance premium, electricity bills, gas bills etc. subject to the overall ceiling of his Annual salary.
 - ii) Use of Company's Car with driver and telephone at his residence shall not be included in the computation of the above ceiling of allowances & perquisites, use of car for private purpose and personal long distance calls on telephone shall be billed by the company to Shri Nimishbhai U. Patel.
 - iii) Company's contribution to provident fund and superannuation fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and encashment of leave at the end of tenure of Shri Nimishbhai U. Patel shall not be included in the computation of the aforesaid limits of the remuneration.

The details of the remuneration paid during the year 2009-2010 are as under.

(a) Chairman & Managing Directors and Executive Director.

Name & Designation	Rs.
Shri U. M. Patel - CMD	49,88,894/-
Shri B. U. Patel - MD	49,86,988/-
Shri N. U. Patel - ED	50,25,688/-

(b) Non-executive Directors:

Remuneration by way of sitting fees has been paid to the following non-executive directors for attending the meetings of the Board and Committee thereof during the year 2009-2010.

Name of the Directors	Rs.
Shri R. P. Gaekwad	NIL
Shri A. G. Shroff	50000
Shri H. N. Elavia	62000
Shri Jal Patel	35000
Shri A. T. Patel	76000
Shri T. M. Patel	71000
Shri J. B. Sojitra	42000



SHRI DINESH MILLS LTD.

F. GENERAL BODY MEETINGS :

The details of Annual General Meetings (AGM) held in last 3 years are as under.

Annual General Meetings	Day, Date, & Time	Venue	No. of Special Resolution passed
72nd AGM	Saturday, 29/9/2007 At 11.00 A.M.	Registered Office	01
73rd AGM	Tuesday, 30/9/2008 At 11.00 A.M	Registered Office	02
74th AGM	Friday, 04/9/2009 At 11.00 A.M.	Registered Office	03

During the year 2009-2010, there was no need to hold an Extra-Ordinary General Meeting of shareholders of the Company.

G. DISCLOSURES

- There are no materially significant transactions with the related parties viz, Promoters, Directors and their relatives, Subsidiary Company conflicting with Company's interest. The transactions with related parties are disclosed in Note No. 11 of Schedule 16 to the Accounts in the Annual Report.
- No penalties or strictures have been imposed on the Company by Bombay Stock Exchange Ltd. or SEBI or any Statutory Authority on any matter related to capital markets.
- The declaration by CEO for compliance of Code of Conduct by all Board members and Senior Management personnel of the Company is as under:

"I, Bharat Patel, Chairman & Managing Director - CEO of the Company hereby declare that all Board Members and Senior Management personnel of the Company have affirmed the compliance of the Code of Conduct during the financial year ended 31st March, 2010."

This declaration is given pursuant to Clause 49(I)(D) of the Listing Agreement with Bombay Stock Exchange Limited.

- The non-mandatory requirements given in Annexure - I D of the Clause 49 of the Listing Agreement have not been adopted by the Company, except the requirements relating to the Remuneration Committee.

H. MEANS OF COMMUNICATION

The quarterly, half-yearly and yearly financial results of the Company are sent to the Bombay Stock Exchange Ltd. immediately after the same are approved by the Board and the said results are published in financial and non-financial newspapers and the same are also placed on the web site of the Company.

I. GENERAL SHAREHOLDERS INFORMATION

- Registered Office : Padra Road, Vadodara - 390 020, Gujarat
- Plant Locations : 1. Padra Road, Vadodara -390 020, Gujarat
2. Village : Bhadkodra, Ankleshwar, District Bharuch,Gujarat
- The Company has appointed : M/s. MCS Ltd, 88, Sampatrao Colony, Alkapuri, Vadodara as Registrar and Share Transfer Agent w.e.f. 1st April, 2003.
- 75th Annual General Meeting : Date: 4th September, 2010, Time: 11.00 A.M
Venue: Registered Office: Padra Road, Vadodara - 390 020, Gujarat.

- e) Book Closure : 5th August, 2010 to 12th August, 2010.
- f) Dividend payment Date : By 30th September, 2010
- g) Listing of Equity Shares : Name of Stock Exchange : Stock Code :
Bombay Stock Exchange Ltd. 503804
ISIN: INE204C01024
- h) Listing Fees : The Company has paid listing fees for the Financial Year 2010-2011 to the Bombay Stock Exchange Ltd.
- i) Month wise Stock-market price and BSE Sensex data for the year 2009-2010.

Share price on the Bombay Stock Exchange Ltd. and BSE Sensex

Month	Price (Rs.)		Sensex	
	High	Low	High	Low
April, 2009	80.00	53.10	11492.10	9546.29
May, 2009	102.00	60.00	14930.54	11621.30
June, 2009	109.90	81.50	15600.30	14016.95
July, 2009	99.00	67.75	15732.81	13219.99
August, 2009	105.00	70.00	16002.46	14684.45
September, 2009	115.70	90.80	17142.52	15356.72
October, 2009	123.00	84.00	17493.17	15805.20
November, 2009	101.00	89.00	17290.48	15330.56
December, 2009	109.00	90.00	17530.94	16577.78
January, 2010	137.00	92.10	17790.33	15982.08
February, 2010	115.80	94.00	16669.25	15651.99
March, 2010	106.00	93.25	17793.01	16438.45

J. Distribution of shareholding as at 31st March, 2010

Sr. No.	Nominal value of equity shares (Rs.)	No. of Shareholders	% of Total	Nominal value of shares (Rs.)	% of Total
1.	Upto 5000	13913	99.42	2071679	39.25
2.	5001 - 10,000	27	0.19	204765	3.88
3.	10,001 - 20,000	12	0.09	169966	3.22
4.	20,001 - 30,000	09	0.06	226130	4.28
5.	30,001 - 40,000	08	0.06	269676	5.11
6.	40,001 - 50,000	05	0.04	233008	4.42
7.	50,001 - 1,00,000	14	0.10	968316	18.35
8.	1,00,001 & Above	06	0.04	1133960	21.49
	Total	13994	100.00	5,27,75,000	100.00



SHRI DINESH MILLS LTD.

K. Shareholding pattern as at 31st March, 2010

Category	No. of Shares held	% Shareholding
Directors & Relatives (Promoters)	2288372	43.36
Mutual Funds (UTI)	10	0.00
Banks	3880	0.07
Financial Institutions	Nil	NIL
Foreign Institutional Investors	Nil	NIL
Non-resident Indians	27496	0.52
Others	2957742	56.05
Total	5277500	100.00

L. Dematerialization of Shares as at 31st March, 2010

47.57% of total equity shares are held in dematerialized form with NSDL and CDSL.

M. As the Company has not issued GDRS/ADRS/Warrants or any convertible instruments, the details relating to outstanding position etc, are not applicable to the Company.

N. Share Transfer System :

Shares lodged for transfer upto 31st March 2010 in physical form are processed and duly transferred share certificates are sent within 30 days of receipt of the valid documents. The shares are transferred at an interval of 15 days by M/s. MCS Ltd.

O. Financial Calendar for the year 2010-2011

First quarterly results	By 14th August, 2010
Half Yearly results	By 14th November, 2010
Dividend payment, if any	By 30th September, 2010
Third quarterly results	By 14th February, 2011
Fourth quarterly results	By 14th May, 2011
OR	
Annual Results for the year 2010-2011.	By 31st May, 2011
Annual General Meeting for the year 2010-2011.	By 30th September, 2011

P. Address for Correspondence

Shareholders correspondence should be addressed to the R & T Agent at the following address:-
MCS Ltd.

Unit : Shri Dinesh Mills Ltd.

Nilam Apartment, 88, Sampatrao Colony, Alkapuri, Vadodara, Gujarat - 390 007

Phone Nos. : (0265) 2339397, Fax No. : (0265) 2341693

E-mail : mcsbaroda@yahoo.com

Shareholders holding shares in electronic mode should address their correspondence to their Depository Participants (DP).

Q. COMPLIANCE OFFICER

Name : Shri J.B. Sojitra
Designation : Asst. Vice President & Company Secretary
Address : Shri Dinesh Mills Limited
Post Box No. 2501, Padra Road, Baroda - 390 020
Phone Nos. (0265) 2330060/61/62/63/64/65
Fax No. (0265) 2336195
Email : sojitra@dineshmills.com

ANNEXURE: D
AUDITOR'S CERTIFICATE
TO THE MEMBERS OF SHRI DINESH MILLS LIMITED

We have reviewed the records concerning the Company's compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into, by the Company, with the Bombay Stock Exchange Limited, for the financial year ended 31st March, 2010.

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

We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for the review, and the information and explanations given to us by the company.

Based on such review, and to the best of our information and according to the explanations given to us, in our opinion, the Company has complied with the conditions of Corporate Governance, as stipulated in Clause 49 of the said Listing Agreement.

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

For and on behalf of
DALAL & SHAH
Chartered Accountants
Firm Registration No: 102020W

Ashish Dalal
Partner
Membership No. 033596

Mumbai
26th June, 2010



SHRI DINESH MILLS LTD.

REPORT OF THE AUDITOR TO THE MEMBERS

Auditors' Report to the Members of Shri Dinesh Mills Limited

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

For **DALAL & SHAH**
Chartered Accountants
Firm Registration No.102020W

(Ashish Dalal)
Partner
Membership No. 033596

Mumbai
26th June, 2010

Annexure to Auditors' Report

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Shri Dinesh Mills Limited on the financial statements for the year ended 31st March, 2010

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
(b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed. Reconciliation of assets with book records is still in progress. The discrepancies, if any, will be ascertained and adjusted on completion of reconciliation.
(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
- ii. (a) The inventory has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.
(b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
(e) The Company has taken unsecured loans, from nine parties covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year was Rs.53,855,000/- and the year-end balance of such loans aggregates to Rs.53,630,000/-. The Company has not taken any loan, secured or unsecured, from the companies and firms covered in the register maintained under Section 301 of the Companies Act.1956.
(f) In our opinion, the rate of interest and other terms and conditions of such loans are not prima facie prejudicial to the interest of the Company.
(g) In respect of the aforesaid loans, the Company is regular in repaying the principal amounts as stipulated and is also regular in payment of interest.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. (a) According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register required to be maintained under that Section. Accordingly, the question of commenting on transactions made in pursuance of such contracts or arrangements does not arise.
- vi. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no Order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.
- vii. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
- viii. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- ix. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities. According to the explanation given to us there are no arrears of statutory dues which has remained outstanding at the last date of financial year, for a period of more than six month from the date they became payable.
(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of excise duty and income tax as at 31st March, 2010 which have not been



SHRI DINESH MILLS LTD.

deposited on account of a dispute are as follows:

Name of the Statute	Nature of Dues	Amount * Rs.	Period	Forum where dispute is pending
Income Tax Act, 1961	Disallowances Under Business Income	3,994,710/-	A.Y.2007-08	Commissioner of Income Tax (Appeals)
The Central Excise Act, 1944	Disallowed Modvat credit taken on capital goods	493,740/-	1998-99	Joint-Commissioner of Central Excise, Surat-II
	Excise duty on blended yarn	273,346/-	1998-99	Dy. Commissioner of Central Excise and Custom, Ankleshwar
	Excise duty on Polyester Tops	15,049,665/-	2004-08	Commissioner of Central Excise, Surat
	Excise duty on Polyester Tops	246,971/-	2008-09	Dy. Commissioner of Central Excise and Custom, Ankleshwar
	Excise duty on Polyester Tops	330,503/-	2009-10	Dy. Commissioner of Central Excise and Custom, Ankleshwar
			20,388,935/-	

* Net of amount deposited

- x. The Company has not accumulated losses as at 31st March, 2010 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ societies are not applicable to the Company.
- xiv. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- xv. 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.
- xvi. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
- xvii. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
- xix. On the basis of the records and documents examined by us, the Company has not issued any debentures during the year;
- xx. The Company has not raised any money by public issues during the year.
- xxi. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.
- xxii. The other clauses, (iii)(b), (iii)(c), and (iii)(d), of paragraph 4 of the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable in the case of the Company for the year, since in our opinion there is no matter which arises to be reported in the aforesaid Order.

