

Shri Dinesh Mills Limited, Vadodara.



BOARD OF DIRECTORS

Shri Upendrabhai M. Patel	(Chairman Emeritus)
Shri Bharatbhai U. Patel	(Chairman & Managing Director)
Shri Nimishbhai U. Patel	(Managing Director)
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 Sudhir Mankad	(w.e.f. 10th February, 2011)
Shri Rakesh Agrawal	(w.e.f. 10th February, 2011)
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 76th 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 Thursday, 15th September, 2011 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, 2011 and Profit & Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend for the year 2010-2011.
3. To appoint a Director in place of Shri H. N. Elavia, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri R. P. Gaekwad, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. Dhirubhai Shah & Co., Chartered Accountants, Ahmedabad as Auditors and fix their remuneration.

SPECIAL BUSINESS:

6. 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 257 and 260 of the Companies Act, 1956, Shri Sudhir Mankad be and is hereby appointed as Director of the Company liable to retire by rotation."

7. 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 257 and 260 of the Companies Act, 1956, Shri Rakesh Agrawal be and is hereby appointed as Director of the Company liable to retire by rotation."

8. **TO CONSIDER REVISION IN THE REMUNERATION OF SHRI BHARATBHAI U. PATEL, CHAIRMAN & MANAGING DIRECTOR.**

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

"**RESOLVED THAT** subject to the approval of the Central Government and in partial modification of earlier Resolutions passed by members of the Board and the Company, the members of the Company hereby approve the revision in the remuneration of Shri Bharatbhai U. Patel, Chairman & Managing Director of the Company in accordance with the provisions of Section 198, 309 and 310 read with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956 as minimum remuneration for a period from 1st April, 2011 to 31st March, 2013 as set out in the draft Deed of Variation, copy whereof placed before the meeting and initialed by the Chairman for the purpose of identification with liberty to the Board to increase/reduce the remuneration, alter and vary such terms and conditions in accordance with Schedule XIII or any amendments to be made in Schedule XIII to the Companies Act, 1956 hereafter as may be agreed by Shri Bharatbhai U. Patel.

RESOLVED FURTHER THAT the Deed of Variation be executed with Shri Bharatbhai U. Patel under the Common Seal of the Company pursuant to provisions of Articles of Association of the Company."



SHRI DINESH MILLS LTD.

9. TO CONSIDER REVISION IN THE REMUNERATION OF SHRI NIMISHBHAI U. PATEL, MANAGING DIRECTOR.

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

"**RESOLVED THAT** subject to the approval of the Central Government and in partial modification of earlier Resolutions passed by members of the Board and the Company, the members of the Company hereby approve the revision in the remuneration of Shri Nimishbhai U. Patel, Managing Director who is also rendering honorary services as Chairman & Managing Director of the subsidiary company viz. Dinesh Remedies Ltd., in accordance with the provisions of Section 198, 309, 310 and 316 read with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956 as minimum remuneration for a period from 1st April, 2011 to 31st March, 2014 as set out in the draft Deed of Variation, copy whereof placed before the meeting and initialed by the Chairman for the purpose of identification with liberty to the Board to increase/reduce the remuneration, alter and vary such terms and conditions in accordance with Schedule XIII or any amendments to be made in Schedule XIII to the Companies Act, 1956 hereafter as may be agreed by Shri Nimishbhai U. Patel.

RESOLVED FURTHER THAT the Deed of Variation be executed with Shri Nimishbhai U. Patel under the Common Seal of the Company pursuant to provisions of Articles of Association of the Company."

10. TO CONSIDER REVISION IN THE TERMS OF APPOINTMENT OF SHRI ADITYABHAI PATEL.

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 elevated as "General Manager - Felt Sales" w.e.f. 1st July, 2011 on the following terms & conditions:

1. Basic Salary [Grade: (A+) Rs. 50,000-5,000-60,000]
2. Allowances & Perquisites : House Rent Allowance, Electricity Allowance, Magazine Allowance & reimbursement of Medical & LTA, Education expenses, Hotel expenses, Contribution to Provident Fund & Superannuation Fund, Leave & Encashment thereof and Inflation (High Cost) as per the rules of the Company subject to the overall ceiling of his Annual Basic Salary."

Regd. Office :
P.O. Box No. 2501,
Padra Road,
Vadodara - 390 020
Dated : 17th June, 2011

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, 6 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, 8, 9 and 10. (Annexure: B)
4. The Register of Members and Share Transfer Books will remain closed from Thursday, 14th July, 2011 to Thursday, 21st July, 2011. (Both days inclusive)
5. The Company has already transferred unclaimed dividend to the Investor Education & Protection Fund for the Financial Year ended 31st March, 2003 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
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
75	04-09-2010	2009-2010	10-10-2017

6. The Company will have to transfer dividend No.69 for the Financial Year 2003-2004 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, 2011 to those shareholders whose names appear on the Register of Members of the Company on 21st July, 2011 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 National Electronic Clearing System. (NECS)
8. Green Initiative: The Ministry of Corporate Affairs, Government of India, has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies vide its circular dated April 21, 2011 and accordingly, members are requested to inform the Company their Email address so as to enable the Company to send the Annual Report & Accounts in electronic form to save the papers, trees & environment.
9. 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.

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, 6 & 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 H. N. Elavia, Shri R. P. Gaekwad, Shri Sudhir Mankad and Shri Rakesh Agrawal are as under:-

- (1) **Name** : **Shri H. N. Elavia**
Age : 74 years
Qualifications : B. Com., LL.B., AICWA
Expertise : Overall experience of 41 years in the fields of Costing, Project Financing and General Administration.
Tenure : Director of the Company since 28-9-2004.
Shareholding in the Company : NIL



SHRI DINESH MILLS LTD.

Other Directorships	:		
<u>Name of the Company</u>		<u>Position Held</u>	<u>Member/Chairman of Committee</u>
Dinesh Remedies Ltd.		Director	Member - Audit Committee
Inter Relationship	:	He is not related to any Directors of the Company.	
(2) Name	:	Shri R. P. Gaekwad	
Age	:	73 years	
Qualifications	:	B. A. (Fine Arts)	
Expertise	:	Valuable contribution to the Board in the overall Management of the Company.	
Tenure	:	Director of the Company since 05-8-1989.	
Shareholding in the Company	:	Nil.	
Other Directorships	:	None	
Inter Relationship	:	He is not related to any Directors of the Company.	
(3) Name	:	Shri Sudhir Mankad	
Age	:	64 years	
Qualifications	:	M. A. (History), IAS (Retd.)	
Expertise	:	Expertise in framing & implementation of transparent Governance policies.	
Tenure	:	As an Additional Director of the Company since 10-2-2011.	
Shareholding in the Company	:	Nil	
Other Directorships	:		
<u>Name of the Company</u>		<u>Position Held</u>	<u>Member/Chairman of Committee</u>
1. Bhavnagar Energy Co. Ltd.		Chairman	NIL
2. Gujarat International Finance Tech-City Ltd.		Chairman	NIL
3. GIFT Collective Investment Mgt. Co. Ltd.		Chairman	NIL
4. IL&FS Education & Technology Services Ltd.		Director	NIL
5. Deepak Nitrite Ltd.		Director	Member - Audit Committee
6. Gruh Finance Ltd.		Director	Member - Shareholders Grievance Committee
Inter Relationship	:	He is not related to any Directors of the Company.	
(4) Name	:	Shri Rakesh Agrawal	
Age	:	64 years	
Qualifications	:	M. E. (Chemical), U.S.A.	
Expertise	:	Expert knowledge in overall Corporate Management.	
Tenure	:	As an Additional Director of the Company since 10-2-2011.	
Shareholding in the Company	:	Nil	
Other Directorships	:		
<u>Name of the Company</u>		<u>Position Held</u>	<u>Member/Chairman of Committee</u>
1. Ineos ABS (India) Ltd.		Managing Director	Member - Shareholders Grievance Committee
2. Shiva Pharmachem Ltd.		Chairman	NIL
3. Control Print Ltd.		Director	Member - Audit Committee
Inter Relationship	:	He is not related to any Directors of the Company.	

ANNEXURE : B

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 (ITEM No. 6, 7, 8, 9 & 10)

ITEM NO. 6 APPOINTMENT OF SHRI SUDHIR MANKAD AS DIRECTOR OF THE COMPANY.

Shri Sudhir Mankad, IAS (Retd.) holds Masters in History from Delhi University. He has served the Govt. of India and Govt. of Gujarat in various capacities and retired after serving as Chief Secretary of Govt. of Gujarat. He has also served as Director / Chairman on the Board of various reputed companies, several educational institutions and NGOs. He was appointed as an Additional Director by the Board of Directors of our Company at their meeting held on 10th February, 2011 so as to avail the benefit from his rich experience and expertise. In terms of Section 260 of the Companies Act, 1956, Shri Sudhir Mankad will hold the Office upto the date of ensuing 76th Annual General Meeting of the Company and the Company has received Notice-cum-Consent proposing his candidature as Director, if appointed by members of the Company.

The Board recommends to pass the Ordinary Resolution as set out in Item No.6 of the Notice. None of the Directors of the Company is in any way concerned or interested in this resolution.

ITEM NO. 7 APPOINTMENT OF SHRI RAKESH AGRAWAL AS DIRECTOR OF THE COMPANY.

Shri Rakesh Agrawal (M.E.-Chemical from U.S.A.) is a Managing Director of INEOS ABS (India) Ltd., Baroda since its inception in the year 1976. He has promoted a Company namely Shiva Pharmachem Ltd. in Baroda. He also served the Federation of Gujarat Industries, Forum of Federations, Chambers & Association of Industries of Gujarat. He is also Executive Committee member of Federation of Indian Chambers of Commerce & Industry (FICCI) & Federation of Gujarat Industries and educational institution(s) and NGOs. He is actively involved in various activities for promoting Indian Contemporary Art. In terms of Section 260 of the Companies Act, 1956, Shri Rakesh Agrawal will hold the Office upto the date of ensuing 76th Annual General Meeting of the Company and the Company has received Notice-cum-Consent proposing his candidature as Director, if appointed by members of the Company.

The Board recommends to pass the Ordinary Resolution as set out in Item No.7 of the Notice. None of the Directors of the Company is in any way concerned or interested in this resolution.

ITEM NO. 8 CONSIDER REVISION IN THE REMUNERATION OF SHRI BHARATBHAI U. PATEL, CHAIRMAN & MANAGING DIRECTOR.

Shri Bharatbhai U. Patel is rendering services to the Company since 1973 after completing his B. Text., M.B.A. (USA). Due to his vision & untiring efforts, the Company not only survived during this tough period but also achieved reasonable growth in the turnover and profitability despite the facts that many textile sector companies had to close down their operations during this period. His timely actions / changes made and the adoption of latest technology, the turnover has been increased from Rs.5/- crore in 1973 to Rs. 80/- crores in 2010 & the net profit has also gone up from Rs.16 lacs to Rs.734 lacs. E.P.S. & Book Value per share has been increased substantially & long term investors are benefited as the more than 90% of the present equity share capital is given to them as Bonus shares as well as continues payment of dividend by the Company for more than two decades. In consideration of the above, the members of the Remuneration Committee and Board of Directors at their meetings held on 10th February, 2011 decided to pay the proposed remuneration to him as minimum remuneration in case of losses/inadequacy of the profits for the period from 1st April, 2011 to 31st March, 2013 which is quite justified looking to his contribution, long term association and experience.

Presently, he is rendering his services as the Chairman & Managing Director of the Company w. e. f. 1st April, 2010 and the Company is paying the remuneration to him as per Schedule XIII to the Companies Act, 1956 read with Section 198 and 309 of the Companies Act, 1956 whereas the remuneration of even senior level executives have been increased substantially. In order to enable the Company to continue to get the benefit of wide and varied knowledge and experience of Shri Bharatbhai U. Patel, the Board of Directors decided to pay increased/revised remuneration to him as minimum remuneration in case of losses/inadequacy in the profits for the period from 1st April, 2011 to 31st March, 2013 subject to approval of Central Government and Shareholders of the Company as per details given hereunder:

1. Basic Salary (Grade): Rs.3,50,000/- per month - 25,000/- - 3,75,000/-
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.



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3. Allowances & Perquisites:

- i) The Chairman & Managing Director 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 the Chairman & Managing Director.
- 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 the Chairman & Managing Director shall not be included in the computation of the aforesaid limits of the remuneration.

The details pursuant to Section: II (1) (C) (iv) of the Schedule XIII of the Companies Act, 1956 are as under:

I. General Information:

- (1) Name of industry : Textile
- (2) Date of commencement of commercial production : 17-02-1936
- (3) Financial performance: (Rs. in Lacs)

<u>Particulars</u>	<u>2010-11</u>	<u>2009-10</u>	<u>% change</u>
Sales Turnover (Net)	8233	7631	7.89
Operating profit (PBDIT)	2158	2000	7.90
Depreciation	748	640	16.88
Interest	314	293	7.17
Profit before Tax	1096	1067	2.72
Tax	318	333	(4.50)
Net Profit	778	734	5.99
Earning Per Share (Rs.)	14.79	13.94	6.10
- (4) Export performance and net foreign exchange collaborations: FOB Value of export is Rs.397/- lacs during the year 2010-2011 and there is no foreign exchange collaborations.
- (5) Foreign investments or collaborators, if any : None

II. Information about the appointee:

- (1) Background details: As given hereinabove.
- (2) Past remuneration: Rs.1,75,000/- basic salary p.m. plus Perquisites & Allowances subject to ceiling of his Annual Basic Salary and Commission.
- (3) Recognition or awards: As given hereinabove.
- (4) Job profile and his suitability: General administration and management of the overall business and affairs of the Company subject to the direction, supervision and control of the Board of Directors of the Company. The justification for his suitability is given hereinabove.
- (5) Remuneration proposed: As per the details given hereinabove.
- (6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person: Members are aware that our Company is a unique Composite Textile sector Company manufacturing suiting and Machine Clothing, managerial remuneration being paid by other Companies are not comparable and therefore, the remuneration proposed

hereinabove is justifiable and the same be paid even as minimum remuneration in case the Company has no profits or has inadequate profits as per the relevant provisions of the Companies Act, 1956.

- (7) Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any: He is related to Shri Nimishbhai Patel, Managing Director of the Company.

III. Other Information:

- (1) Reason of loss or inadequate profits: During the year 2010-2011, there was adequate profit and therefore, the reason for loss or inadequate profits are not applicable. However, considering the cut-throat competitive environment and adverse impact of higher input prices in the textile sector, there could be inadequate profit during his tenure.
- (2) Steps taken or proposed to be taken for improvement: Not Applicable. However, appropriate steps would be taken as and when required.
- (3) Expected increase in productivity and profits in measurable terms: As there was no inadequate profit in the year 2010-2011, the details are not applicable.

The draft Deed of Variation to be executed between the Company and Shri Bharatbhai U. Patel is available for inspection by members of the Company at the Registered Office between 11.00 a.m. to 1.00 p.m. on any working day before the date of the ensuing 76th Annual General Meeting.

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

The Board recommends to pass the Special Resolution as set out in Item No.8 of the Notice. Except Shri Upendrabhai M. Patel, Shri Bharatbhai U. Patel and Shri Nimishbhai U. Patel, no other Directors of the Company is in any way concerned or interested in this resolution.

ITEM NO. 9 CONSIDER REVISION IN THE REMUNERATION OF SHRI NIMISHBHAI U. PATEL, MANAGING DIRECTOR.

Shri Nimishbhai U. Patel, after completing his B.B.A. and M.B.A. (USA), is rendering his valuable services to the Company since 1990. He has very rich experience of more than 20 years in the textile, chemical industry and more than five years in Pharma industry. He is also rendering honorary services as Chairman & Managing Director of the subsidiary company viz. Dinesh Remedies Ltd. He has made significant contribution to the progress of these Companies. In consideration of the valuable services rendered by him, the members of the Remuneration Committee and the Board of Directors of the Company at their meetings held on 31st March, 2010 elevated him as the Managing Director of the Company w.e.f. 1st April, 2010.

Presently, he is rendering his services as the Managing Director of the Company w. e. f. 1st April, 2010 and the Company is paying the remuneration to Shri N. U. Patel as per Schedule XIII to the Companies Act, 1956 read with Section 198 and 309 of the Companies Act, 1956 whereas the remuneration of even senior level executives have been increased substantially. In order to enable the Company to continue to get the benefit of wide and varied knowledge and experience of Shri Nimishbhai U. Patel, the members of the Remuneration Committee and Board of Directors at their meetings held on 10th February, 2011 decided to pay the proposed increased/revised remuneration to him as minimum remuneration in case of losses/inadequacy in profits for the period from 1st April, 2011 to 31st March, 2014 as detailed hereunder subject to approval of Central Government and Shareholders of the Company which is quite justified looking to his contribution, long term association and his experience.

1. Basic Salary (Grade): Rs.3,50,000/- per month - 25,000/- - 4,00,000/-
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) The Managing Director 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,



SHRI DINESH MILLS LTD.

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 the Managing Director.
- 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 the Managing Director shall not be included in the computation of the aforesaid limits of the remuneration.

The details pursuant to Section: II (1) (C) (iv) of the Schedule XIII of the Companies Act, 1956 are as under:

I. General Information:

- (1) Name of industry : Textile
- (2) Date of commencement of commercial production : 17-02-1936
- (3) Financial performance: (Rs. in Lacs)

Particulars	2010-11	2009-10	% change
Sales Turnover (Net)	8233	7631	7.89
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Profit before Tax	1096	1067	2.72
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Net Profit	778	734	5.99
Earning Per Share (Rs.)	14.79	13.94	6.10
- (4) Export performance and net foreign exchange collaborations: FOB Value of export is Rs.397/- lacs during the year 2010-2011 and there is no net foreign exchange collaborations.
- (5) Foreign investments or collaborators, if any : None

II. Information about the appointee:

- (1) Background details: As given hereinabove.
- (2) Past remuneration: Rs.1,75,000/- basic salary p.m. plus Perquisites & Allowances subject to ceiling of his Annual Basic Salary and Commission.
- (3) Recognition or awards: As given hereinabove.
- (4) Job profile and his suitability: General administration and management of the overall business and affairs of the Company subject to the direction, supervision and control of the Board of Directors of the Company. The justification for his suitability is given hereinabove.
- (5) Remuneration proposed: As per the details given hereinabove.
- (6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person: Members are aware that our Company is a unique Composite Textile sector Company manufacturing suiting and Machine Clothing, managerial remuneration being paid by other Companies are not comparable and therefore, the remuneration proposed hereinabove is justifiable and the same be paid even as minimum remuneration in case the Company has no profits or has inadequate profits as per the relevant provisions of the Companies Act, 1956.

- (7) Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any: He is related to Shri Bharatbhai Patel, Chairman & Managing Director of the Company.

III. Other Information:

- (1) Reason of loss or inadequate profits: During the year 2010-2011, there was adequate profit and therefore, the reason for loss or inadequate profits are not applicable. However, considering the cut-throat competitive environment and adverse impact of higher input prices in the textile sector, there could be inadequate profit during his tenure.
- (2) Steps taken or proposed to be taken for improvement: Not Applicable. However, appropriate steps would be taken as and when required.
- (3) Expected increase in productivity and profits in measurable terms: As there was no inadequate profit in the year 2010-2011, the details are not applicable.

The draft Deed of Variation to be executed between the Company and Shri Nimishbhai U. Patel is available for inspection by members of the Company at the Registered Office between 11.00 a.m. to 1.00 p.m. on any working day before the date of the ensuing 76th 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.

The Board recommends to pass the Special Resolution as set out in Item No.9 of the Notice. Except Shri Upendrabhai M. Patel, Shri Bharatbhai U. Patel and Shri Nimishbhai U. Patel, no other Directors of the Company is in any way concerned or interested in this resolution.

ITEM NO. 10 CONSIDER REVISION IN THE TERMS OF APPOINTMENT OF SHRI ADITYABHAI PATEL.