For **DALAL & SHAH**
Chartered Accountants
Firm Registration No.102020W

(Ashish Dalal)
Partner
Membership No. 033596

Mumbai
26th June, 2010

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	Rs.	As at 31st March, 2010 Rs.	As at 31st March, 2009 Rs.
I. Sources of Funds :				
(1) Shareholders' Funds:				
(a) Share Capital	1	52,775,000		52,775,000
(b) Reserves and Surplus	2	803,967,322		748,860,779
			856,742,322	801,635,779
(2) Loan Funds:				
(a) Secured Loans	3	308,059,987		228,273,517
(b) Unsecured Loans	4	78,746,900		50,189,746
			386,806,887	278,463,263
(3) Deferred Tax Liability (net) (See Note 7)			75,641,581	72,349,115
	Total Rs.		1,319,190,790	1,152,448,157
II. Application of Funds :				
(1) Fixed Assets:				
(a) Gross Block		1,589,764,114		1,391,673,117
(b) Less: Depreciation		969,686,011		906,133,450
(c) Net Block	5	620,078,103		485,539,667
(d) Capital work in Progress, cost to date		-		20,556,652
(e) Capital advances		2,308,161		25,815,075
			622,386,264	531,911,394
(2) Investments	6		354,068,324	306,265,904
(3) Current Assets, Loans and Advances:	7			
(a) Inventories		271,723,942		298,775,351
(b) Sundry Debtors		92,668,732		83,526,818
(c) Cash and Bank Balances		174,147,511		119,627,616
(d) Other Current Assets		10,066,410		13,925,666
(e) Loans and Advances		30,637,123		45,124,065
			579,243,718	560,979,516
Less: Current Liabilities and Provisions :	8			
(a) Liabilities		202,454,290		212,599,632
(b) Provisions		34,053,226		34,109,025
			236,507,516	246,708,657
Net Current Assets			342,736,202	314,270,859
	Total Rs.		1,319,190,790	1,152,448,157
Notes forming part of the Accounts	16			

As per our attached report of even date,

For and on behalf of
Dalal & Shah
 Firm Registration No. 102020W
 Chartered Accountants
(Ashish Dalal)
 Partner
 (Membership No.033596)
 Mumbai, 26th June, 2010

For and on behalf of Board of Directors

J. B. Sojitra
 Company Secretary & Director

B. U. Patel
 Chairman & Managing Director

B. B. Patel
 Vice President (Finance)
 Vadodara , 26th June, 2010

N. U. Patel
 Managing Director



SHRI DINESH MILLS LTD.

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

	Schedule	Rs.	2009-10 Rs.	2008-09 Rs.
Income:				
Sales			835,757,029	819,492,555
Less : Returns			1,852,079	703,955
			833,904,950	818,788,600
Less : Excise Duty			34,530,280	29,746,779
			799,374,670	789,041,821
Other Income	9		31,118,242	32,515,320
			830,492,912	821,557,141
Expenditure:				
Raw Materials consumed	10 A		200,131,459	203,676,807
Purchase of Finished Goods			305,582	121,487
(Increase) / Decrease in stocks	10 B		14,831,287	(15,721,719)
Manufacturing Expenses	11		84,529,803	106,725,241
Employees' Emoluments	12		188,194,586	174,802,059
Interest and Finance charges	13		29,367,387	21,883,610
Selling and Other expenses	14		142,509,986	156,362,561
Depreciation and Amortisation	15		63,961,059	51,814,970
			723,831,149	699,665,016
Profit before Taxation and Exceptional Items:			106,661,763	121,892,125
Exceptional Item :				
Compensation for shortfall in Guaranteed Windmill Power Generation Units			—	12,412,098
Profit before Taxation			106,661,763	134,304,223
Tax Expenses				
Current Tax		30,000,000		43,000,000
Deferred Tax (See Note 7)		3,292,467		3,768,959
Fringe Benefit Tax		—		1,425,000
			33,292,467	48,193,959
Profit for the year			73,369,296	86,110,264
Tax adjustments relating to earlier years			199,335	1,282,253
Excess Depreciation written back			—	82,748
			199,335	1,365,001
			73,568,631	87,475,265
As per last Account			25,287,283	20,160,840
			98,855,914	107,636,105
Appropriations :				
General Reserve			60,000,000	70,000,000
Proposed Dividend		15,832,500		10,555,000
Corporate Dividend Tax on above		2,629,588		1,793,822
			18,462,088	12,348,822
Balance Carried to Balance Sheet			20,393,826	25,287,283
Notes forming part of the Accounts	16			
Basic /diluted Earning Per Share (See Note 8)			13.94	16.58

As per our attached report of even date,

For and on behalf of Board of Directors

For and on behalf of
Dalal & Shah
 Firm Registration No. 102020W
 Chartered Accountants
(Ashish Dalal)
 Partner
 (Membership No.033596)
 Mumbai, 26th June, 2010

J. B. Sojitra
 Company Secretary & Director

B. U. Patel
 Chairman & Managing Director

B. B. Patel
 Vice President (Finance)
 Vadodara , 26th June, 2010

N. U. Patel
 Managing Director

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2009-2010

	2009-2010 Rs.	2008-2009 Rs.
A. Cash Flow From Operating Activities :		
Profit before Tax and extraordinary Items	<u>106,661,763</u>	<u>121,892,125</u>
Adjustments For :		
Compensation for shortfall in Guaranteed Windmill Power Generation Units	–	12,412,098
Depreciation	63,952,099	51,806,010
Amount written off against Leasehold land	8,960	8,960
Surplus/Loss on sale of Assets (net)	(127,233)	(128,910)
Assets Discarded / Demolished	–	123
Interest	29,367,387	21,883,610
Dividend Income	(13,038,588)	(4,191,347)
Interest received on Loans and deposits	(8,426,856)	(16,902,857)
(Profit)/Loss on sale/redemption of investments	3,824,420	–
	<u>75,560,189</u>	<u>64,887,687</u>
Operating Profit Before Working Capital Changes	<u>182,221,952</u>	<u>186,779,812</u>
Adjustment For :		
Trade and Other Receivables	8,458,121	(4,969,193)
Inventories	27,051,409	(28,728,772)
Trade Payables	(8,983,296)	5,168,353
	<u>26,526,234</u>	<u>(28,529,612)</u>
Cash Generated from Operations	208,748,186	158,250,200
Direct Taxes Paid	(37,405,366)	(41,266,554)
Net Cash flow from Operating Activities before Extra Ordinary Items	<u>171,342,820</u>	<u>116,983,646</u>
Extra Ordinary Items	–	–
Net Cash flow from Operating Activities	<u>171,342,820</u>	<u>116,983,646</u>
B Cash Flow from Investing Activities :		
Purchase of Fixed Assets	(155,062,200)	(165,995,688)
Sale of Fixed Assets	753,504	857,028
Purchase / Sales of Investments	(35,885,841)	(56,153,513)
Investment in Subsidiary	(15,741,000)	(15,741,000)
Dividend and Income from Units Received	13,038,588	4,191,347
Interest received on investments	9,173,018	8,449,723
Net Cash Used in Investing Activities	<u>(183,723,931)</u>	<u>(224,392,103)</u>
Carried over	<u>(12,381,111)</u>	<u>(107,408,457)</u>



SHRI DINESH MILLS LTD.

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2009-2010

	2009-2010 Rs.	2008-2009 Rs.
Brought Over	(12,381,111)	(107,408,457)
C. Cash Flow From Financing activities :		
Total Proceeds From Borrowings (Net of repayments)	108,343,624	48,698,355
Interest paid	(29,323,583)	(21,878,095)
Dividend Paid	(10,325,213)	(10,198,552)
Corporate Dividend Tax	(1,793,822)	(1,793,822)
Net Cash flow from / (used in) Financing Activities	66,901,006	14,827,886
Net Change in Cash and Cash Equivalents	54,519,895	(92,580,571)
Cash and Cash Equivalents As At 1.4.2009 (Opening Balance)	119,627,616	212,208,187
Cash and Cash Equivalents As At 31.3.2010 (Closing Balance)	174,147,511	119,627,616
	54,519,895	(92,580,571)

Note :

1. The Cash Flow statement has been prepared in accordance with the requirement of AS - 3 " Cash flow statement" issued by the Institute of Chartered Accountants of India.
2. Cash & cash equivalents includes balances with Schedule Bank on Dividend accounts Rs.934,360/- (Previous year Rs.1,017,916/-), on Interest on Fixed Deposits Rs.53,055/- (Previous year Rs.1,800,543/-) in margin money Rs.NIL (Previous year Rs.64,200/-) which are not available for use by the Company.
3. Previous year's figures have been regrouped wherever necessary to confirm to this year's classification.

As per our attached report of even date,

For and on behalf of
Dalal & Shah
Firm Registration No. 102020W
Chartered Accountants
(Ashish Dalal)
Partner
(Membership No.033596)
Mumbai, 26th June, 2010

For and on behalf of Board of Directors

J. B. Sojitra
Company Secretary & Director

B. U. Patel
Chairman & Managing Director

B. B. Patel
Vice President (Finance)

N. U. Patel
Managing Director

Vadodara , 26th June, 2010

Schedule '1' to '16' annexed to and forming part of the Balance Sheet as at and Profit and Loss Account for the year ended 31st March, 2010.

	As at 31st March, 2010 Rs.	As at 31st March, 2009 Rs.
Schedule - '1' - Share Capital		
Authorised :		
9,500,000 (950,000) Equity Shares of Rs.10/- (Previous year Rs.100/-) each	95,000,000	95,000,000
50,000 Unclassified Shares of Rs. 100/- each.	5,000,000	5,000,000
	<u>100,000,000</u>	<u>100,000,000</u>
Issued & Subscribed :		
5,277,500 (527,750) Equity Shares of Rs. 10/- (Previous year Rs.100/-) each fully paid (See Notes below)	52,775,000	52,775,000
Total Rs.	<u>52,775,000</u>	<u>52,775,000</u>
Notes :		
(a) 3,078 Equity Shares allotted to Shareholders of Platewel Processes and Chemicals Limited as fully paid without payment being received in cash in terms of amalgamation scheme sanctioned by Gujarat High Court, as per order dated 20th March, 1981.		
(b) 4,775,420 Equity Shares issued as Bonus Shares by way of capitalisation of Reserves and Share Premium Account.		
Schedule - '2' - Reserves and Surplus :		
Capital Reserve :		
As per last Account	2,447,747	2,447,747
Less : Transfer to General Reserve	<u>2,447,747</u>	-
		<u>2,447,747</u>
General Reserve :		
As per last Account	721,125,749	651,125,749
Add : Transfer from Capital Reserve	2,447,747	-
Add : Set aside this year	<u>60,000,000</u>	70,000,000
	783,573,496	721,125,749
Surplus as per annexed Account	<u>20,393,826</u>	25,287,283
Total Rs.	<u>803,967,322</u>	<u>748,860,779</u>
Schedule - '3' - Secured Loans :		
From Banks, against hypothecation of Raw-Materials, Stores, Spare parts, Finished Goods and Work-in-Progress	-	-
Term loan under Technology Upgradation Fund Scheme, Secured by way of hypothecation of machineries purchased there from	307,655,928	228,057,682
Interest accrued and due	<u>404,059</u>	215,835
	308,059,987	228,273,517
Total Rs.	<u>308,059,987</u>	<u>228,273,517</u>
Schedule - '4' - Unsecured Loans :		
Fixed Deposits :		
From Directors	40,425,000	19,500,000
From Shareholders	22,285,000	19,365,000
From Public	15,407,177	10,538,000
Interest accrued and due on above	<u>629,723</u>	786,746
Total Rs.	<u>78,746,900</u>	<u>50,189,746</u>

Schedule - '5' - Fixed Assets

Fixed Asset	GROSS BLOCK(a)				DEPRECIATION				NET BLOCK	
	As on 31.3.2009 Rs.	Additions Rs.	Deductions & Adjustments Rs.	As on 31.3.2010 Rs.	Up To 31.3.2009 Rs.	Recouped Rs.	For the Year Rs.	Up To 31.3.2010 Rs.	As on 31.3.2010 Rs.	As on 31.3.2009 Rs.
Tangible Assets :										
Land, Freehold	32,125,344	-	-	32,125,344	-	-	-	-	32,125,344	32,125,344
Land, Leasehold	636,199	-	8,960	627,239	-	-	-	-	627,239	636,199
Buildings (b)	48,031,546	381,997	-	48,413,543	30,334,775	-	1,263,677	31,598,452	16,815,091	17,696,771
Drainage Installation	13,749	-	-	13,749	12,831	-	46	12,877	872	918
Tubewell and Water Works	740,649	-	-	740,649	529,287	-	10,456	539,743	200,906	211,362
Plant and Machinery	1,256,424,071	195,555,050	65,000 (c)	1,451,914,121	836,547,284	65,000	59,628,827	896,111,111	555,803,010	419,876,787
Electrical Installations	9,499,011	-	-	9,499,011	7,854,542	-	65,169	7,919,711	1,579,300	1,644,469
Furniture and Fixures	22,267,095	2,199,489	-	24,466,584	17,938,272	-	677,876	18,616,148	5,850,436	4,328,823
Vehicles	21,525,059	537,000	960,809	21,101,250	12,629,661	334,538	2,093,522	14,388,645	6,712,605	8,895,398
Intangible Assets :										
Computer Software	410,394	452,230	-	862,624	286,798	-	212,526	499,324	363,300	123,596
Total Rs.	1,391,673,117	199,125,766	1,034,769	1,589,764,114	906,133,450	399,538	63,952,099	969,686,011	620,078,103	485,539,667
Previous Year's										
Total Rs.	1,275,367,828	119,623,961	3,318,672	1,391,673,117	856,991,659	2,664,219	51,806,010	906,133,450	485,539,667	

(a) at cost except leasehold land which is at cost less amounts written off.