Shri Adityabhai Patel, son of Shri Bharatbhai Patel, Chairman & Managing Director of the Company is rendering his services to the Company as Marketing Manager w.e.f. 1st August, 2009. He holds Master Degree in Computer Science. During his tenure, he has taken lot of initiatives in understanding the overall working of the Company and also actively involved in the framing of the marketing strategies relating to Felt Department.

The Ministry of Corporate Affairs, Govt. of India, vide its notification no. GSR 303/(E) dated 6th April, 2011 has also amended Directors Relatives (Office or Place of Profit) Rules, 2011 by increasing the remuneration limit from Rs.50,000/- per month to Rs.2,50,000/- per month without prior approval of the Central Government to such employees.

The Board of Directors at their meeting held on 17th June, 2011 has elevated him as "General Manager - Felt Sales" w.e.f. 1st July, 2011 on the revised terms & conditions more particularly incorporated in the Resolution as set out in Item No. 10 of the Notice subject to the approval of the members.

The Board recommends to pass the Special Resolution as set out in Item No.10 of the Notice. Except Shri Upendrabhai M. Patel, Shri Bharatbhai U. Patel and Shri Nimishbhai U. Patel, no other 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 : 17th June, 2011

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, 2011.

FINANCIAL RESULTS :

PARTICULARS	2010-2011		2009-2010	
	Rs.	Rs.	Rs.	Rs.
SALES TURNOVER (NET)		823,297,881		763,082,777
GROSS PROFIT		184,403,203		170,622,822
Less:				
A. Depreciation		74,768,703		63,961,059
B. Provision for Taxation:				
(i) Current Tax	41,000,000		30,000,000	
(ii) Deferred Tax	(9,401,128)		3,292,467	
(iii) Wealth Tax	170,000	31,768,872	Nil	33,292,467
NET PROFIT		77,865,628		73,369,296
Add : Previous Year's Surplus		20,393,826		25,287,283
Add : Adjustments relating to earlier years		(1,361,480)		199,335
Add : Excess Depreciation written back		1,553,503		Nil
Profits available for Appropriation		98,451,477		98,855,914
Appropriating therefrom:				
A. Proposed Dividend		10,555,000		15,832,500
B. Dividend Tax on above		1,712,286		2,629,588
C. General Reserve		60,000,000		60,000,000
D. Surplus carried to B/S.		26,184,191		20,393,826
		98,451,477		98,855,914

DIVIDEND

Your Directors have recommended for your consideration Dividend Rs. 2/- per Equity share (Previous year Rs.3/- per Equity share including Rs.1/- as Special Dividend on completion of 75th year of the Company) on 52,77,500 equity shares of Rs.10/- each amounting to Rs. 1,05,55,000/- for the financial year ended 31st March, 2011.

MANAGEMENT DISCUSSION AND ANALYSIS:

A. OVERALL REVIEW OF OPERATIONS:

During the year under review, Sales Turnover has been increased to Rs. 8233 lacs from Rs. 7631 lacs due to increase in the sales turnover of Worsteds Suiting and Paper maker felt. The Net Profit has been marginally increased to Rs. 778 lacs from Rs.734 lacs as compared to the previous year despite the pressure on the profit margin due to higher Depreciation as the Company has added new machineries, Interest and increase in the input cost.

During the year under review, the export has been increased to Rs. 397 lacs as compared to Rs. 246 lacs of the previous year despite the adverse impact of the global economical slow down.

B. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Highlights		(Rs. in Lacs)	
Particulars	2010-11	2009-10	% change
Sales Turnover (Net)	8233	7631	7.89
Operating profit (PBDIT)	2158	2000	7.90
Depreciation	748	640	16.88
Interest	314	293	7.17
Profit before Tax	1096	1067	2.72
Tax	318	333	(4.50)
Net Profit	778	734	5.99

C. OVERALL OUTLOOK

Despite adverse impact of global economical slow down and the pressure on the profit margin due to higher input cost, the Company would make every effort to increase the Sales Turnover during the year 2011-2012 with innovative marketing strategies. However, the profit margin could remain under pressure.

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, 2011, there were 1058 employees in the Company.

FIXED DEPOSITS

As on 31st March, 2011, there were 31 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. 3,06,000/- which remained unclaimed. Subsequently, no Depositor has renewed and/or claimed such deposits.

INSURANCE

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

DIRECTORS

Shri H. N. Elavia and Shri R. P. Gaekwad, Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment.

During the year under review, Shri Sudhir Mankad and Shri Rakesh Agrawal are appointed as Additional Directors of the Company w.e.f. 10th February, 2011 who will hold the Office upto the date of the ensuing 76th Annual General Meeting of the Company and the Company has received the Notices-cum-Consents proposing their candidatures for appointment pursuant to the provisions of the Companies Act, 1956.

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, 2011 of DRL have been annexed with the Annual Accounts of the Company pursuant to Section 212 of the Companies Act, 1956.



SHRI DINESH MILLS LTD.

AUDITORS

The tenure of the existing Statutory Auditors, M/s. Dalal & Shah, Chartered Accountants would expire on the conclusion of the ensuing 76th Annual General Meeting of the Company and they have decided not to seek re-appointment due to heavy pre-occupation and also expressed their "No objection to the appointment of another firm of Chartered Accountants in their place as Statutory Auditors". Accordingly, the Board of Directors of the Company appointed M/s. Dhirubhai Shah & Co., Chartered Accountants, Ahmedabad as Statutory Auditors subject to the approval of the members of the Company as recommended by the Audit Committee. The Company has received a certificate from M/s. Dhirubhai Shah & Co., Chartered Accountants to the effect that, their appointment, if made, would be in accordance with the provisions of Section 224(1B) of the Companies Act, 1956.

The Auditors' Report on the Accounts issued by M/s. Dalal & Shah 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, 2011, 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, 2011 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.

ACKNOWLEDGEMENTS:

Your Board of Directors thanks all the stakeholders viz. shareholders, customers, suppliers, bankers, employees for their continues support during the period under review.

Place : Vadodara

Date : 17th June, 2011

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. Tuning the speed of fans of A.C. plants of Worsted & Sulzer departments.
2. Controlling the no. of hours of Chillers as per seasonal requirements to save electrical energy.
3. Monitoring of Flue Gas of Boilers & Thermopac, high combustion efficiency is maintained to lower fuel consumption.

(b) Energy conservation measures under consideration.

1. Replacement of old technological cooling tower with energy efficient one.
2. Installation of variable Speed Drives on vacuum pumps of Felt department.

B. TECHNOLOGY ABSORPTION:

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

<u>Year</u>	<u>Earnings (Rs.)</u>	<u>Outgo (Rs.)</u>
2010 - 2011	40,200,119/-	144,748,916



FORM 'A'

(A) POWER & FUEL CONSUMPTION

SR. PARTICULARS NO.	CURRENT YEAR (2010-2011)	PREVIOUS YEAR (2009-2010)
1. Electricity		
• Purchased Units	2,997,543	1,968,445
Total Amount	19,675,387	14,673,171
Rate per unit	6.56	7.45
• Own Generation		
I. Through Diesel Generator (KWH)	108,598	87,943
Units/Litre of Diesel Oil	3.26	3.12
Cost perLitre	10.42	7.33
II. Through Steam Turbine Generator	Nil	Nil
III. Through Wind Mill	5,711,781	6,358,997
Total Amount	19,157,755	19,157,755
Rate per Unit	3.35	3.01
2. Coal (Steam coal)	we do not use coal	
Lignite		
Qty. (Tonnes)	1,674	2,307
Total cost	4,212,300	6,839,966
Avg. Rate per Tonne	2,516.31	2,964.87
3. Furnace Oil		
Qty. (Ltrs.)	230,855	55,965
Total amount	7,331,182	1,552,964
Avg. Rate per Ltr.	31.76	27.75
4. Others (Natural Gas)		
Qty. (Nm3)	983,659	981,416
Total cost	7,897,503	5,221,085
Avg. Rate	8.03	5.32

(B) CONSUMPTION PER UNIT OF PRODUCTION

Per Unit Productwise	Rs.	Rs.
• Woollen Fabrics (Mtrs.)		
Electricity	50.00	22.43
Furnace Oil	-	-
Coal	-	-
Lignite	-	-
Gas	17.27	5.32
• Worsted Fabrics (Mtrs.)		
Electricity	15.43	13.63
Furnace Oil	5.00	1.10
Coal	-	-
Lignite	2.87	4.85
Gas	2.91	2.00
• Felt (Clothing) (Kgs.)		
Electricity	17.53	17.78
Furnace Oil	0.88	0.20
Coal	-	-
Lignite	0.51	0.87
Gas	13.36	9.35

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.

R&D effort towards statistical data analysis of routine test data has remain an input for quality and process development work.

Some of the R&D studies are:

- Study of pH of Fabric Scouring process and remedies for its fluctuation.
- Study of change of colour / shed due to finishing process for different blends and weaves.
- Study of dyeing parameters of Viscose Dyeing in Laboratory.

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: Rs. 2,260,413/-

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

During the year, the Company has not executed any Foreign Technology Agreement for paper makers felt (clothing). However, the Company has absorbed/adapted the technology received as per earlier Foreign Technology Agreements.

The Company could continue its commitments towards continuous product & process development in the field of papers makers felt and industrial fabrics due to absorption and adaptation of the foreign technology.

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, 2011.**

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.	57	Chairman & Managing Director	5,858,863/-	B.Text, M.B.A (USA) (38)	12-5-1973	First Employment
2	Patel Nimishbhai U.	45	Managing Director	5,915,668/-	B.B.A., M.B.A (Finance) (U.S.A) (20)	1-12-1990	- 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 & 2 above are related to each other.
3. Nature of employment - Appointments of Managing Directors 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 of the Company and no employee except Managing Directors 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 ten Non-Executive Directors. During the year, six Board Meetings were held on 15/5/2010, 26/6/2010, 14/8/2010, 04/9/2010, 30/10/2010 and 10/02/2011.

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 B. U. Patel	CMD	6	YES	2	1#
Shri N. U. Patel	MD	6	YES	3	1
Shri U. M. Patel	NED	6	YES	1	NIL
Shri R.P. Gaekwad	NED	3	NO	NIL	NIL
Shri A.G. Shroff	NED	3	YES	5	2#
Shri H. N. Elavia	NED	6	YES	1	1
Shri Jal Patel	NED	4	YES	5	6##
Shri A. T. Patel	NED	6	YES	NIL	NIL
Shri T. M. Patel	NED	5	YES	2	1
Shri Sudhir Mankad*	NED	NIL	N.A.*	6	2
Shri Rakesh Agrawal*	NED	1	N.A.*	3	2
Shri J. B. Sojitra	NED	6	YES	NIL	NIL

CMD - Chairman & Managing Director

MD - Managing Director

NED - Non-Executive Director

* Appointed as an Additional Director w.e.f. 10th February, 2011.

ED - Executive Director

Chairman in one Committee

Chairman in four 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 15/5/2010, 26/6/2010, 14/8/2010, 30/10/2010 and 10/02/2011 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	05
Shri A. T. Patel	Member	05
Shri T. M. Patel	Member	04

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 30/10/2010 which was attended by all Members except Shri A. G. Shroff.

During the year, 09 complaints were received and the same have been redressed satisfactorily and as there were no Investor Grievances remaining un-attended/pending as on 31st March, 2011.

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 10/02/2011 and considered revision in the remuneration of Shri Bharatbhai U. Patel, Chairman & Managing Director (CMD) and Shri Nimishbhai U. Patel, Managing Director (MD) of the Company w.e.f. 1st April, 2011 which has been approved by the Board, at its meeting held on 10/02/2011, subject to approval of the Central Government and members of the Company as per the details given hereunder:

1. Basic Salary & Period :
 - (i) Rs.3,50,000/- per month - 25,000/- - 3,75,000/- payable to Shri Bharatbhai U. Patel (CMD) w.e.f. 01/4/2011 to 31/03/2013.
 - (ii) Rs.3,50,000/- per month - 25,000/- - 4,00,000/- payable to Shri Nimishbhai U. Patel (MD) w.e.f. 01/4/2011 to 31/03/2014.
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) The CMD and MD 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 their Annual salary.
 - ii) Use of Company's Car with driver and telephone at their 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 the CMD and MD.
 - 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 the CMD and MD shall not be included in the computation of the aforesaid limits of the remuneration.

The details of the remuneration paid during the year 2010-2011 are as under.

(a) Chairman & Managing Director and Managing Director.

Name & Designation	Rs.
Shri B. U. Patel - CMD	58,58,863
Shri N. U. Patel - MD	59,15,668

(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 2010-2011.

Name of the Directors	Rs.
Shri R. P. Gaekwad	18000
Shri A. G. Shroff	23000
Shri H. N. Elavia	61000
Shri Jal Patel	29000
Shri A. T. Patel	71000
Shri T. M. Patel	60000
Shri Sudhir Mankad*	NIL
Shri Rakesh Agrawal*	6000
Shri J. B. Sojitra	36000

* Appointed as an Additional Director w.e.f. 10th February, 2011.



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
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
75th AGM	Saturday, 04/9/2010 At 11.00 A.M.	Registered Office	02

During the year 2010-2011, 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, 2011."
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
- R & T Agent : M/s. MCS Ltd., Neelam Apartment, 88, Sampatrao Colony, Alkapuri, Vadodara - 390 007.
- 76th Annual General Meeting : Date: 15th September, 2011, Time: 11.00 A.M
Venue: Registered Office: Padra Road, Vadodara - 390 020, Gujarat.
- Book Closure : 14th July, 2011 to 21st July, 2011.
- Dividend payment Date : After 25th September, 2011
- Listing of Equity Shares : Name of Stock Exchange : Stock Code :
Bombay Stock Exchange Ltd. 503804
ISIN: INE204C01024
CIN: L17110GJ1935PLC000494
- Listing Fees : The Company has paid listing fees for the financial year 2011-2012 to the Bombay Stock Exchange Ltd.

i) Month wise Stock-market price and BSE Sensex data for the year 2010-2011.

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

Month	Price (Rs.)		Sensex	
	High	Low	High	Low
April, 2010	129.15	93.25	18047.86	17276.80
May, 2010	115.00	95.00	17536.86	15960.15
June, 2010	107.90	97.25	17919.62	16318.39
July, 2010	117.45	94.00	18237.56	17395.58
August, 2010	137.00	109.00	18475.27	17819.99
September, 2010	124.70	111.30	20267.98	18027.12
October, 2010	145.40	113.05	20854.55	19768.96
November, 2010	144.40	102.00	21108.64	18954.82
December, 2010	123.00	102.00	20552.03	19074.57
January, 2011	114.95	91.50	20664.80	18038.48
February, 2011	100.60	88.00	18690.97	17295.62
March, 2011	97.00	88.95	19575.16	17792.17

J. Distribution of shareholding as at 31st March, 2011

Sr. No.	Nominal value of equity shares (Rs.)	No. of Shareholders	% of Total	Nominal value of shares (Rs.)	% of Total
1.	Upto 5000	12582	94.14	10764550	20.40
2.	5001 - 10,000	380	2.84	3001170	5.69
3.	10,001 - 20,000	197	1.48	2852310	5.41
4.	20,001 - 30,000	74	0.55	1828460	3.46
5.	30,001 - 40,000	32	0.24	1141580	2.16
6.	40,001 - 50,000	20	0.15	914140	1.73
7.	50,001 - 1,00,000	27	0.20	2023280	3.83
8.	1,00,001 & Above	53	0.40	30249510	57.32
	Total	13365	100	52775000	100.00

K. Shareholding pattern as at 31st March, 2011

Category	No. of Shares held	% Shareholding
Directors & Relatives (Promoters)	2288372	43.36
Mutual Funds (UTI)	10	0.00
Banks	4180	0.08
Financial Institutions	NIL	NIL
Foreign Institutional Investors	NIL	NIL
Non-resident Indians	55401	1.05
Others	2929537	55.51
Total	5277500	100.00

L. Dematerialization of Shares as at 31st March, 2011

Particulars	As at 31st March, 2011		As at 31st March, 2010	
	No. of Shares	%	No. of Shares	%
No. of Demat Shares				
- NSDL	2061241	39.06	1969578	37.32
- CDSL	484129	9.17	541012	10.25
No. of Physical Shares	2732130	51.77	2766910	52.43
Total	5277500	100	5277500	100



SHRI DINESH MILLS LTD.

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 2011 in physical form are processed and duly transferred share certificates are sent within 30 days of receipt of the valid documents. The shares are normally transferred at an interval of 15 days by M/s. MCS Ltd.

O. Financial Calendar for the year 2011-2012

First quarterly results	By 14th August, 2011
Half Yearly results	By 14th November, 2011
Dividend payment, if any	By 10th October, 2011
Third quarterly results	By 14th February, 2012
Fourth quarterly results	By 14th May, 2012
OR	
Annual Results for the year 2011-2012	By 31st May, 2012
Annual General Meeting for the year 2011-2012.	By 30th September, 2012

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.

Neelam Apartment, 88, Sampatrao Colony, Alkapuri, Vadodara - 390 007, Gujarat.

Phone Nos. (0265) 2339397, Fax No. (0265) 2341693, E-mail mcsltdbaroda@yahoo.com

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

Q. COST AUDITOR

Name : Shri H. R. Kapadia, M.Com., D.T.P., A.C.A., A.I.C.W.A.

Membership No. : M - 8675

Address : 49 - 50, Matri Mandir Society, Opp. Iskon Temple,
Gotri Water Tank Road, Vadodara - 390 007

Phone No. : (0265) 2361240

Email : hrkapadia@hotmail.com

Due Date of Filing
of Cost Audit Report : 30th September, 2011

Actual Date of Filing
of Cost Audit Report : The Report will be filed on or before due date.

R. COMPLIANCE OFFICER

Name : Shri J.B. Sojitra

Designation : Asst. Vice President & Company Secretary

Address : Shri Dinesh Mills Limited
Post Box No. 2501, Padra Road, Vadodara - 390 020
Phone No.s (0265) 2330060/61/62/63/64/65
Fax No. (0265) 2336195

Email : sojitra@dineshmills.com

Website : www.dineshmills.com

ANNEXURE: D
Auditors' Certificate regarding
compliance of conditions of Corporate Governance

To the Members of Shri Dinesh Mills Limited

We have examined the compliance of conditions of Corporate Governance by Shri Dinesh Mills Limited, for the year ended March 31, 2011, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

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

S. Venkatesh
Partner
Membership No. F-037942

Mumbai
June 17, 2011



SHRI DINESH MILLS LTD.

REPORT OF THE AUDITOR TO THE MEMBERS

1. We have audited the attached Balance Sheet of Shri Dinesh Mills Limited as at March 31, 2011, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on March 31, 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give, in the prescribed manner, the information required by the Act, and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
 - (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

S Venkatesh
Partner
Membership No. F-037942

Mumbai
June 17, 2011

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, 2011.

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
(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.
(b) 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.62,030,000/- and the year-end balance of such loans aggregates to Rs.58,980,000/-. 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.
(c) 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.
(d) 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. According to the information and explanations given to us, during the year there have been no contracts or arrangements referred to in Section 301 of the Act 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.
(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, 2011 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	159,527/-	A.Y.2007-08	Income Tax Appellate Tribunal , Ahmedabad.
	Disallowances Under Business Income	16,985,425/- 17,144,952/-	A.Y.2008-09	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/- 16,394,225/-	2009-10	Dy. Commissioner of Central Excise and Custom, Ankleshwar

* Net of amount deposited

There were no disputed amounts due towards sales tax, wealth tax, service tax, custom duty & cess.