(b) Includes Rs.750/- being the cost of shares in Co-operative Society (Previous year Rs. 750/-)

(c) Net of Capital Subsidy of Rs.NIL (Previous year Rs.281,200/-)



	Rs.	As at 31st March, 2010 Rs.	As at 31st March, 2009 Rs.
Schedule - '6' - Investments (At Cost / Book Value) (fully paid up unless otherwise specified)			
Long Term Investments:			
In Governments and Trust Securities			
Quoted :			
- (6,78,000) 6.60% Tax free ARS Bond of Rs.100 each of Unit Trust of India	-	-	72,030,775
50,000 11.50% GOI Securities - 2015	-	5,590,000	5,590,000
		5,590,000	77,620,775
In fully paid Shares :			
Quoted ;Others:			
120,020 Equity Shares of Rs 10/- each in Kamron Laboratories Limited	1,200,200		1,200,200
Less: Provision for Diminution in value	1,200,199		1,200,199
		1	1
Unquoted:			
Trade :			
50 Equity Shares of Rs.100/- each in Gujarat Sheep & Wool Development Corporation Limited	5,000		5,000
144,946 Equity Shares of Rs.10/- each in Bharuch Eco Aqua Infrastructure Limited	1,449,460		1,449,460
Others :			
400 Shares of Rs.25/- each in Co-operative Bank of Baroda Limited	10,000		10,000
11,018,195 (9,444,095) fully paid Equity shares of Rs. 10/- each in Dinesh Remedies Limited-Subsidiary	110,181,950		94,440,950
		111,646,410	95,905,410
Quoted :			
In units of mutual Funds (units of Rs. 10/- each) :			
4,750,000 (-) Units of HDFC Fixed Maturity Plan	47,500,000		-
1,024,762.718 Units of HDFC Prudence	30,786,086		30,786,086
844 547.887 (766,251.243) Units of SBI Balance Fund	24,411,221		22,500,000
436,220.847 Units of FT India Balance Fund	12,500,000		12,500,000
239,409.091 (232,001.127) Units of Tata Balance Fund	12,732,000		12,500,000
10,606,849.000 (4,431,404.287) Units of HDFC Cash Management Fund	106,402,606		44,453,632
121,400.476 (-) HDFC MF MIP Long Term Growth	2,500,000		-
- (864095.120) Units of HDFC High Interest Fund	-		10,000,000
		236,831,913	132,739,718
Total Rs.		354,068,324	306,265,904
	Book Value as on 31st March	Market Value as on 31st March	
	2010	2009	2010
	Rs.	Rs.	Rs.
Quoted	242,421,914	210,360,494	234,595,269
Unquoted	111,646,410	95,905,410	172,042,727
Total	354,068,324	306,265,904	



SHRI DINESH MILLS LTD.

	Rs.	As at 31st March, 2010 Rs.	As at 31st March, 2009 Rs.
Schedule - '7' - Current Assets, Loans and Advances :			
(a) Inventories : (at Cost or net realisable value, whichever is lower)			
Stores, Spares, Coal, etc.,		37,904,857	36,350,825
Stock-in-Trade			
Raw Materials	52,645,881		68,185,729
Work-in-Process	84,005,309		94,052,120
Finished Goods	93,489,750		95,104,847
		230,140,940	257,342,696
Materials in Transit, at cost to date		3,678,145	5,081,830
		271,723,942	298,775,351
(b) Sundry Debtors, Unsecured, Good:			
(i) Over Six Months	5,088,240		5,570,896
(ii) Others	87,580,492		77,955,922
		92,668,732	83,526,818
(c) Cash and Bank Balances :			
Cash on hand	396,094		220,212
Bank Balances: with Scheduled Banks:			
In Current Account	20,956,222		30,715,773
In Fixed Deposit	914,200		989,200
In Short Term Deposits	118,450,000		70,600,000
In Liquid Deposits	29,930,000		13,920,000
Interest Accrued on Short Term Deposits	3,500,995		3,182,431
		173,751,417	119,407,404
		174,147,511	119,627,616
(d) Other Current Assets :			
Interest and Dividend Receivable on Investments	1,211,187		2,998,010
Interest Subsidy receivable	8,129,663		10,927,656
Other Receivables	725,560		-
		10,066,410	13,925,666
(e) Loans and Advances, Unsecured, Good, unless otherwise stated:			
Due from the Subsidiary	41,165		14,779
Advances recoverable in cash or in kind or for value to be received	28,157,764		43,052,561
Balances with Custom and excise etc.	2,438,194		2,056,725
		30,637,123	45,124,065
Total Rs.		579,243,718	560,979,516

	Rs.	As at 31st March, 2010 Rs.	As at 31st March, 2009 Rs.
Schedule - '8' - Current Liabilities and Provisions :			
(a) Liabilities :			
Sundry Creditors			
(i) Due to Micro Small Medium Enterprises (See Note 12)	-		-
(ii) Others	<u>199,012,706</u>		207,509,349
		199,012,706	207,509,349
Directors' Remuneration Payable		1,055,650	3,007,940
Investors Education and Protection Fund shall be Credited by the following (See Note below)			
Unclaimed Dividends	1,738,686		1,508,899
Unpaid Matured Fixed Deposits	<u>466,000</u>		436,000
		2,204,686	1,944,899
Interest accrued but not due on loans		181,248	137,444
		<u>202,454,290</u>	212,599,632
(b) Provisions :			
Provision for Leave Encashment	13,460,176		12,024,540
Provision for taxation, net of advance tax paid	2,130,962		9,735,663
Provision for Dividend Tax	2,629,588		1,793,822
Proposed Dividend	<u>15,832,500</u>		10,555,000
		34,053,226	34,109,025
Total Rs.		<u>236,507,516</u>	<u>246,708,657</u>

Note : There is no amount due and outstanding to be credited to Investor Education and Protection fund as at 31st March, 2010.

		<u>2009-10</u>	<u>2008-09</u>
Schedule - '9' Other Income :			
Dividend on Mutual Fund - Long Term Investments		13,038,588	4,191,347
Interest (Gross, Tax deducted at source Rs.947,787/- (Previous Year Rs. 2,309,741/-)			
On Government Securities	427,977		-
On Bonds	-		4,535,320
On Short Term Deposit	7,998,879		12,367,537
Others	<u>2,815,452</u>		3,133,197
		11,242,308	20,036,054
Export Incentives	1,326,814		1,699,896
Exchange Rate Difference, (net)	393,887		1,820,251
Miscellaneous Receipts	2,337,588		2,471,026
Profit on Sale of Long Term Investments	658,844		-
Surplus on sale of Assets	127,233		178,412
Provisions no longer required	765,159		1,935,932
Sundry Credit Balances appropriated	1,227,821		182,402
Total Rs.		<u>31,118,242</u>	<u>32,515,320</u>



SHRI DINESH MILLS LTD.

	Rs.	2009-10 Rs.	2008-09 Rs.
Schedule - '10 A' - Raw Materials consumed :			
Stocks at Commencement	68,185,729		51,223,098
Less :Transferred to Work-in-process stock on reclassification of Inventories	—		1,144,441
		68,185,729	50,078,657
Purchases		185,454,264	222,607,916
		253,639,993	272,686,573
Less : Waste Sales		862,653	824,037
		252,777,340	271,862,536
Less : Stocks at Close		52,645,881	68,185,729
Total Rs.		200,131,459	203,676,807
Schedule - '10 B' - (Increase) / Decrease in stock :			
Stocks at Close:			
Work-in-Process	84,005,309		94,052,120
Finished Goods	93,489,750		95,104,847
		177,495,059	189,156,967
Less : Stocks at Commencement :			
Work-in-Process	94,052,120		96,790,408
Add :Transferred from Raw material stock on reclassification of Inventories	—		1,144,441
	94,052,120		97,934,849
Finished Goods	95,104,847		77,198,073
		189,156,967	175,132,922
		11,661,908	(14,024,045)
Excise duty variations on opening/closing stocks		3,169,379	(1,697,674)
Total Rs.		14,831,287	(15,721,719)
Schedule - '11' - Manufacturing Expenses :			
Stores and Spares Consumed		28,097,182	32,871,037
Processing Charges		2,094,239	2,197,043
Power and Fuel		29,174,446	38,420,459
Machinery Repairs		22,067,741	25,912,825
Building Repairs		2,418,963	6,655,855
Other Repairs		677,232	668,022
Total Rs.		84,529,803	106,725,241
Schedule - '12' - Employees' Emoluments :			
Salaries, Wages, Bonus, etc.		145,996,046	142,790,555
Contribution to Provident and Other Funds		28,439,331	18,265,340
Employees' State Insurance Scheme		2,938,450	2,874,412
Welfare Expenses		10,820,759	10,871,752
Total Rs.		188,194,586	174,802,059

	Rs.	2009-10 Rs.	2008-09 Rs.
Schedule - '13' - Interest and Finance Charges :			
Interest :			
*On Fixed Loans	23,066,005		14,630,823
Others	<u>6,301,382</u>		<u>7,252,787</u>
		<u>29,367,387</u>	<u>21,883,610</u>
Total Rs.		<u>29,367,387</u>	<u>21,883,610</u>

* Includes Rs.2,831,025/- (Previous year Rs 1,824,465/-)
being the interest paid to Managing Directors and Executive Director.

* Net of Subsidy under Technology Upgradation Fund Scheme Rs.13,943,250/-
(Previous year Rs.10,767,607/-)

Schedule - '14' - Selling and Other Expenses :

Rent	207,600	228,060
Rates and Taxes	2,603,949	2,813,494
Insurance	1,675,329	2,107,735
Freight, Coolie and Cartage	800,781	787,163
Commission to Agents	12,704,662	13,038,018
Discount	52,680,876	44,743,635
Travelling and Conveyance	9,695,095	10,512,606
Miscellaneous Expenses	19,123,864	18,278,060
Loss on Redemption on Long Term Investment	4,483,264	-
Advertisement and Publicity	26,221,780	44,206,076
Excise Duty Expense	17,095	33,414
Legal and Professional Charges	9,518,262	9,673,437
Auditors' Remuneration	418,402	482,037
Directors' Fees and Travelling Expenses	336,000	112,500
Donations	2,000,000	2,000,000
Technical Fees	-	7,261,045
Loss on assets sold, discarded or demolished	-	49,625
Sundry Debit Balances Written off	23,027	35,656
Total Rs.	<u>142,509,986</u>	<u>156,362,561</u>

Schedule - '15' - Depreciation and Amortisation :

Amount written off against Leasehold Land	8,960	8,960
Depreciation	<u>63,952,099</u>	<u>51,806,010</u>
Total Rs.	<u>63,961,059</u>	<u>51,814,970</u>



SHRI DINESH MILLS LTD.