- x. The Company has no accumulated losses as at 31st March, 2011 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. The Company has not obtained any term loans during the year.
- 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), (iii)(d), (v)(b) 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

S.Venkatesh
Partner
Membership No.F-037942

Mumbai
June 17, 2011

BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule	Rs.	As at 31st March, 2011 Rs.	As at 31st March, 2010 Rs.
I. Sources of Funds :				
(1) Shareholders' Funds:				
(a) Share Capital	1	52,775,000		52,775,000
(b) Reserves and Surplus	2	869,757,687		803,967,322
			922,532,687	856,742,322
(2) Loan Funds:				
(a) Secured Loans	3	232,270,862		307,655,928
(b) Unsecured Loans	4	86,354,188		78,117,177
			318,625,050	385,773,105
(3) Deferred Tax Liability (net) (See Note 7)			66,240,453	75,641,581
	Total Rs.		1,307,398,190	1,318,157,008
II. Application of Funds :				
(1) Fixed Assets:				
(a) Gross Block		1,602,990,520		1,589,764,114
(b) Less: Depreciation		1,041,945,565		969,686,011
(c) Net Block	5	561,044,955		620,078,103
(d) Capital work in Progress, cost to date		486,515		-
(e) Capital advances		-		2,308,161
			561,531,470	622,386,264
(2) Investments	6		359,988,508	354,068,324
(3) Current Assets, Loans and Advances:	7			
(a) Inventories		312,939,719		271,723,942
(b) Sundry Debtors		97,494,760		92,668,732
(c) Cash and Bank Balances		184,428,362		174,147,511
(d) Other Current Assets		11,938,138		10,066,410
(e) Loans and Advances		26,798,565		30,637,123
		633,599,544		579,243,718
Less: Current Liabilities and Provisions :	8			
(a) Current Liabilities		220,131,353		203,488,072
(b) Provisions		27,589,979		34,053,226
		247,721,332		237,541,298
Net Current Assets			385,878,212	341,702,420
	Total Rs.		1,307,398,190	1,318,157,008

Notes forming part of the Accounts 16

As per our attached report of even date,

For and on behalf of Board of Directors

For Dalal & Shah
Firm Registration No. 102020W
Chartered Accountants
S.Venkatesh
Partner
Membership No. F-037942
Mumbai, 17th June, 2011

J. B. Sojitra
Company Secretary & Director

B. U. Patel
Chairman & Managing Director

B. B. Patel
Vice President (Finance)
Vadodara , 17th June, 2011

N. U. Patel
Managing Director



SHRI DINESH MILLS LTD.

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

	Schedule	Rs.	2010-11 Rs.	2009-10 Rs.
Income:				
Sales			870,035,209	799,465,136
Less : Returns			1,091,083	1,852,079
			<u>868,944,126</u>	<u>797,613,057</u>
Less : Excise Duty			45,646,246	34,530,280
			<u>823,297,880</u>	<u>763,082,777</u>
Other Income	9		31,526,531	31,118,242
			<u>854,824,411</u>	<u>794,201,019</u>
Expenditure:				
Raw Materials consumed	10 A		228,646,668	200,131,459
Purchase of Finished Goods			70,163	305,582
(Increase) / Decrease in stocks	10 B		6,311,170	14,831,287
Manufacturing Expenses	11		103,474,115	84,529,803
Employees' Emoluments	12		199,839,513	188,194,586
Selling and Other expenses	13		100,723,570	106,218,093
Interest and Finance charges	14		31,356,009	29,367,387
Depreciation and Amortisation	15		74,768,703	63,961,059
			<u>745,189,911</u>	<u>687,539,256</u>
Profit before Taxation			<u>109,634,500</u>	<u>106,661,763</u>
Tax Expenses				
Current Tax		41,000,000		30,000,000
Deferred Tax (See Note 7)		(9,401,128)		3,292,467
Wealth Tax		170,000		-
			<u>31,768,872</u>	<u>33,292,467</u>
Profit for the year			<u>77,865,628</u>	<u>73,369,296</u>
Tax adjustments relating to earlier years			(1,361,480)	199,335
Excess Depreciation written back			1,553,503	-
			<u>192,023</u>	<u>199,335</u>
			<u>78,057,651</u>	<u>73,568,631</u>
As per last Account			<u>20,393,826</u>	<u>25,287,283</u>
			<u>98,451,477</u>	<u>98,855,914</u>
Appropriations :				
General Reserve			60,000,000	60,000,000
Proposed Dividend		10,555,000		15,832,500
Corporate Dividend Tax on above		1,712,286		2,629,588
			<u>12,267,286</u>	<u>18,462,088</u>
Balance Carried to Balance Sheet			26,184,191	20,393,826
Notes forming part of the Accounts	16			
Basic /diluted Earning Per Share (See Note 8)			14.79	13.94

As per our attached report of even date,

For and on behalf of Board of Directors

For Dalal & Shah
Firm Registration No. 102020W
Chartered Accountants
S.Venkatesh
Partner
Membership No. F-037942
Mumbai, 17th June, 2011

J. B. Sojitra
Company Secretary & Director

B. U. Patel
Chairman & Managing Director

B. B. Patel
Vice President (Finance)
Vadodara , 17th June, 2011

N. U. Patel
Managing Director

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2010-2011

	2010-2011 Rs.	2009-2010 Rs.
A. Cash Flow From Operating Activities :		
Profit before Tax	109,634,500	106,661,763
Adjustments For :		
Depreciation	74,759,743	63,952,099
Amount written off against Leasehold land	8,960	8,960
Interest	31,356,009	29,367,387
Provision for Doubtful Debts	295,955	-
Surplus/Loss on on sale of Assets (net)	(26,443)	(127,233)
Dividend Income	(10,233,287)	(13,038,588)
Interest received on Deposits and Govt. securities	(8,046,375)	(8,426,856)
(Profit)/Loss on sale/redemption of investments	(3,596,036)	3,824,420
	84,518,526	75,560,189
Operating Profit Before Working Capital Changes	194,153,026	182,221,952
Adjustment For :		
Trade and Other Receivables	(1,628,425)	8,533,121
Inventories	(41,215,777)	27,051,409
Trade Payables	18,170,266	(8,983,296)
	(24,673,936)	26,601,234
Cash Generated from Operations	169,479,090	208,823,186
Direct Taxes Paid	(44,588,605)	(37,405,366)
Net Cash flow from Operating Activities	124,890,485	171,417,820
B Cash Flow from Investing Activities :		
Purchase of Fixed Assets	(23,521,389)	(155,062,200)
Sale of Fixed Assets	92,000	753,504
Grant Received	11,095,425	-
(Purchase) / Redemption of Investments (Net)	15,009,853	(35,885,841)
Investment in Subsidiary	(17,334,000)	(15,741,000)
Dividend Income	10,233,287	13,038,588
Interest received on investments	6,174,647	9,173,018
	1,749,823	(183,723,931)
Net Cash flow from / (Used in) Investing Activities	1,749,823	(183,723,931)
Carried over	126,640,308	(12,306,111)



SHRI DINESH MILLS LTD.

CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2010-2011

	2010-2011 Rs.	2009-2010 Rs.
Brought Over	126,640,308	(12,306,111)
C. Cash Flow From Financing activities :		
Total Proceeds From Borrowings (Net of repayments)	(66,981,537)	108,343,624
Interest paid	(31,537,257)	(29,323,583)
Dividend Paid	(15,556,075)	(10,325,213)
Corporate Dividend Tax	(2,629,588)	(1,793,822)
Net Cash flow from / (used in) Financing Activities	<u>(116,704,457)</u>	<u>66,901,006</u>
Net Change in Cash and Cash Equivalents	9,935,851	54,594,895
Cash and Cash Equivalents As At 1.4.2010 (Opening Balance)	<u>173,233,311</u>	<u>118,638,416</u>
Cash and Cash Equivalents As At 31.3.2011 (Closing Balance)	183,169,162	173,233,311
	9,935,851	54,594,895
Reconciliation to Cash and Bank Balances given in Schedule 7, is as follows :		
Cash and Bank Balances	184,428,362	174,147,511
Less: Lien marked deposits	<u>1,259,200</u>	<u>914,200</u>
Cash and Cash Equivalents - Closing Balance	<u>183,169,162</u>	<u>173,233,311</u>

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. 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 Board of Directors	
For Dalal & Shah	J. B. Sojitra	B. U. Patel
Firm Registration No. 102020W	Company Secretary & Director	Chairman & Managing Director
Chartered Accountants		
S.Venkatesh	B. B. Patel	N. U. Patel
Partner	Vice President (Finance)	Managing Director
Membership No. F-037942		
Mumbai, 17th June, 2011	Vadodara , 17th June, 2011	

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, 2011.

	As at 31st March, 2011 Rs.	As at 31st March, 2010 Rs.
Schedule - '1' - Share Capital		
Authorised :		
9,500,000 Equity Shares of Rs.10/- 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 Equity Shares of Rs. 10/- 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) 30,780 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
Less : Transfer to General Reserve	-	2,447,747
	-	-
General Reserve :		
As per last Account	783,573,496	721,125,749
Add : Transfer from Capital Reserve	-	2,447,747
Add : Set aside this year	60,000,000	60,000,000
	<u>843,573,496</u>	<u>783,573,496</u>
Surplus as per annexed Account	26,184,191	20,393,826
Total Rs.	<u>869,757,687</u>	<u>803,967,322</u>

Schedule - '3' - Secured Loans :

Cash Credit 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		
	232,270,862	307,655,928
Total Rs.	<u>232,270,862</u>	<u>307,655,928</u>

Schedule - '4' - Unsecured Loans :

Fixed Deposits :		
From Directors	44,125,000	40,425,000
From Shareholders	24,265,000	22,285,000
From Public	17,964,188	15,407,177
Total Rs.	<u>86,354,188</u>	<u>78,117,177</u>

Schedule - '5' - Fixed Assets

Fixed Asset	GROSS BLOCK(a)				DEPRECIATION / AMORTISATION				NET BLOCK	
	Ason 31.3.2010 Rs.	Additions Rs.	Deductions/ Adjustments Rs.	Ason 31.3.2011 Rs.	Up To 31.3.2010 Rs.	Deductions/ Adjustments Rs.	For the Year Rs.	Up To 31.3.2011 Rs.	Ason 31.3.2011 Rs.	Ason 31.3.2010 Rs.
Tangible Assets :										
Land, Freehold	32,125,344	-	-	32,125,344	-	-	-	-	32,125,344	32,125,344
Land, Leasehold	627,239	-	8,960	618,279	-	-	-	-	618,279	627,239
Buildings (b)	48,413,543	-	-	48,413,543	31,598,452	-	1,167,053	32,765,505	15,648,038	16,815,091
Drainage Installation	13,749	-	-	13,749	12,877	-	44	12,921	828	872
Tubewell and Water Works	740,649	142,070	-	882,719	539,743	-	10,525	550,268	332,451	200,906
Plant and Machinery	1,451,914,121	9,136,727	11,095,425 (c)	1,449,955,423	896,111,111	1,553,503 (d)	70,090,824	964,648,432	485,306,991	555,803,010
Electrical Installations	9,499,011	-	-	9,499,011	7,919,711	-	56,105	7,975,816	1,523,195	1,579,300
Furniture and Fixures	24,466,584	1,264,369	-	25,730,953	18,616,148	-	878,478	19,494,626	6,236,327	5,850,436
Vehicles	21,101,250	14,684,868	1,012,243	34,773,875	14,388,645	946,686	2,305,862	15,747,821	19,026,054	6,712,605
Intangible Assets :										
Computer Software	862,624	115,000	-	977,624	499,324	-	250,852	750,176	227,448	363,300
Total Rs.	1,589,764,114	25,343,034	12,116,628	1,602,990,520	969,686,011	2,500,189	74,759,743	1,041,945,565	561,044,955	620,078,103
Previous Year's 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	

- (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) Capital Subsidy of Rs.11,095,425/- received during the year (Previous year Rs. NIL)
 (d) Excess depreciation written back of Rs. 1,553,503 (Previous year Rs. NIL)



	Rs.	As at 31st March, 2011 Rs.	As at 31st March, 2010 Rs.
Schedule - '6' - Investments (At Cost / Book Value)			
(fully paid up unless otherwise specified)			
Long Term Investments: (other than Trade, unless specified)			
In Governments and Trust Securities			
Quoted :			
50,000 11.50% GOI Securities - 2015	5,590,000		5,590,000
20,000 (-) 6.90% GOI Securities - 2019	1,876,000		-
		7,466,000	5,590,000
In fully paid Shares :			
Quoted :			
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 Equity shares of Rs.25/- each in Co-operative Bank of Baroda Limited	10,000		10,000
12,751,595 (11,018,195) Equity shares of Rs. 10/- each in Dinesh Remedies Limited-Subsidiary	127,515,950		110,181,950
		128,980,410	111,646,410
Unquoted :			
In units of mutual Funds (units of Rs. 10/- each, unless specified) :			
10,750,000 (4,750,000) Units of HDFC Fixed Maturity Plan	107,500,000		47,500,000
775,325.887 (1,024,762.718) Units of HDFC Prudence	25,201,160		30,786,086
800,645.406 (844 547.887) Units of SBI Balance Fund	23,340,937		24,411,221
436,220.847 Units of FT India Balance Fund	12,500,000		12,500,000
232,001.127 (239,409.091) Units of Tata Balance Fund	12,500,000		12,732,000
- (10,606,849) Units of HDFC Cash Management Fund	-		106,402,606
121,400.476 HDFC MF MIP Long Term Growth	2,500,000		2,500,000
2,000,000 (-) Units of ICICI FMP	20,000,000		-
2,000,000 (-) Units of Reliance Fixed Horizon Fund	20,000,000		-
		223,542,097	236,831,913
Total Rs.		359,988,508	354,068,324
	Book Value	Market Value	
	as on 31st March	as on 31st March	
	2011	2011	2010
	Rs.	Rs.	Rs.
Quoted	7,466,001	7,458,000	5,882,500
Unquoted	352,522,507		
Total	359,988,508		



SHRI DINESH MILLS LTD.

	Rs.	As at 31st March, 2011 Rs.	As at 31st March, 2010 Rs.
Schedule - '7' - Current Assets, Loans and Advances :			
(a) Inventories : (at Cost or net realisable value, whichever is lower)			
Stores, Spares, Coal, etc.,		46,540,601	37,904,857
Stock-in-Trade			
Raw Materials	74,393,114		52,645,881
Work-in-Process	92,199,846		84,005,309
Finished Goods	81,038,495		93,489,750
		247,631,455	230,140,940
Materials in Transit, at cost to date		18,767,663	3,678,145
		312,939,719	271,723,942
(b) Sundry Debtors, Unsecured:			
Outstanding for over six months			
(i) Good		3,692,539	5,088,240
(ii) Doubtful	295,955		-
Less:- Provision	295,955		-
		-	-
Outstanding for below six months-Good		93,802,221	87,580,492
		97,494,760	92,668,732
(c) Cash and Bank Balances :			
Cash on hand	283,410		396,094
Bank Balances:			
with Scheduled Banks:			
In Current Account	30,116,543		20,956,222
In Fixed Deposit (*)	1,259,200		914,200
In Short Term Deposits	95,400,000		118,450,000
In Liquid Deposits	54,610,000		29,930,000
Interest Accrued on Short Term Deposits	2,759,209		3,500,995
		184,144,952	173,751,417
		184,428,362	174,147,511
(*) Includes Rs. 64,200 (Previous year Rs. 64,200) Against gurantees issued by the Company's Bankers.			
(d) Other Current Assets :			
Interest and Dividend Receivable on Investments	1,080,176		1,211,187
Interest Subsidy receivable	10,767,364		8,129,663
Other Receivables	90,598		725,560
		11,938,138	10,066,410
(e) Loans and Advances, Unsecured, Good, unless otherwise stated:			
Due from the Subsidiary	11,494		41,165
Advances recoverable in cash or in kind or for value to be received	25,390,003		28,157,764
Balances with Custom and excise etc.	1,397,068		2,438,194
		26,798,565	30,637,123
Total Rs.		633,599,544	579,243,718

	Rs.	As at 31st March, 2011 Rs.	As at 31st March, 2010 Rs.
Schedule - '8' - Current Liabilities and Provisions :			
(a) Current Liabilities :			
Sundry Creditors (See Note 12)		214,079,092	199,012,706
Directors' Remuneration Payable		2,530,850	1,055,650
Investors Education and Protection Fund shall be Credited by the following (See Note below)			
Unclaimed Dividends	2,015,111		1,738,686
Unclaimed Matured Fixed Deposits	306,000		466,000
		2,321,111	2,204,686
Interest accrued but not due on loans		1,200,300	1,215,030
		220,131,353	203,488,072
(b) Provisions :			
Provision for Leave Entitlement	15,248,856		13,460,176
Provision for taxation, net of advance tax paid Rs.155,771,163 (Previous year Rs.157,944,038)	73,837		2,130,962
Provision for Dividend Tax	1,712,286		2,629,588
Proposed Dividend	10,555,000		15,832,500
		27,589,979	34,053,226
Total Rs.		247,721,332	237,541,298

Note : There is no amount due and outstanding to be credited to Investor Education and Protection fund as at 31st March, 2011.

		<u>2009-10</u>	<u>2008-09</u>
Schedule - '9' Other Income :			
Dividend			
On Mutual Fund - Long Term Investments	10,231,787		13,038,588
Others	1,500		-
		10,233,287	13,038,588
Interest (Gross Tax deducted at source Rs. 542,529/- (Previous Year Rs. 947,787/-)			
On Government Securities	580,366		427,977
On Short Term Deposit	7,466,009		7,998,879
Others	2,900,858		2,815,452
		10,947,233	11,242,308
Export Incentives		1,929,640	1,326,814
Exchange Rate Difference (net)		734,876	393,887
Miscellaneous Receipts		3,663,572	2,337,588
Profit on Redemption of Long Term Investments		3,596,036	658,844
Surplus on sale of Assets		30,240	127,233
Provisions no longer required		62,335	765,159
Sundry Credit Balances appropriated		329,312	1,227,821
Total Rs.		31,526,531	31,118,242



SHRI DINESH MILLS LTD.

	Rs.	2010-11 Rs.	2009-10 Rs.
Schedule - '10 A' - Raw Materials consumed :			
Stocks at Commencement		52,645,881	68,185,729
Purchases		251,237,760	185,454,264
		<u>303,883,641</u>	<u>253,639,993</u>
Less : Waste Sales		843,859	862,653
		<u>303,039,782</u>	<u>252,777,340</u>
Less : Stocks at Close		74,393,114	52,645,881
Total Rs.		<u>228,646,668</u>	<u>200,131,459</u>
Schedule - '10 B' - (Increase) / Decrease in stock :			
Stocks at Close:			
Work-in-Process	92,199,846		84,005,309
Finished Goods	81,038,495		93,489,750
		<u>173,238,341</u>	<u>177,495,059</u>
Stocks at Commencement :			
Work-in-Process	84,005,309		94,052,120
Finished Goods	93,489,750		95,104,847
		<u>177,495,059</u>	<u>189,156,967</u>
		4,256,718	11,661,908
Excise duty variations on opening/closing stocks		2,054,452	3,169,379
Total Rs.		<u>6,311,170</u>	<u>14,831,287</u>
Schedule - '11' - Manufacturing Expenses :			
Stores and Spares Consumed		29,120,967	28,097,182
Processing Charges		2,456,806	2,094,239
Power and Fuel		40,638,691	29,174,446
Machinery Repairs		27,375,605	22,067,741
Building Repairs		3,059,992	2,418,963
Other Repairs		822,054	677,232
Total Rs.		<u>103,474,115</u>	<u>84,529,803</u>
Schedule - '12' - Employees' Emoluments:			
Salaries, Wages, Bonus, etc.		156,923,271	145,996,046
Contribution to Provident and Other Funds		26,334,993	28,439,331
Employees' State Insurance Scheme		3,558,733	2,938,450
Welfare Expenses		13,022,516	10,820,759
Total Rs.		<u>199,839,513</u>	<u>188,194,586</u>

	2010-11	2009-10
	Rs.	Rs.
Schedule - '13' - Selling and Other Expenses :		
Rent	209,060	207,600
Rates and Taxes	2,298,596	2,603,949
Insurance	1,382,134	1,675,329
Freight and Cartage	1,164,384	800,781
Commission	14,621,824	12,704,662
Discount	18,993,907	16,388,983
Travelling and Conveyance	16,044,864	9,695,095
Miscellaneous Expenses	19,875,934	19,146,891
Loss on Redemption of Long Term Investment	-	4,483,264
Advertisement and Publicity	7,065,837	26,221,780
Excise Duty Expense	32,099	17,095
Legal and Professional Charges	14,232,250	9,518,262
Auditors' Remuneration	598,929	418,402
Directors' Fees and Travelling Expenses	304,000	336,000
Donations	3,600,000	2,000,000
Loss on assets sold, discarded or demolished	3,797	-
Provision for doubtful debts	295,955	-
Total Rs.	<u>100,723,570</u>	<u>106,218,093</u>

Schedule - '14' - Interest and Finance charges

Interest :		
*On Fixed Loans	22,679,174	23,066,005
Others	<u>8,676,835</u>	<u>6,301,382</u>
	31,356,009	29,367,387
Total Rs.	<u>31,356,009</u>	<u>29,367,387</u>

* Includes Rs.4,405,299/- (Previous year Rs 2,831,025/-) being the interest paid to Managing Directors.