	2009-10 Rs.	2008-09 Rs.		
Schedule - '16' - Notes forming part of the Accounts				
1				
Contingent Liabilities not provided for in respect of :				
(a) Workers' demands - matter under appeal	3,071,891	3,027,352		
(b) Claims against the Company not acknowledged as debts.	302,396	302,396		
(c) Income tax Demands (Including Interest) - Matter under Appeal	6,673,079	-		
(d) Service tax matter under appeal.	-	1,189,563		
(e) Excise matter under appeal.	21,408,225	767,086		
(f) Guarantees given by Company's Bankers.	873,374	1,241,203		
Note : Future cash outflows in respect of above are determinable on receipt of judgements/decisions pending with various forums / authorities.				
2				
Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances) :	3,460,937	149,313,224		
3				
Payments to Auditors :				
(a) Statutory Auditors :				
(i) As Auditor	303,325	303,325		
(ii) In other Capacity- Certificates.	79,416	126,453		
(iii) For Expenses	5,328	21,927		
	<u>388,069</u>	<u>451,705</u>		
(b) Cost Auditors :				
(i) As Auditors	30,333	30,332		
	<u>418,402</u>	<u>482,037</u>		
4				
C.I.F. Value of Imports, Expenditure and Earnings in Foreign Currency:				
(a) C.I.F. Value of Imports:				
Raw Materials	100,501,605	142,723,590		
Capital Goods	173,928,477	96,156,839		
(b) Expenditure in Foreign Currencies :				
Technical Fees, net of tax	-	6,512,272		
Commission	1,120,979	1,637,485		
Travelling Expenses	3,542,425	3,882,297		
Other matters	109,061	567,476		
(c) Earnings in Foreign Currencies :				
F.O.B. Value of Exports	24,575,246	33,482,906		
Others	-	309,211		
5				
Details of Raw Materials Consumption :				
(a) Raw Materials Consumed :				
	<u>2009-10</u>	<u>2008-09</u>		
	Kgs.	Kgs.		
	Rs.	Rs.		
Wool	130,579	47,279,751	131,172	46,142,596
Synthetic Fibre	458,338	66,927,372	520,779	72,189,369
Yarn	307,276	83,595,021	304,358	82,916,313
Others		2,329,315		2,428,529
Total Rs.		<u>200,131,459</u>		<u>203,676,807</u>
(b) Goods - traded - in :				
Ready made garments	1740 Nos	305,582	563 Nos	121,487
(c) Imported and Indigenous Raw Materials Consumed:				
	<u>2009-10</u>	<u>2008-09</u>		
	Rs.	Percentage	Rs.	Percentage
Imported	132,444,666	66.18%	131,377,987	64.50%
Indigenous	67,686,793	33.82%	72,298,820	35.50%
Total	<u>200,131,459</u>	<u>100.00%</u>	<u>203,676,807</u>	<u>100.00%</u>

Schedule - '16' - Notes forming part of the Accounts : (contd.) :

6. Licensed & Installed Capacity, Production, Stocks & Turnover:

(A) LICENSED & INSTALLED CAPACITY AND PRODUCTION.

Class of goods	Licensed Capacity		Installed Capacity-as certified by a Managing Director & accepted by the Auditors being a technical matter		Production meant for sales (Including Job Works.)	
	2009 - 2010	2008-2009	2009- 2010	2008-2009	2009 - 2010	2008-2009
Woollen Fabrics (a)	80 Power Looms	80 Power Looms	80 Power Looms	80 Power Looms	27,002 Mtrs.	33,346 Mtrs.
Worsted Fabrics (a)	20 Looms	20 Looms	30 Looms	30 Looms	1,358,523 Mtrs.	1,523,071 Mtrs.
Woollen Yarn (a)	3,100 Spindles	3,100 Spindles	3,100 Spindles	3,100 Spindles	(C)	(C)
Felt (a)	250 M.T	250 M.T	250 M.T	250 M.T	251 M.T	253 M.T
Wool Tops (b)	10,00,000 Lbs.	10,00,000 Lbs.	10,00,000 Lbs.	10,00,000 Lbs.	(C)	(C)
Worsted Yarn (b)	10,908 Spindles	10,908 Spindles	13,476 Spindles	13,476 Spindles	(C)	(C)

Notes :-

- (a) Licensed and Installed Capacity on three shift per annum basis.
- (b) Licensed and Installed Capacity on Maximum Utilisation basis.
- (c) Captive consumption only.

(B) STOCKS AND TURNOVER :

Class of goods	Stocks at Commencement				Stocks at Close				Turnover				
	2009 - 2010		2008-2009		2009- 2010		2008-2009		2009 - 2010		2008-2009		
Unit	Qty.	Rs.	Qty.	Rs.	Qty.	Rs.	Qty.	Rs.	Qty.	Rs.	Qty.	Rs.	
Woollen Fabrics	Mtrs.	23,158	766,225	6,599	295,560	39,216	910,553	23,158	766,225	10,945	1,659,347	16,216	2,322,753
Worsted Fabrics	Mtrs.	515,703	64,634,907	404,755	49,592,089	482,881	58,066,525	515,703	64,634,907	1,355,514	362,913,378	1,392,744	363,778,599
Felt	M. T.	49	29,670,009	40	27,197,087	52	34,309,477	49	29,670,009	236	469,124,432	226	452,414,699
Ready Made Garments	Nos.	148	33,706	478	113,337	1,262	203,195	148	33,706	624	207,793	893	272,549
Total :			<u>95,104,847</u>		<u>77,198,073</u>		<u>93,489,750</u>		<u>95,104,847</u>		<u>833,904,950</u>		<u>818,788,600</u>



SHRI DINESH MILLS LTD.

Schedule - '16' - Notes forming part of the Accounts : (contd.) :

	As on 31.03.2009 Rs.	Charge/(Credit) During the year Rs.	As on 31.03.2010 Rs.
7 Deferred Taxation :			
Deferred Tax Liability on account of :			
(i) Depreciation	78,918,073	3,693,523	82,611,596
	<u>78,918,073</u>	<u>3,693,523</u>	<u>82,611,596</u>
Deferred Tax Asset on account of :			
(i) Expenses allowable for tax purpose when paid	1,603,704	(36,448)	1,567,256
(ii) Unencashed Leave	4,478,189	375,106	4,853,295
(iii) Gratuity	458,971	76,764	535,736
(iv) Amalgamation Expenses	28,094	(14,366)	13,728
	<u>6,568,958</u>	<u>401,056</u>	<u>6,970,015</u>
Net Deferred Tax Liability / (Assets)	<u>72,349,115</u>	<u>3,292,467</u>	<u>75,641,581</u>
8 Earning Per Share :		31.03.2010	31.03.2009
Basic / Weighted average number of Equity Shares out standing during the year.	Nos.	5,277,500	5,277,500
Nominal value of Equity Share	Rs.	10	10
Profit for the year attributable to equity share holders	Rs.	73,568,631	87,475,265
Basic / diluted earning per share	Rs.	13.94	16.58
9 (A) Calculation of Executive Director's and Managing Directors' Commission :			
Profit as per Profit and Loss Account.			73,369,296
Add: Managing Directors' Remuneration (Including perquisites)		9,975,882	
Executive Director's Remuneration (including perquisites)		5,025,688	
Depreciation		63,961,059	
Provision for Taxation		33,292,467	
Loss on Redemption of Investment		4,483,264	
		<u>116,738,360</u>	
			190,107,656
Less: Depreciation u/s 350		63,961,059	
Profit on Sale of Investments		658,844	
		<u>64,619,903</u>	
Profit on which commission is payable			<u>125,487,753</u>

Note :

In view of inadequate Profit Managing and Executive Directors will be eligible for minimum Remuneration only.

(B) Profit and Loss Account includes Payments and Provision on account of Managerial Personnel as under :

	Managing Directors		Executive Director	Total	Total
	Shri U M Patel Rs.	Shri B U Patel Rs.	Shri N U Patel Rs.	2009-2010 Rs.	2008-2009 Rs.
Salary	2,100,000	2,100,000	2,100,000	6,300,000	5,400,000
Leave encashment	201,923	201,923	201,923	605,769	519,231
Education Allowance	-	210,000	210,000	420,000	360,000
Furnishing Allowance	420,000	420,000	420,000	1,260,000	540,000
House Rent Allowance	1,260,000	1,260,000	1,260,000	3,780,000	3,240,000
Commission	-	-	-	-	1,800,000
Gratuity	87,500	87,500	87,500	262,500	225,000
Contribution to :					
Provident Fund	252,000	252,000	252,000	756,000	648,000
Superannuation Fund	240,625	240,625	240,625	721,875	675,000
Perquisites	426,846	214,940	253,640	895,426	1,296,131
Total Rs.	<u>4,988,894</u>	<u>4,986,988</u>	<u>5,025,688</u>	<u>15,001,570</u>	<u>14,703,362</u>

Schedule - '16' - Notes forming part of the Accounts : (contd.) :

(C) Profit and Loss Account, also includes payments and provisions on account of Director in capacity of Company's Secretary as under :

	Rs.	2009-2010 Rs.	2008-2009 Rs.
Salary and Allowances		760,624	745,437
Contribution to :			
Provident Fund	68,876		67,963
Superannuation Fund	73,622		67,294
		142,498	135,257
Perquisites		150,000	150,000
Total Rs.		1,053,122	1,030,694

10 Employee Benefits

(A) Defined Benefit Plans:

Expenses recognised :

(included in schedule 12 of Profit and Loss Account)

Sr. No	Particular	Gratuity Funded	
		2009-10	2008-09
1	Current Service Cost	2,963,875	3,142,681
2	Interest Cost	4,371,682	4,399,648
3	Expected Return on Plan Assets	(4,301,103)	(4,203,926)
4	Actuarial Losses/ (Gains)	8,587,402	(408,306)
	Expenses Recognised in Profit and Loss A/c	11,621,856	2,930,098
	Net Asset/ (Liability) recognised in the Balance Sheet		
1	Present value of Defined Benefit Obligation	67,597,256	56,408,798
2	Fair Value of Plan Assets	55,975,400	53,478,700
3	Funded Status (Surplus/ (Deficits))	11,621,856	2,930,098
	Net Assets/ (Liability)	(11,621,856)	(2,930,098)

Reconciliation of Net Assets/ (Liability) recognised in the Balance Sheet

1	Net Assets/ (Liability) at Beginning of year	(2,930,098)	(7,947,677)
2	Employer Expenses	(11,621,856)	(2,930,098)
3	Employer Contribution	2,930,098	7,947,677
	Net Assets/ (Liability) at the end of the year	(11,621,856)	(2,930,098)
	Actual Return on Plan Assets	4,166,604	3,518,552

Actuarial Assumptions

1	Discount Rates	8.25%	7.90%
2	Expected Rate of Return on Plan Asset	8.00%	9.00%
3	Expected Rate of Salary Increase	5.00%	5.00%
4	Mortality Post- Retirement	LIC(1994-96)	LIC(1994-96)

Major Category of Plan Asset as a percentage of total plan

1	Government of India Securities	65.00%	65.00%
2	Fixed Deposit with Scheduled Bank	35.00%	35.00%

(B) Defined Contribution Plan:

Amount of Rs.19,740,853 /- (Previous Year Rs.18,209,654/-) is recognised as expense and included in the Schedule 12 " Contribution to Provident and Other Funds" in the Profit and Loss Account.

(C) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and deemed in the employment market. Mortality rates are obtained from the relevant data.

(D) Amount recognised as an expense in respect of Compensated Leave Absences is Rs.4,706,989 /- (Previous year Rs.7,696,452/-)



SHRI DINESH MILLS LTD.