* Net of Subsidy under Technology Upgradation Fund Scheme Rs. 14,462,733/- (Previous year Rs.13,943,250/-)

Schedule - '15' -Depreciation and amortisation :

Amount written off against Leasehold Land	8,960	8,960
Depreciation	<u>74,759,743</u>	<u>63,952,099</u>
Total Rs.	<u>74,768,703</u>	<u>63,961,059</u>



SHRI DINESH MILLS LTD.

	2010-11 Rs.	2009-10 Rs.		
Schedule - '16' - Notes forming part of the Accounts				
1				
Contingent Liabilities not provided for in respect of :				
(a) Workers' demands - matter under appeal	3,470,317	3,071,891		
(b) Income tax Demands (Including Interest)- Matter under Appeal	21,925,443	6,673,079		
(c) Excise matter under appeal.	21,408,225	21,408,225		
(d) Other claims against the Company not acknowledged as debts.	302,396	302,396		
Note :				
"Future cash outflows in respect of above are determinable on receipt of judgements/decisions pending with various forums / authorities. The Company has taken legal and other steps necessary to protect its position in respect of these claims, which based on legal advice are not sustainable. It is not possible to make any further determination of the liabilities which may arise or the amounts which may be refundable in these respects.				
2				
Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances) :	93,841,600	3,460,937		
3				
Payments to Auditors :				
(a) Statutory Auditors :				
(i) Audit Fees	419,505	303,325		
(ii) In other Capacity - Limited Reviews & Certificates	190,818	79,416		
(iii) For Expenses	13,291	5,328		
	623,614	388,069		
(b) Cost Auditors :				
(i) As Auditors	30,333	30,333		
	653,947	418,402		
4				
C.I.F. Value of Imports, Expenditure and Earnings in Foreign Currency:				
(a) C.I.F. Value of Imports:				
Raw Materials	128,764,561	100,501,605		
Capital Goods	5,945,830	173,928,477		
(b) Expenditure in Foreign Currencies :				
Commission	1,704,190	1,120,979		
Travelling Expenses	6,271,543	3,542,425		
Other matters	2,062,792	109,061		
(c) Earnings in Foreign Currencies :				
F.O.B. Value of Exports	39,738,687	24,575,246		
Others	461,432	-		
5				
Details of Raw Materials Consumption :				
(a) Raw Materials Consumed :	2010-11	2009-10		
	Kgs.	Rs.	Kgs.	Rs.
Wool	142,398	57,913,277	130,579	47,279,751
Synthetic Fibre	531,721	83,796,029	458,338	66,927,372
Yarn	317,161	84,951,829	307,276	83,595,021
Others		1,985,533		2,329,315
Total Rs.		228,646,668		200,131,459
(b) Goods - traded - in :				
Ready made garments	367 Nos	70,163	1740 Nos	305,582
(c) Imported and Indigenous Raw Materials Consumed:				
	2010-11	2009-10		
	Rs.	Percentage	Rs.	Percentage
Imported	140,591,364	61.49%	132,444,666	66.18%
Indigenous	88,055,304	38.51%	67,686,793	33.82%
Total	228,646,668	100.00%	200,131,459	100.00%

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.)	
	2010 - 2011	2009-2010	2010- 2011	2009-2010	2010 - 2011	2009-2010
Woollen Fabrics (a)	80 Power Looms	80 Power Looms	80 Power Looms	80 Power Looms	12,421 Mtrs.	27,002 Mtrs.
Worsted Fabrics (a)	20 Looms	20 Looms	30 Looms	30 Looms	1,413,227 Mtrs.	1,358,523 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	266 M.T	251 M.T
Wool Tops (b)	1,000,000 Lbs.	1,000,000 Lbs.	1,000,000 Lbs.	1,000,000 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				
	2010 - 2011		2009-2010		2010- 2011		2009-2010		2010 - 2011		2009-2010		
Unit	Qty.	Rs.	Qty.	Rs.	Qty.	Rs.	Qty.	Rs.	Qty.	Rs.	Qty.	Rs.	
Woollen Fabrics	Mtrs.	39,216	910,553	23,158	766,225	3,590	107,890	39,216	910,553	47,589	3,249,427	10,945	1,659,347
Worsted Fabrics	Mtrs.	482,881	58,066,525	515,703	64,634,907	411,026	43,133,866	482,881	58,066,525	1,458,942	372,996,501	1,355,514	331,048,113
Felt	M. T.	52	34,309,477	49	29,670,009	58	37,651,475	52	34,309,477	243	492,427,466	236	464,710,530
Ready Made Garments	Nos.	1,262	203,195	148	33,706	822	145,264	1,262	203,195	839	270,732	624	195,067
Total :			93,489,750		95,104,847		81,038,495		93,489,750		868,944,126		797,613,057



SHRI DINESH MILLS LTD.

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

	As on 31.03.2010 Rs.	Charge/(Credit) During the year Rs.	As on 31.03.2011 Rs.
7 Deferred Taxation :			
Deferred Tax Liability on account of :			
(i) Depreciation	82,611,596	(8,979,766)	73,631,830
	<u>82,611,596</u>	<u>(8,979,766)</u>	<u>73,631,830</u>
Deferred Tax Asset on account of :			
(i) Expenses allowable for tax purpose when paid	1,567,256	(36,448)	1,530,808
(ii) Unencashed Leave	4,853,295	427,218	5,280,513
(iii) Gratuity	535,736	44,320	580,056
(iv) Amalgamation Expenses	13,728	(13,728)	-
	<u>6,970,015</u>	<u>421,362</u>	<u>7,391,377</u>
Net Deferred Tax Liability / (Assets)	<u>75,641,581</u>	<u>(9,401,128)</u>	<u>66,240,453</u>
8 Earning Per Share :		31.03.2011	31.03.2010
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.	78,057,651	73,568,631
Basic / diluted earning per share	Rs.	14.79	13.94
9 (A) Calculation of Managing Director's Commission :			
Profit as per Profit and Loss Account.		77,865,628	73,369,296
Add: Managing Directors' Remuneration (Including perquisites)	11,774,531		9,975,882
Executive Directors' Remuneration (Including perquisites)	-		5,025,688
Depreciation	74,768,703		63,961,059
Provision for Taxation	31,768,872		33,292,467
Loss on Redemption of Investment	-		4,483,264
		<u>118,312,106</u>	<u>116,738,360</u>
		196,177,734	190,107,656
Less: Depreciation u/s 350	74,768,703		63,961,059
Profit on Sale of Long term Investments	<u>3,596,036</u>		<u>658,844</u>
		<u>78,364,739</u>	<u>64,619,903</u>
Profit on which commission is payable		<u>117,812,995</u>	<u>125,487,753*</u>
Total Remuneration payable @10% on Rs. 117,812,995/-	11,781,300		
Less: Remuneration already drawn before commission	<u>10,074,531</u>		
Balance available for payment of commission		<u>1,706,769</u>	
Commission to Managing Director and Chairman			
Shri N U Patel @ 2% on Rs. 117,812,995	2,356,260		
Shri B U Patel @ 2% on Rs. 117,812,995	<u>2,356,260</u>		
		<u>4,712,520</u>	
Maximum payable as determined by the Board of Directors			
Shri N U Patel	850,000		
Shri B U Patel	<u>850,000</u>		
		<u>1,700,000</u>	

(*) In view of inadequate Profit, Managing and Executive Directors were not paid any commission.

Schedule - '16' - Notes forming part of the Accounts : (contd.) :
(B) Profit and Loss Account includes Payments and Provision on account of Managerial Personnel as under :

	Managing Directors		Total	Total
	Shri B. U. Patel Rs.	Shri N. U. Patel Rs.	2010-11 Rs.	2009-10 Rs.
Salary	2,100,000	2,100,000	4,200,000	6,300,000
Leave encashment	201,923	201,923	403,846	605,769
Education Allowance	210,000	210,000	420,000	420,000
Furnishing Allowance	420,000	420,000	840,000	1,260,000
House Rent Allowance	1,260,000	1,260,000	2,520,000	3,780,000
Commission	850,000	850,000	1,700,000	-
Gratuity	87,500	87,500	175,000	262,500
Contribution to :				
Provident Fund	252,000	252,000	504,000	756,000
Superannuation Fund	262,500	262,500	525,000	721,875
Perquisites	214,940	271,745	486,685	895,426
Total Rs.	5,858,863	5,915,668	11,774,531	15,001,570

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

	Rs.	2010-11 Rs.	2009-10 Rs.
Salary and Allowances		958,699	760,624
Contribution to :			
Provident Fund	89,436		68,876
Superannuation Fund	81,837		73,622
		171,273	142,498
Perquisites		200,000	150,000
Total Rs.		1,329,972	1,053,122

10 Employee Benefits

(a) Amount of Rs. 21,713,710/- (Previous Year Rs.19,740,853 /-) is recognised as expense and included in the Schedule 12 " Contribution to Provident and Other Funds" in the Profit and Loss Account.