Schedule - '16' - Notes forming part of the Accounts:(contd.) :

11. Related Party Information :

A. Name of related party and nature of relationship

Sr.	Name of the related party	Description of relationship
1.	Where significant influence exists: Dinesh Remedies Ltd. Shri Dinesh Foundation Shri Maganbhai B. Patel's Charity Trust	Subsidiary Key Management Personnel are Trustee Key Management Personnel are Trustee
2.	Key Management Personnel : Mr. U. M. Patel Mr. B. U. Patel Mr. N. U. Patel	Chairman and Managing Director Managing Director Executive Director
3.	Relatives of Key Management Personnel : Mrs. R. B. Patel Mrs. A. N. Patel Mrs. J. B. Patel Mr. A. B. Patel Mstr. N. N. Patel Mrs. M. U. Patel	Wife of Mr. B. U. Patel Wife of Mr. N. U. Patel Daughter of Mr. B. U. Patel Son of Mr. B. U. Patel Son of Mr. N. U. Patel Wife of Mr. U. M. Patel

B. Transactions with related parties

Sr.	Name of the related party	Relationship	Nature of Transaction	Amount		Outstanding Balance	
				2009-10 Rs.	2008-09 Rs.	2009-10 Rs.	2008-09 Rs.
1	Dinesh Remedies Ltd.	Subsidiary	Equity Contribution	15,741,000	15,741,000		
			Sale of Assets	612,060	-		
			Advance Given during the year.	78,722	-	41,165	14,779
2	Chairman and Managing Director Shri U.M.Patel	Key Management Personnel :	Remuneration	4,988,894	4,887,657	294,800	964,524
			Fixed Deposit Received.	3,500,000	4,100,000	6,800,000	4,300,000
			Interest Paid	563,416	493,880		
3	Managing Director Shri B.U.Patel		Remuneration	4,986,988	4,888,432	376,050	911,300
			Fixed Deposit Received.	25,425,000	9,200,000	33,425,000	15,000,000
			Interest Paid	2,247,968	1,311,611		
4	Executive Director Shri N.U.Patel		Remuneration	5,025,688	4,927,273	384,800	1,132,116
			Fixed Deposit Received.	200,000	-	200,000	200,000
			Interest Paid	19,641	18,974		
5	Relatives of Key Management Personnel :		Fixed Deposit Received.	8,070,000	5,235,000	13,205,000	10,995,000
			Interest Paid	1,211,646	949,134		
			Salary	267,162	39,532		9,350
6	Shri Dinesh Foundation	Key Management Personnel are Trustee	Donation	1,000,000	1,000,000		
7	Shri Maganbhai B. Patel's Charity Trust	Key Management Personnel are Trustee	Donation	1,000,000	1,000,000		

Schedule - '16' - Notes forming part of the Accounts : (contd.) :

- C. There are no provision for doubtful debts or amounts written off or written back in respect of debts due to or due from related parties.
- D. Related party relationship is as identified by the Company on the basis of information available with them and relied upon by the Auditors.

12. Micro, Small and Medium Enterprises:

The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with the interest paid/payable as required under the said Act have not been given.

13. Segment Information :

- (a) Primary segment - Business Segment

The Company has only one business segment Viz : "Textile".

- (b) Secondary segment - Geographical

Information of geographical segment :

Particulars	In India	Out side India	Total
	Rs.	Rs.	Rs.
Segment Revenue	772,478,891 (751,515,519)	26,895,779 (37,526,302)	799,374,670 (789,041,821)
Carrying Cost of Assets by location of Assets	1,554,123,540 (1,337,710,303)	1,574,768 (1,446,511)	1,555,698,308 (1,339,156,814)
Addition to Assets and Intangible	199,125,766 (119,342,761)	— —	199,125,766 (119,342,761)

14. Significant Accounting Policies followed by the Company are as stated in the statement annexed to this schedule as Annexure I.
15. The Company has changed the method of valuing raw-material stock which was hitherto valued on Annual Weighted Average Cost, now valued on specific identification cost method having no material impact on the profit for the year.
16. Previous year's figures have been regrouped wherever necessary.

Signature to Schedules '1' to '16'	For and on behalf of Board of Directors	
For and on behalf of Dalal & Shah Firm Registration No. 102020W Chartered Accountants (Ashish Dalal) Partner (Membership No.033596) Mumbai, 26th June, 2010	J. B. Sojitra Company Secretary & Director	B. U. Patel Chairman & Managing Director
	B. B. Patel Vice President (Finance) Vadodara , 26th June, 2010	N. U. Patel Managing Director



**Annexure I referred to in note 14 in schedule "16" to the
The Account for the year ended 31st March, 2010
Statement on significant Accounting Policies**

1. **System of Accounting :**
These financial statements have been prepared on an accrual basis and under historical cost convention and in compliance, in all material aspects, with the applicable accounting principles in India, the applicable accounting standards notified under Section 211 (3C) and the relevant provisions of the Companies Act, 1956. The significant accounting policies adopted by the Company are detailed below:
2. **Use of Estimates :**
The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known / materialised.
3. **Fixed Assets and Depreciation :**
 - A. **Fixed Assets**
 - I Fixed Assets are carried at cost of acquisition including incidental cost relating to acquisition / installation. Fixed Assets are shown net of accumulated depreciation and amortised amount (except on free- hold land).
 - II. Capital Work-in-progress is stated at amount expended upto the date of Balance Sheet.
 - B. **Depreciation and Amortisation**
 - a) Leasehold land
Premium on leasehold land is being amortised over the period of lease.
 - b) Other Fixed Assets
 - I. Depreciation on all the assets except Plant and Machinery acquired /installed upto 31st March, 1990 is being provided on "Written Down Value" in accordance with the provisions of section 205(2)(a) of the Companies Act, 1956 at the rates specified in schedule XIV to the said Act.
 - II. Depreciation on Plant and Machinery acquired/installed on or after 1st April 1990 is being provided on 'Straight Line method' in accordance with the Provisions of Section 205(2)(b) of the Companies Act, 1956 at the rates specified in schedule XIV to the said Act.
 - III. Depreciation on all the assets other than Plant and Machinery acquired /installed on or after 1st April, 1990 is being provided on 'Written Down Value' in accordance with the provisions of Section 205 (2)(a) of the Companies Act, 1956 at the rates specified in schedule XIV to the said Act.
 - IV. Depreciation on additions to the assets during the year is being provided on pro-rata basis with reference to the month of acquisition /installation.
 - V. Depreciation on assets sold, discarded, demolished or scrapped during the year is being provided upto the month in which such assets are sold, discarded, demolished or scrapped.
 - VI. Computer software is being amortised over a period of three years.
4. **Investments :**
Investments are classified into Current and Long-term Investments. Current Investments are stated at lower of cost and fair value. Long-term Investments are stated at cost. A provision for diminution is made to recognize a decline, other than temporary, in the value of Long-term Investments.
5. **Inventories :**
 - I. Stores, Machinery Spares, Coal, etc. are valued at cost or net realisable value whichever is lower. Cost is arrived at on 'Moving Weighted Average Cost basis'.
 - II. Raw Materials are valued at cost or net realisable value whichever is lower. Cost is arrived at on 'Specific Identification cost basis'. (Refer Note - 15)
 - III. Materials in Process and Finished Goods are valued at cost or net realisable value, whichever is lower. Cost comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.
The excise duty in respect of closing inventory of finished goods is included as part of finished goods.
 - IV. Materials in Customs Bonded Warehouse and in transit are stated at cost, upto the date of Balance Sheet.
 - V. Due allowance is estimated and made for defective and obsolete items, wherever necessary, based on the past experience of the Company.
6. **Foreign Currency Transactions :**
 - i) Initial Recognition:
Transactions denominated in foreign currencies are recorded at the rate prevailing on the date of the transaction.
 - ii) Conversion:
At the year-end, monetary items denominated in foreign currencies remaining unsettled are converted into rupee equivalents at the year-end exchange rates. Non monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction.

- iii) Exchange Differences:
All exchange differences arising on settlement and conversion of foreign currency transactions are included in the profit and loss account, except in cases where they relate to the acquisition of fixed assets, acquired out of India in which case they are adjusted in the cost of the corresponding asset.
- 7. Technical Fees :**
Expenditure on technical fees is being treated as revenue and is charged to Profit and Loss Account as and when incurred.
- 8. Revenue Recognition :**
- i) Domestic sales are accounted on dispatch of products to customers.
 - ii) Export Sales are accounted on the basis of the dates of Bill of Lading and/ or Air Way Bill.
 - iii) Export incentives benefits under "Duty Entitlement Pass Book under the Duty Exemption Scheme" and "Duty Draw back scheme" are accounted in the year of exports.
 - iv) Dividend income is accounted for in the year in which the right to receive the same is established.
 - v) Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- 9. Employee Benefits :**
- i) Defined Contribution Plan
Company's contribution paid/payable during the period to Provident Fund, Employee Deposit Linked Insurance Plan, Super Annuation Fund, Employee State Insurance Plan and Labour Welfare Fund are recognised in the Profit and Loss Account.
 - ii) Defined Benefit Plan
Provision for payments to the Employees Gratuity Fund after taking into account the funds available with the Trustees of the Gratuity Fund is based on actuarial valuation done at the close of each financial year.
At the reporting date Company's liabilities towards gratuity is determined by independent actuarial valuation using the projected unit credit method. Actuarial gain and losses are recognised immediately in the statement of Profit and Loss account as income or expenses.
 - iii) Other defined benefits
Provision for other defined benefits for long term leave encashment is made based on an independent actuarial valuation on projected unit credit method at the end of each financial year. Actuarial gain and losses are recognized immediately in the statement of Profit and Loss Account as income or expenses. Company recognizes the undiscounted amount of short term employee benefits during the accounting period based on service rendered by employees.
- 10. Taxation :**
Income tax expense comprises of Current tax and Deferred tax charge or credit.
Provision for current tax is made on assessable income at the tax rate applicable to the relevant assessment year.
The Deferred tax Asset and Deferred tax liability are calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date.
Deferred tax Assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognized, only if there is virtual certainty of its realisation, supported by convincing evidence.
Deferred Tax Assets on account of other timing difference are recognized only to the extent there is a reasonable certainty of its realisation.
The carrying amount of Deferred tax assets are reviewed to reassure realization at each Balance Sheet date.
- 11. Government Grants :**
- 11.1 Government grants are recognized when there is reasonable assurance that the same will be received.
 - 11.2 Revenue grants for expenses incurred are reduced from the respective expenses.
 - 11.3 Capital grants relating to specific fixed assets are reduced from the gross value of the respective fixed assets.
- 12. Borrowing Costs :**
Interest and other borrowing costs attributable to qualifying assets are capitalized. Other interest and borrowing costs are charged to revenue.
- 13. Provisions :**
A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date and adjusted to reflect the current management estimates.
- 14. Impairment of Assets :**
The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal / external factors. An impairment loss will be recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to the present value by using weighted average cost of capital.



SHRI DINESH MILLS LTD.

Information For the year ended 31st March, 2010 Part IV of Schedule VI to Companies Act 1956 (As Annexed)

Balance - Sheet abstract and Company's General Business Profile:

I. Registration Details:

Registration No. 494 State Code 04

Balance Sheet Date 31st March, 2010

II. Capital raised during the year: (Rs. In Thousands)

Public Issue	Rights Issue
Nil	Nil
Bonus Issue	Private Placement
Nil	Nil

III. Position of mobilisation & deployment of Funds: (Rs. In Thousands)

Total Liabilities	Total Assets
1,243,549	1,243,549

Sources of Funds:

Paid up capital	Reserve & Surplus
52,775	803,967
Secured Loans	Unsecured Loans
308,060	78,747

Application of Funds:

Net Fixed Assets	Investments
622,386	354,069
Net Current Assets	Miscellaneous Expenditure
342,736	Nil
Accumulated Losses	Deferred Tax Liability
Nil	(75,642)

IV. Performance of Company: (Rs. In Thousands)

Turnover	Total Expenditure
830,493	723,831
Profit / (Loss) before Tax	Profit/(Loss) after tax
106,662	73,569
Earnings Per Share in Rs.	Dividend
13.94	30%

V. Generic Names of principal Product, Services of the Company:

Item Code No.	551329
Product Description	Worsted Fabrics (Woven blended)
Item Code No.	591120
Product Description	Felt

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956
RELATING TO SUBSIDIARY COMPANY ON THE BASIS OF CONTROL

DINESH REMEDIES LTD. (DRL)

1. The Financial year of the Subsidiary Company ended on : 31st March, 2010
2. Date on which it became Subsidiary : 09th February, 2005
3. (a) Number of shares held by Shri Dinesh Mills Ltd. In the Subsidiary at the end of the financial year of the Subsidiary Company. : 11018195 Equity Shares of Rs.10/- each.
- (b) Extent of interest of Holding Company at the end of the financial year of the Subsidiary Company. : 52.47%
4. Net Aggregate amount of the profit (losses) of the Subsidiary Company for financial year so far as it concerns members of Shri Dinesh Mills Ltd.
 - (a) Dealt with the Company's accounts
 - (i) For the financial year of the Subsidiary : Not Applicable
 - (ii) For the previous years of the Subsidiary Company : Not Applicable
 - (b) Not Dealt with the Company's accounts
 - (i) For the financial year of the Subsidiary : (Rs.1,46,73,277/-)
 - (ii) For the previous years of the Subsidiary Company : (Rs.6,39,44,773/-)

BHARAT U. PATEL
Chairman & Managing Director

N. U. PATEL
Managing Director

J. B. SOJITRA
Company secretary & Director

B. B. PATEL
Vice President (Finance)

Vadodara, 26th June, 2010



SHRI DINESH MILLS LTD.

Auditor's Report on the Consolidated Financial Statements of Shri Dinesh Mills Limited

The Board of Directors of Shri Dinesh Mills Limited

1. We have audited the attached consolidated Balance Sheet of Shri Dinesh Mills Limited (the "Company") and its subsidiary; hereinafter referred to as the "Group" (refer Note (8) on Schedule - 16 to the attached consolidated financial statements) as at 31st March, 2010, the related consolidated Profit and Loss Account and the consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements, notified under Section 211(3C) of the Companies Act, 1956.
4. In our opinion and to the best of our information and according to the explanations given to us, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2010;
 - (b) in the case of the consolidated Profit and Loss Account, of the Profit of the Group for the year ended on that date: and
 - (c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For and on behalf of
DALAL & SHAH
Firm Registration Number : 101020W
Chartered Accountants

Place: Mumbai
Date: 26th June, 2010

(Ashish Dalal)
Partner
(Membership No. 033596)

**CONSOLIDATED BALANCE SHEET OF SHRI DINESH MILLS LIMITED AND ITS SUBSIDIARY
AS AT 31ST MARCH, 2010**

	Schedule	Rs.	As at 31st March, 2010 Rs.	As at 31st March, 2009 Rs.
I. Sources of Funds :				
(1) Shareholders' Funds:				
(a) Share Capital	1	52,775,000		52,775,000
(b) Reserves and Surplus	2	825,140,205		770,458,595
			877,915,205	823,233,595
(2) Loan Funds:				
(a) Secured Loans	3	396,933,793		333,273,350
(b) Unsecured Loans	4	78,746,900		50,189,746
			475,680,693	383,463,096
(3) Deferred Tax Liability (net) (See Note 4)			75,641,582	72,349,115
	Total Rs.		1,429,237,480	1,279,045,806
II. Application of Funds :				
(1) Fixed Assets:				
(a) Gross Block		1,807,636,569		1,600,489,918
(b) Less: Depreciation		1,002,209,717		928,198,576
(c) Net Block	5	805,426,852		672,291,342
(d) Capital Work in Process, cost to date		156,681		20,556,652
(e) Advance for Capital Expenditure		2,308,161		25,815,075
			807,891,694	718,663,069
(2) Investments	6		243,886,373	214,441,337
(3) Current Assets, Loans and Advances:	7			
(a) Inventories		281,733,984		311,581,535
(b) Sundry Debtors		121,255,754		96,202,470
(c) Cash and Bank Balances		174,643,004		120,282,577
(d) Other Current Assets		10,066,410		13,925,666
(e) Loans and Advances		47,865,608		63,531,147
		635,564,760		605,523,395
Less: Current Liabilities and Provisions:	8			
(a) Liabilities		223,794,798		225,220,444
(b) Provisions		34,310,549		34,361,551
		258,105,347		259,581,995
Net Current Assets			377,459,413	345,941,400
	Total Rs.		1,429,237,480	1,279,045,806
Notes forming part of the Accounts	16			

As per our attached report of even date,

For and on behalf of
Dalal & Shah
 Firm Registration No. 102020W
 Chartered Accountants
(Ashish Dalal)
 Partner
 (Membership No.033596)
 Mumbai, 26th June, 2010

For and on behalf of Board of Directors

J. B. Sojitra
 Company Secretary & Director

B. U. Patel
 Chairman & Managing Director

B. B. Patel
 Vice President (Finance)
 Vadodara , 26th June, 2010

N. U. Patel
 Managing Director



SHRI DINESH MILLS LTD.

CONSOLIDATED PROFIT AND LOSS ACCOUNT OF SHRI DINESH MILLS LIMITED AND ITS SUBSIDIARY FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	Rs.	2009-10 Rs.	2008-09 Rs.
Income:				
Sales			945,046,151	894,786,319
Less : Returns			2,052,879	2,867,604
			<u>942,993,272</u>	<u>891,918,715</u>
Less : Excise Duty			40,935,684	38,157,831
			<u>902,057,588</u>	<u>853,760,884</u>
Other Income	9		31,660,178	33,021,716
			<u>933,717,766</u>	<u>886,782,600</u>
Expenditure:				
Raw Materials Consumed	10A		240,270,451	229,022,359
Finished Goods Purchased			305,582	121,487
(Increase) / Decrease in Stocks	10B		19,386,380	(16,974,002)
Manufacturing Expenses	11		109,396,565	127,896,401
Employees' Emoluments	12		208,023,205	188,905,736
Interest and Finance charges	13		37,183,151	31,236,664
Selling and other expenses	14		152,943,019	168,319,019
Depreciation and Amortisation	15		74,263,000	61,883,056
			<u>841,771,353</u>	<u>790,410,720</u>
Profit before Taxation and Exceptional/ Non recurring items			91,946,413	96,371,880
Exceptional Item : Compensation for shortfall in Guaranteed Windmill Power Generation Units			—	12,412,098
Profit before Taxation			<u>91,946,413</u>	<u>108,783,978</u>
Provision for Taxation :				
Current Tax		30,000,000		43,000,000
Deferred Tax (See Note 4)		3,292,467		3,768,959
Wealth Tax		—		—
Fringe Benefit Tax		—		1,492,482
			<u>33,292,467</u>	<u>48,261,441</u>
Profit for the year			<u>58,653,946</u>	<u>60,522,537</u>
Excess Depreciation written back			—	82,748
Tax adjustments relating to earlier years			230,748	1,296,886
			<u>58,884,694</u>	<u>61,902,171</u>
Concern Share			65,874,187	74,057,780
Minority			(6,989,493)	(12,155,609)
			<u>65,874,187</u>	<u>74,057,780</u>
As per last account			(8,271,167)	19,875
Appropriation				
General reserve		60,000,000		70,000,000
Proposed Dividend		15,832,500		10,555,000
Corporate Dividend Tax on above		2,629,588		1,793,822
			<u>78,462,088</u>	<u>82,348,822</u>
Balance Carried to Balance Sheet			<u>(20,859,068)</u>	<u>(8,271,167)</u>
Notes forming part of the Accounts	16			
Basic /diluted Earning Per Share (See Note 5)			12.48	14.03
As per our attached report of even date,		For and on behalf of Board of Directors		
For and on behalf of Dalal & Shah Firm Registration No. 102020W Chartered Accountants (Ashish Dalal) Partner (Membership No.033596) Mumbai, 26th June, 2010		J. B. Sojitra Company Secretary & Director	B. U. Patel Chairman & Managing Director	
		B. B. Patel Vice President (Finance)	N. U. Patel Managing Director	
		Vadodara , 26th June, 2010		

CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2009-2010

	2009-2010 Rs.	2008-2009 Rs.
A. Cash Flow From Operating Activities :		
Net Profit Before Tax and Extra Ordinary Items	<u>91,946,413</u>	<u>96,371,880</u>
Adjustments For :		
Compensation for shortfall in Guaranteed Windmill Power Generation Units	-	12,412,098
Depreciation	74,254,040	61,874,096
Amount written off Against Leasehold land	8,960	8,960
Surplus/Loss on sale of Assets (net)	(116,573)	(128,787)
Interest	37,183,151	31,236,664
Dividend Income	(13,156,237)	(4,257,731)
Interest received on Loans and deposits	(8,511,060)	(17,212,736)
(Profit)/Loss on sale/redemption of investments	3,824,420	-
	<u>93,486,701</u>	<u>83,932,564</u>
Operating Profit Before Working Capital Changes	<u>185,433,114</u>	<u>180,304,444</u>
Adjustment For :		
Trade and Other Receivables	(6,342,197)	1,125,572
Inventories	29,847,551	(30,246,614)
Trade Payables	(148,510)	635,178
	<u>23,356,844</u>	<u>(28,485,864)</u>
Cash Generated from Operations	<u>208,789,958</u>	151,818,580
Direct Taxes Paid	(37,416,696)	(41,375,604)
Net Cash flow from Operating Activities before Extra Ordinary Items	<u>171,373,262</u>	110,442,976
Extra Ordinary Items	-	-
Net Cash flow from Operating Activities	<u>171,373,262</u>	<u>110,442,976</u>
B Cash Flow from Investing Activities :		
Purchase of Fixed Assets	(163,522,556)	(166,084,757)
Sale of Fixed Assets	147,504	857,028
Purchase/ Sale of Investments	(33,269,457)	(58,769,897)
Dividend and Income from Units Received	13,156,237	4,257,731
Interest received on investments	9,257,222	8,759,602
Net Cash Used in Investing Activities	<u>(174,231,050)</u>	<u>(210,980,293)</u>
Carried over	<u>(2,857,788)</u>	<u>(100,537,317)</u>



SHRI DINESH MILLS LTD.

CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2008-2009

	2008-2009 Rs.	2007-2008 Rs.
Brought Over	(2,857,788)	(100,537,317)
C. Cash Flow From Financing activities :		
Proceed from Issue of Share Capital	14,259,000	14,259,000
Total Proceeds From Borrowings (Net of repayments)	92,217,597	37,194,098
Interest paid	(37,139,347)	(31,231,149)
Dividend Paid	(10,325,213)	(10,198,552)
Corporate Dividend Tax	(1,793,822)	(1,793,822)
Net Cash flow from / (used in) Financing Activities	57,218,215	8,229,575
Net Change in Cash and Cash Equivalents	54,360,427	(92,307,742)
Cash and Cash Equivalents As At 1.4.2009 (Opening Balance)	120,282,577	212,590,319
Cash and Cash Equivalents As At 31.3.2010 (Closing Balance)	174,643,004	120,282,577

Note :

- 1 The Cash Flow Statement has been prepared under the "Indirect Method" set out in accounting standard - 3 "Cash Flow Statement" refer to in "The Company's Accounting Standard Rules 2006"
- 2 Cash & cash equivalents includes balances with Schedule Bank on Dividend accounts Rs. 934,360/- (Previous year Rs.1,017,916/-), on Interest on Fixed Deposits Rs.55,055/- (Previous year Rs.1,800,543) in margin money Rs.NIL (Previous year Rs.64,200) which are not available for use by the Company.
- 3 Previous year's figures have been regrouped wherever necessary to confirm to this year's classification.

As per our attached report of even date,

For and on behalf of
Dalal & Shah
Firm Registration No. 102020W
Chartered Accountants
(Ashish Dalal)
Partner
(Membership No.033596)
Mumbai, 26th June, 2010

For and on behalf of Board of Directors

J. B. Sojitra
Company Secretary & Director

B. U. Patel
Chairman & Managing Director

B. B. Patel
Vice President (Finance)

N. U. Patel
Managing Director

Vadodara , 26th June, 2010

Schedule '1' to '16' annexed to and forming part of the Consolidated Balance Sheet as at and Profit and Loss Account for the year ended 31st March, 2010.

	As at 31st March, 2010 Rs.	As at 31st March, 2009 Rs.
Schedule - '1' - Share Capital		
Authorised :		
9,500,000 (950,000) Equity Shares of Rs.10/- (Previous year Rs.100/- each)	95,000,000	95,000,000
50,000 Unclassified Shares of Rs. 100/- each.	5,000,000	5,000,000
	<u>100,000,000</u>	<u>100,000,000</u>
Issued & Subscribed :		
5,277,500 (527,750) Equity Shares of Rs. 10/- (Previous year Rs.100/-) each fully paid (See Notes below)	52,775,000	52,775,000
Total Rs.	<u>52,775,000</u>	<u>52,775,000</u>

Notes :

- (a) 3,078 Equity Shares allotted to Shareholders of Platewel Processes and Chemicals Ltd. as fully paid without payment being received in cash in terms of amalgamation scheme sanctioned by Gujarat High Court, as per order dated 20th March, 1981.

Schedule - '2' - Reserves and Surplus :

Capital Reserve :		
As per last account	2,447,747	2,447,747
Less : Transfer to General Reverse	<u>2,447,747</u>	-
		-
		<u>2,447,747</u>
General Reserve :		
As per last Account	721,125,749	651,125,749
Add : Transfer from Capital Reverse	2,447,747	-
Set aside this year	<u>60,000,000</u>	70,000,000
	783,573,496	721,125,749
Surplus as per annexed Account	(20,859,068)	(8,271,167)
Minority Interest	<u>62,425,777</u>	55,156,266
Total Rs.	<u>825,140,205</u>	<u>770,458,595</u>



SHRI DINESH MILLS LTD.

	As at 31st March, 2010 Rs.	As at 31st March, 2009 . Rs.
Schedule - '3' - Secured Loans :		
From Banks, against hypothecation of Raw Materials, Stores, Spare parts, Finished Goods and Work-in-Process	12,749,778	10,272,501
Term loan under TUF, secured by way of hypothecation of machinery purchased there from	307,655,928	228,057,682
Term loan ,secured by exclusive charge on Fixed assets including equitable mortgage on free-hold land	76,124,028	94,727,332
Interest accrued and due	404,059	215,835
	<u>384,184,015</u>	<u>323,000,849</u>
Total Rs.	<u>396,933,793</u>	<u>333,273,350</u>
Schedule - '4' - Unsecured Loans :		
Fixed Deposits :		
From Directors	40,425,000	19,500,000
From Shareholders	22,285,000	19,365,000
From Public	16,036,900	11,324,746
	<u>78,746,900</u>	<u>50,189,746</u>
Total Rs.	<u>78,746,900</u>	<u>50,189,746</u>

Schedule - '5' - Fixed Assets

Fixed Asset	GROSS BLOCK(a)				DEPRECIATION				NET BLOCK	
	As on 31.3.2009 Rs.	Additions Rs.	Deductions & Adjustments Rs.	As on 31.3.2010 Rs.	Up To 31.3.2009 Rs.	Recouped Rs.	For the Year Rs.	Up To 31.3.2010 Rs.	As on 31.3.2010 Rs.	As on 31.3.2009 Rs.
Land, Freehold	38,115,246	-	-	38,115,246	-	-	-	-	38,115,246	38,115,246
Land, Leasehold	636,199	-	8,960	627,239	-	-	-	-	627,239	636,199
Buildings (b)	81,638,229	381,997	-	82,020,226	32,856,356	-	2,323,538	35,179,894	46,840,332	48,781,873
Drainage Installation	13,749	-	-	13,749	12,831	-	46	12,877	872	918
Tubewell & Water Works	948,728	-	-	948,728	542,007	-	13,848	555,855	392,873	406,721
Plant & Machinery	1,413,749,148	203,842,765	65,000	1,617,526,913	854,596,214	65,000	68,190,697	922,721,911	694,805,002	559,152,934
Electrical Installations	16,463,004	-	-	16,463,004	8,634,307	-	395,958	9,030,265	7,432,739	7,828,697
Furniture & Fixures	26,488,696	2,208,489	-	28,697,185	18,519,472	-	927,499	19,446,971	9,250,214	7,969,224
Vehicles	22,026,527	543,960	208,830	22,361,657	12,750,591	177,899	2,189,928	14,762,620	7,599,037	9,275,936
Computer Software	410,392	452,230	-	862,622	286,798	-	212,526	499,324	363,298	123,594
Total Rs.	1,600,489,918	207,429,441	282,790	1,807,636,569	928,198,576	242,899	74,254,040	1,002,209,717	805,426,852	672,291,342
Previous Year's Total Rs.	1,484,095,562	119,843,138	3,448,782	1,600,489,918	868,988,700	2,664,220	61,874,096	928,198,576	672,291,342	
(a) at cost except leasehold land which is at cost less amounts written off. (b) Includes Rs.750/- being the cost of shares in Co-operative Society (Previous year Rs. 750/-)										



SHRI DINESH MILLS LTD.

	Rs.	As at 31st March, 2010 Rs.	As at 31st March, 2009 Rs.
Schedule - '6' - Investments (At Cost / Book Value)			
(fully paid up unless otherwise specified)			
In Governments and Trust Securities			
Quoted :			
- (6,78,000)	6.60% ARS UTI Bonds of Rs. 100 each of Unit Trust of India	-	72,030,775
50,000	11.50% GOI Securities - 2015	<u>5,590,000</u>	<u>5,590,000</u>
		5,590,000	77,620,775
Long Term Investments:			
In fully paid Shares :			
Quoted : Others:			
120,020	Equity Shares of Rs 10/- each in Kamron Laboratories Ltd.	1,200,200	1,200,200
	Less: Provision for Diminution in value	<u>1,200,199</u>	<u>1,200,199</u>
		1	<u>1</u>
Unquoted:			
Trade :			
	50 Equity Shares of Rs.100/- each in Gujarat Sheep & Wool Development Corporation Ltd.	5,000	5,000
Others :			
	400 Shares of Rs.25/- each in Co-operative Bank of Baroda Ltd.	10,000	10,000
	144,946 Equity Shares of Rs. 10/- each in Bharuch Eco Aqua Infrastructure Ltd.	<u>1,449,460</u>	<u>1,449,460</u>
		1,464,460	1,464,460
Quoted :			
In units of mutual Funds :			
4,750,000 (-)	Units of HDFC Fixed Maturity Plan	47,500,000	-
1,024,762.718	(922,769.778)HDFC Prudence	30,786,085	30,786,085
844,547.887	(766,251.243) Units of SBI Balance Fund	24,411,221	22,500,000
436,220.847	Units of FT India Balance Fund	12,500,000	12,500,000
239,409.091	(232,001.127) Units of Tata Balance Fund	12,732,000	12,500,000
10,606,849.000	(4,431,404.287) Units of HDFC Cash Management Fund	106,402,606	44,453,632
- (1,108,610.750)	Units of HDFC High Interest Fund	-	12,616,384
121,400.476 (-)	HDFC MF MIP Long Term Growth	<u>2,500,000</u>	-
		236,831,912	<u>135,356,101</u>
	Total Rs.	<u>243,886,373</u>	<u>214,441,337</u>
	Book Value as on 31st March	Market Value as on 31st March	
	2010	2009	
	Rs.	Rs.	
Quoted	<u>242,421,913</u>	212,976,877	<u>234,595,269</u>
Unquoted	<u>1,464,460</u>	1,464,460	<u>174,635,913</u>
Total Rs.	<u>243,886,373</u>	<u>214,441,337</u>	

	Rs.	As at 31st March, 2010 Rs.	As at 31st March, 2009 Rs.
Schedule - '7' - Current Assets, Loans and Advances :			
(a) Inventories : (At cost or net realisable value, whichever is lower)			
Stores, Spares, Coal, etc.,		40,237,436	38,183,779
Stock-in-Trade,			
Raw Materials	55,884,311		70,375,777
Work-in-Process	85,042,297		100,811,618
Finished Goods	96,891,795		97,128,531
		237,818,403	268,315,926
Materials in Transit, at cost to date		3,678,145	5,081,830
		281,733,984	311,581,535
(b) Sundry Debtors, Unsecured : Good			
(i) Over Six Months	6,982,997		5,806,440
(ii) Other	114,272,757		90,396,030
		121,255,754	96,202,470
(c) Cash and Bank Balances :			
Cash on hand	437,828		243,476
Bank Balances: with Scheduled Banks:			
In Current Account	21,401,729		31,340,351
In Margin Deposit	584		-
In Short Term Deposits	118,450,000		70,600,000
In Liquid Deposits	30,844,200		14,909,200
In Fixed Deposits	6,000		6,000
Interest Accrued			
on Short Term and Fixed Deposits	3,502,663		3,183,550
		174,205,176	120,039,101
		174,643,004	120,282,577
(d) Other Current Assets :			
Interest and Dividend Receivable on Investments	1,211,187		2,998,010
Interest Subsidy receivable	8,129,663		10,927,656
Other Receivables	725,560		-
		10,066,410	13,925,666
(e) Loans and Advances, Unsecured, Good, unless otherwise stated:			
Advances recoverable in cash or in kind or for value to be received	34,716,296		48,988,805
Balances with Custom and excise etc.	13,149,312		14,542,342
		47,865,608	63,531,147
Total Rs.		635,564,760	605,523,395



SHRI DINESH MILLS LTD.

	Rs.	As at 31st March, 2010 Rs.	As at 31st March, 2009 Rs.
Schedule - '8'- Current Liabilities and Provisions :			
(a) Liabilities :			
Sundry Creditors			
(i) Due to Micro and Small Enterprises	-		-
(ii) Others	<u>220,353,214</u>		<u>220,130,161</u>
		220,353,214	220,130,161
Directors' Remuneration Payable		1,055,650	3,007,940
Investors Education and Protection Fund shall be Credited by the following (See Note below)			
Unclaimed Dividends	1,738,686		1,508,899
Unpaid Matured Fixed Deposits	<u>466,000</u>		<u>436,000</u>
		2,204,686	1,944,899
Interest accrued but not due on loans		181,248	137,444
		<u>223,794,798</u>	<u>225,220,444</u>
(b) Provisions :			
For Unencashed leave	13,723,283		12,263,591
For Staff Gratuity	240,712		217,228
Provision for taxation, net of advances	1,884,466		9,531,910
Provision for Dividend Tax	2,629,588		1,793,822
Proposed Dividend	<u>15,832,500</u>		<u>10,555,000</u>
		34,310,549	34,361,551
Total Rs.		<u>258,105,347</u>	<u>259,581,995</u>

Note : There is no amount due and outstanding to be credited to Investor Education and Protection fund as at 31st March, 2010.

	Rs.	2009-10 Rs.	2008-09 Rs.
Schedule - '9' Other Income :			
Dividend on Mutual Fund - Long Term Investments		13,156,237	4,257,731
Interest (Gross, Tax deducted at source Rs.964,581/-) (Previous year Rs. 2,370,012/-)			
On Government Securities	427,977		-
On Bonds	-		4,535,320
On Short Term Deposit	7,998,879		12,367,537
Other	2,899,656		3,443,076
		<u>11,326,512</u>	<u>20,345,933</u>
Export Incentives		1,326,814	1,699,896
Miscellaneous Receipts		3,082,218	4,421,410
Provisions no longer required		765,159	1,935,932
Surplus on sale of Assets		116,573	178,412
Profit on Sale of Long Term Investments		658,844	-
Sundry Credit Balances appropriated		1,227,821	182,402
Total Rs.		<u>31,660,178</u>	<u>33,021,716</u>
Schedule - '10' A - Raw Materials Consumed:			
Stocks at Commencement	70,375,777		52,977,032
Less: Transferred to Work-in-process stock on reclassification of Inventories	-		1,144,441
		<u>70,375,777</u>	<u>51,832,591</u>
Purchases		223,403,208	248,389,582
		<u>293,778,985</u>	<u>300,222,173</u>
Less : Waste Sales		862,653	824,037
		<u>292,916,332</u>	<u>299,398,136</u>
Less : Stocks at Close		52,645,881	70,375,777
Total Rs.		<u>240,270,451</u>	<u>229,022,359</u>
Schedule - '10' B - (Increase) / Decrease in Stocks:			
Stocks at Close:			
Work-in-Process	85,042,297		100,811,618
Finished Goods	96,891,795		97,128,531
		<u>181,934,092</u>	<u>197,940,149</u>
Less : Stocks at Commencement :			
Work-in-Process	100,811,618		100,610,715
Add: Transferred from Raw material stock on reclassification of Inventories	-		1,144,441
		<u>100,811,618</u>	<u>101,755,156</u>
Finished Goods		97,128,531	81,323,408
		<u>197,940,149</u>	<u>183,078,564</u>
		<u>16,006,057</u>	<u>(14,861,585)</u>
Excise duty variation on opening/closing stocks		3,380,323	(2,112,417)
Total Rs.		<u>19,386,380</u>	<u>(16,974,002)</u>



SHRI DINESH MILLS LTD.

	2009-10	2008-09
	Rs.	Rs.
Schedule - '11' - Manufacturing Expenses :		
Stores and Spares Consumed	31,480,229	35,527,572
Processing Charges	2,094,239	2,197,043
Power, Fuel and Water	46,596,683	54,591,915
Machinery Repairs	24,540,847	28,118,790
Building Repairs	3,676,365	6,706,736
Other Repairs	1,008,202	754,345
Total Rs.	109,396,565	127,896,401
Schedule - '12' - Employees' Emoluments:		
Salaries, Wages, Bonus, etc.	164,434,163	155,546,728
Contribution to Provident and Other Funds	29,288,367	18,977,947
Employees' State Insurance Scheme	2,938,450	2,874,412
Welfare Expenses	11,362,225	11,506,649
Total Rs.	208,023,205	188,905,736
Schedule - '13' - Interest and Finance Charges		
Interest :		
*On Fixed Loans	30,299,161	23,306,181
Others	6,883,990	7,930,483
Total Rs.	37,183,151	31,236,664
* Net of Subsidy under TUFs Rs.13,943,250/- (Previous year Rs.10,767,607/-)		
Schedule - '14' - Selling and Other Expenses :		
Rent	507,600	403,060
Rates and Taxes	2,603,949	2,832,237
Insurance	2,147,139	2,567,786
Freight, Coolie and Cartage	3,422,046	2,489,617
Commission to other Agents	12,704,662	13,038,018
Discount	52,680,876	44,745,063
Travelling and Conveyance	10,648,206	11,498,497
Miscellaneous Expenses	23,003,598	22,818,262
Loss on Redemption on Long Term Investment	4,483,264	-
Advertisement and Publicity	26,221,780	44,206,076
Excise Duty Expenses	17,095	33,414
Legal and Professional Charges	9,602,932	13,683,741
Auditors' Remuneration	450,241	510,379
Directors' Fees and Travelling Expenses	336,000	112,500
Donations	2,000,000	2,000,000
Technical Fees	-	7,261,045
Loss on assets sold, discarded or demolished	-	49,625
Bad Debts	2,090,604	-
Sundry Debit Balances Written off	23,027	69,699
Total Rs.	152,943,019	168,319,019
Schedule - '15' - Depreciation & Amortisation :		
Amount written off against Leasehold Land	8,960	8,960
Depreciation	74,254,040	61,874,096
Total Rs.	74,263,000	61,883,056

Schedule – '16' – Notes forming part of the Accounts :

	2009-2010	2008-2009	
	<u>Rs.</u>	<u>Rs.</u>	
1 Contingent Liabilities not provided for in respect of :			
(a) Workers' demands - matter under appeal	3,071,891	3,027,352	
(b) Claims against the Company not acknowledged as debts.	302,396	302,396	
(c) Income Tax demands (Including Interest)	6,673,079	–	
(d) Service tax matter under appeal	–	1,189,563	
(e) Guarantees given by Company's Bankers.	873,374	1,241,203	
(f) Excise matter under appeal.	21,408,225	767,086	
 Note :			
Future cash outflows in respect of above are determinable on receipt of judgements/decisions pending with various forums / authorities.			
 2 Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances) :	3,460,937	149,313,224	
 3 Payments to Auditors :			
(a) Statutory Auditors :			
(i) As Auditor	328,325	328,325	
(ii) In other Capacity- Certificates	79,416	126,453	
(iii) For Expenses	12,167	25,269	
	<u>419,908</u>	<u>480,047</u>	
(b) Cost Auditors :			
(i) As Auditors	30,333	30,332	
	<u>450,241</u>	<u>510,379</u>	
 4 Deferred Taxation :			
Deferred Tax liability on account of :	Accumulated	Charge/Credit	As on
	as on 31.03.2009	During the year	31.03.2010
	<u>Rs.</u>	<u>Rs.</u>	<u>Rs.</u>
(i) Depreciation	78,918,073	3,693,524	82,611,597
	<u>78,918,073</u>	<u>3,693,524</u>	<u>82,611,597</u>
Deferred Tax Asset on account of :			
(I) Expenses allowable for tax purpose when paid	1,603,704	(36,448)	1,567,256
(ii) Unencashed Leave	4,478,189	375,106	4,853,295
(iii) Gratuity	458,971	76,765	535,736
(iv) Amalgamation Expenses	28,094	(14,366)	13,728
	<u>TOTAL</u>	<u>6,568,958</u>	<u>6,970,015</u>
Net Deferred Tax Liability / (Assets)	<u>72,349,115</u>	<u>3,292,467</u>	<u>75,641,582</u>
 5 Earning Per Share :			
Basic / Weighted average		2009-10	2008-09
Number of Equity Shares out standing during the year.	No.	5,277,500	5,277,500
Nominal value of Equity Share	Rs.	10	10
Profit for the year attributable to equity share holders	Rs.	65,874,187	74,057,780
Basic / diluted earning per share	Rs.	12.48	14.03



SHRI DINESH MILLS LTD.

Schedule - '16' - Notes forming part of the Accounts:(contd.) :

6. Related Party Information :

Sr.	Name of related party and Nature of Relationship	Description of relation
1	Key Management Personnel :- Mr. U.M. Patel Mr. B.U. Patel Mr. N.U. Patel	Chairman and Managing Director Managing Director Executive Director
2	Relatives of Key Management Personnel :- Mrs. R.B. Patel Mrs. A.N. Patel Miss. J.B. Patel Mr. A.B. Patel Mstr. N.N. Patel Mrs. M.U.Patel	Wife of Mr. B.U.Patel Wife of Mr. N.U.Patel Daughter of Mr. B.U.Patel Son of Mr. B.U.Patel Son of Mr. N.U.Patel Wife of Mr. U.M.Patel
3	Where significant influence exists :- Shri Dinesh Foundation Shri Maganbhai B. Patel's Charity Trust	Key Management Personnel are Trustee Key Management Personnel are Trustee

B. Transactions with related parties

Sr.	Name of the related party	Relationship	Nature of Transaction	Amount		Outstanding Balance	
				2009-10 Rs.	2008-09 Rs.	2009-10 Rs.	2008-09 Rs.
1	Chairman and Managing Director Shri U.M. Patel	Key Management Personnel:	Remuneration	4,988,894	4,887,657	294,800	964,524
			Fixed Deposit Received.	3,500,000	4,100,000	6,800,000	4,300,000
			Interest Paid	563,416	493,880		
2	Managing Director Shri B.U. Patel		Remuneration	4,986,988	4,888,432	376,050	911,300
			Fixed Deposit Received.	25,425,000	9,200,000	33,425,000	15,000,000
			Interest Paid	2,247,968	1,311,611		
3	Executive Director Shri N.U. Patel		Remuneration	5,025,688	4,927,273	384,800	1,132,116
			Fixed Deposit Received.	200,000	-	200,000	200,000
			Interest Paid	19,641	18,974		
4	Relatives of Key Management personnel		Fixed Deposit Received.	8,070,000	5,235,000	13,205,000	10,995,000
			Interest Paid	1,211,646	949,134		
			Salary	267,162	39,532		9,350
5	Shri Dinesh Foundation	Key Management Personnel are Trustee	Donation	1,000,000	1,000,000		
6	Shri Maganbhai B. Patel's Charity Trust	Key Management Personnel are Trustee	Donation	1,000,000	1,000,000		

C. There are no provision for doubtful debts or amounts written off or written back in respect of debts due to or due from related parties.

D. Related party relationship is as identified by the Company on the basis of information available with them and relied upon by the Auditors.

Schedule – '16' – Notes forming part of the Accounts :
7. Segment wise Revenue and Capital employed for the Year ended March 31, 2010
(a) Primary segment : Business Segment

	Textile		Pharmaceuticals		Consolidated	
	2009-10 Rs.	2008-09 Rs.	2009-10 Rs.	2008-09 Rs.	2009-10 Rs.	2008-09 Rs.
Revenue						
External Sales	799,374,670	789,041,821	102,682,918	64,719,063	902,057,588	853,760,884
Inter segment Sales	–	–	–	–	–	–
Total Revenue	799,374,670	789,041,821	102,682,918	64,719,063	902,057,588	853,760,884
Segment Result	104,910,908	111,260,414	(7,441,522)	(16,673,585)	97,469,386	94,586,829
Profit before interest and Tax						
Interest Expense (Net)	(18,125,079)	(1,847,556)	(7,815,764)	(9,353,054)	(25,940,843)	(11,200,610)
Other un-allocable income, net of Un-allocable Expenditure	19,865,274	12,479,266	552,596	506,396	20,417,870	12,985,662
Profit before tax	106,651,103	121,892,124	(14,704,690)	(25,520,243)	91,946,413	96,371,881
Segment Assets	984,421,408	926,349,941	241,382,803	230,655,373	1,225,804,211	1,157,005,314
Unallocated Common assets	461,043,124	378,351,141	722,871	3,481,931	461,765,995	381,833,072
Total Assets	1,445,464,532	1,304,701,082	242,105,674	234,137,304	1,687,570,206	1,538,838,386
Segment Liabilities	213,528,532	222,541,829	21,260,939	12,482,091	234,789,471	235,023,920
Unallocated Common Liabilities	4,516,896	24,166,828	564,271	601,832	5,081,167	24,768,660
Total Liabilities	218,045,428	246,708,657	21,825,210	13,083,923	239,870,638	259,792,580
Capital Expenditure	199,125,766	119,623,961	8,303,675	219,177	207,429,441	119,843,138
Depreciation	63,952,099	51,814,970	10,301,941	10,068,086	74,254,040	61,883,056
Non Cash Expenses other than Depreciation	–	–	–	–	–	–

(b) Secondary segment – Geographical Information of geographical segment :

Particulars	In India		Out side India		Total	
	2009-10 Rs.	2008-09 Rs.	2009-10 Rs.	2008-09 Rs.	2009-10 Rs.	2008-09 Rs.
Segment Revenue	875,161,809	816,234,582	26,895,779	37,526,302	902,057,588	853,760,884
Carrying Cost of Assets						
by location of Assets	1,685,995,438	1,537,391,875	1,574,768	1,446,511	1,687,570,206	1,538,838,386
Addition to Assets and						
Intangible	207,429,441	119,843,138	–	–	207,429,441	119,843,138

Other Disclosure :

1. Segments has been identified in line with the Accounting Standard - 17 ' Segment Reporting" taking into account the organisation structure as well as the differing risks and returns.
 2. Company has disclosed Business Segment as the Primary Segment.
 3. Composition of Business Segment :

Name of Segment	Comprises of :
(a) Textiles	Woollen Textile
(b) Pharmaceuticals	Empty Hard Gelatin Capsules
- 8 Significant Accounting Policies followed by the Company are :**
- 1 System of Accounting:
 - 1.1 The Company, generally, follows the mercantile system of accounting and recognizes income and expenditure on an accrual basis except those with significant uncertainties.
 - 1.2 Financial statements are based on historical cost .These cost are not adjusted to reflect the impact of the changing values in purchasing power of money.
 - 2 Principle of Consolidation:
 - 2.1 The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS-21) "Consolidated Financial Statements" issued by The Institute of Chartered Accountants of India.



SHRI DINESH MILLS LTD.

Schedule – '16' – Notes forming part of the Accounts :

Name of the Company : Dinesh Remedies Ltd.

Country of Incorporation : India

% of ownership interest as at 31.3.2010 : 52.47

2.2 The Financial Statements of the Parent Company and its Subsidiary Company have been combined on a line by line basis by adding together book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transaction resulting in unrealized profits or losses.

2.3 The Consolidated Financial Statement are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the parent Company's separate Financial Statements.

3 Other Significant Accounting Policies:

These are set out in the notes to accounts under "Statement of Accounting Policies" of the Financial Statement of Parent Company and its subsidiary.

Signature to Schedules '1' to '16'	For and on behalf of Board of Directors	
For and on behalf of Dalal & Shah Firm Registration No. 102020W Chartered Accountants (Ashish Dalal) Partner (Membership No.033596) Mumbai, 26th June, 2010	J. B. Sojitra Company Secretary & Director	B. U. Patel Chairman & Managing Director
	B. B. Patel Vice President (Finance) Vadodara , 26th June, 2010	N. U. Patel Managing Director