(b) The disclosures in respect of the Defined Benefit Gratuity Plan are given below :

	31.03.2011 Rs.	31.03.2010 Rs.
(i) Changes in present value of obligations		
Present value of Obligations as at the beginning of the year	67,597,256	56,408,798
Interest Cost	5,576,774	4,371,682
Current Service Cost	3,229,704	2,963,875
Benefits Paid	(6,738,906)	(4,885,084)
Actuarial (gain) / loss on obligation	2,682,472	8,737,985
Present value of Obligations as at the end of the year	72,347,300	67,597,256
(ii) Changes in Fair Value of plan assets		
Fair value of plan assets as at the beginning of the year	55,975,402	53,763,786
Expected return on Plan Assets	4,478,032	4,301,103
Contributions	11,893,490	2,930,096
Benefits Paid	(6,738,906)	(4,885,084)
Actuarial gain / (loss) on Plan Assets	(1,154,315)	(134,499)
Fair value of plan assets as at the end of the year	64,453,703	55,975,402



SHRI DINESH MILLS LTD.

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

(iii) Amounts to be recognised in the Balance Sheet and Profit and Loss Account			
Present value of Obligations as at the end of the year	72,347,300		67,597,256
Fair Value of Plan Assets as at the end of the year	64,453,703		55,975,402
Funded Status	(7,893,597)		(11,621,854)
Net Asset / (Liability) recognised in the Balance Sheet	(7,893,597)		(11,621,854)
(iv) Expense recognised in the Profit and Loss Account			
Current Service Cost	3,229,704		2,963,875
Interest Cost	5,576,774		4,371,682
Expected return on Plan Assets	4,478,032		4,301,103
Net Actuarial (gain)/loss on Plan Assets for the period	3,836,787		8,872,484
Expense recognised in the statement of Profit and Loss Account	8,165,233		11,906,938
(v) Percentage of major category of plan assets to total plan assets as at the end of the year			
Government of India Securities	20.35%		65.00%
Fixed Deposit with Shcheduled Bank	80.00%		35.00%
	31.03.2011	31.03.2010	31.03.2009
	Rs.	Rs.	Rs.
(vi) Assumptions :			
Mortality	LIC(1994-96)Ult	LIC(1994-96)Ult	LIC(1994-96)Ult
Discount Rate	8.25%	7.75%	7.75%
Rate of Increase in compensation	5.00%	5.00%	5.00%
Rate of return (expected) on plan assets	8.00%	8.00%	8.00%
Present value of Obligations	72,347,300	67,597,256	56,408,798
Fair Value of plan assets	64,453,703	55,975,402	53,478,700
Surplus or (Deficit) in the plan	(7,893,597)	(11,621,854)	(2,930,098)
Experience Adjustment (Gain) / Loss	1,528,157	12,461,836	(1,686,256)

11. Related Party Information :

A. Name of related party and nature of relationship

Sr.	Name of the related party	Description of relationship
1.	Where control exists: Dinesh Remedies Ltd.	Subsidiary
2.	Key Management Personnel : Mr. U. M. Patel Mr. B. U. Patel Mr. N. U. Patel	Chairman Emeritus Chairman & Managing Director Managing Director
3.	Relatives of Key Management Personnel and other organization where significant influence exists, to the extent of transaction entered : Mrs. R. B. Patel Mrs. A. N. Patel Ms. J. B. Patel Mr. A. B. Patel Mstr. N. N. Patel Mrs. M. U. Patel Shri Dinesh Foundation Maganbhai B. Patel's Charity Trust	 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 Key Management Personnel are Trustee Key Management Personnel are Trustee

Schedule - '16' - Notes forming part of the Accounts : (contd.) :
B. Transactions with related parties

Sr.	Name of the related party	Relationship	Nature of Transaction	Amount		Outstanding Balance	
				2010-11 Rs.	2009-10 Rs.	2010-11 Rs.	2009-10 Rs.
1	Dinesh Remedies Ltd.	Subsidiary	Equity Contribution	17,334,000	15,741,000	-	-
			Sale of Assets	-	612,060	-	-
			Advance Given (Repaid).	29,745	78,722	11,494	41,165
2	Chairman Emeritus Shri U.M.Patel	Key Management Personnel :	Remuneration	-	4,988,894	-	294,800
			Fixed Deposit Received.	7,600,000	3,500,000	11,500,000	6,800,000
			Interest Paid	1,069,938	563,416		
3	Chairman and Managing Director Shri B.U.Patel	Key Management Personnel :	Remuneration	5,858,863	4,986,988	1,281,050	376,050
			Fixed Deposit Received.	12,400,000	25,425,000	32,425,000	33,425,000
			Interest Paid	3,315,361	2,247,968		
4	Managing Director Shri N.U.Patel	Key Management Personnel :	Remuneration	5,915,668	5,025,688	1,249,800	384,800
			Fixed Deposit Received.	-	200,000	200,000	200,000
			Interest Paid	20,000	19,641		
5	Relatives of Key Management Personnel :	Key Management Personnel are Trustee	Fixed Deposit Received.	6,725,000	8,070,000	14,855,000	13,205,000
			Interest Paid	1,416,732	1,211,646		
			Salary	562,766	267,162		
6	Shri Dinesh Foundation	Key Management Personnel are Trustee	Donation	1,200,000	1,000,000		
7	Shri Maganbhai B. Patel's Charity Trust	Key Management Personnel are Trustee	Donation	1,200,000	1,000,000		

C. There are no provisions 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 and Small Enterprises :

- 'Sundry Creditors' in Schedule '8' to the Accounts include (i) Rs. NIL (31.03.2010 - Rs.NIL) due to micro and small enterprises registered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSME); and (ii) Rs. 214,079,092 (31.03.2010 - Rs. 199,012,706) due to other creditors.
- No interest is paid / payable during the year to any enterprise registered under the MSME.
- The above information has been determined to the extent such parties could be identified on the basis of the information available with the Company regarding the status of suppliers under the MSME.

13. Segment Information :

- Primary segment - Business Segment
The Company has only one business segment Viz : "Textile".



SHRI DINESH MILLS LTD.

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

Particulars	In India	Out side India	Total
	Rs.	Rs.	Rs.
Segment Revenue	777,494,747 (772,478,891)	45,803,133 (26,895,779)	823,297,880 (799,374,670)
Carrying Cost of Assets by location of Assets	1,555,119,523 (1,554,123,540)	- (1,574,768)	1,555,119,523 (1,555,698,308)
Addition to Assets and Intangible	25,829,549 (199,125,766)	- -	25,829,549 (199,125,766)

14. Significant Accounting Policies followed by the Company are as stated in the statement annexed to this schedule as Annexure I.
15. Previous year's figures have been regrouped wherever necessary.

Signature to Schedules '1' to '16"		For and on behalf of Board of Directors	
For Dalal & Shah Firm Registration No. 102020W Chartered Accountants S.Venkatesh Partner Membership No. F-037942 Mumbai, 17th June, 2011	J. B. Sojitra Company Secretary & Director	B. U. Patel Chairman & Managing Director	N. U. Patel Managing Director
	B. B. Patel Vice President (Finance) Vadodara , 17th June, 2011		

**Annexure I referred to in note 14 in schedule "16" to the
The Account for the year ended 31st March, 2011
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 additions to the assets during the year is being provided on pro-rata basis with reference to the month of acquisition /installation.
 - IV. 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.
 - V. 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'.
- 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.



SHRI DINESH MILLS LTD.

- 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. Revenue Recognition :

- i) Domestic Sales are recognized as revenue on transfer of significant risk and rewards of ownership which is generally on dispatch of products to the customers.
- ii) Export Sales are recognized as revenue on transfer of significant risk and rewards of ownership which is generally 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.

8. 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 as an expense 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.
- iv) Company recognizes the undiscounted amount of short term employee benefits during the accounting period based on service rendered by employees.

9. 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.

10. Government Grants :

10.1 Government grants are recognized when there is reasonable assurance that the same will be received.

10.2 Revenue grants for expenses incurred are reduced from the respective expenses.

10.3 Capital grants relating to specific fixed assets are reduced from the gross value of the respective fixed assets.

11. Borrowing Costs :

Interest and other borrowing costs attributable to qualifying assets are capitalized. Other interest and borrowing costs are charged to revenue.

12. 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.

13. 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.

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, 2011

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
1,241,158	1,241,158

Sources of Funds:

Paid up capital	Reserve & Surplus
52,775	869,758
Secured Loans	Unsecured Loans
232,271	86,354

Application of Funds:

Net Fixed Assets	Investments
561,531	359,989
Net Current Assets	Miscellaneous Expenditure
385,878	Nil
Accumulated Losses	Deferred Tax Liability
Nil	(66,240)

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

Turnover	Total Expenditure
854,824	745,190
Profit / (Loss) before Tax	Profit/(Loss) after tax
109,634	77,866
Earnings Per Share in Rs.	Dividend
14.79	20%

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, 2011.
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. : 12,751,595 Equity Shares of Rs.10/- each.
- (b) Extent of interest of Holding Company at the end of the financial year of the Subsidiary Company. : 55.44%
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. 4,311,836
 - (ii) For the previous years of the Subsidiary Company : (Rs. 78,634,509)

BHARAT U. PATEL
Chairman & Managing Director

N. U. PATEL
Managing Director

J. B. SOJITRA
Company secretary & Director

B. B. PATEL
Vice President (Finance)

Vadodara, 17th June, 2011.



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, 2011, 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, 2011;
 - (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 DALAL & SHAH

Firm Registration Number : 101020W
Chartered Accountants

S Venkatesh

Partner

Membership No. F-037942

Place: Mumbai
Date: June 17, 2011

**CONSOLIDATED BALANCE SHEET OF SHRI DINESH MILLS LIMITED AND ITS SUBSIDIARY
AS AT 31ST MARCH, 2011**

	Schedule	Rs.	As at 31st March, 2011 Rs.	As at 31st March, 2010 Rs.
I. Sources of Funds :				
(1) Shareholders' Funds:				
(a) Share Capital	1	52,775,000		52,775,000
(b) Reserves and Surplus	2	897,908,406		825,140,205
			950,683,406	877,915,205
(2) Loan Funds:				
(a) Secured Loans	3	307,455,279		396,529,734
(b) Unsecured Loans	4	86,354,188		78,117,177
			393,809,467	474,646,911
(3) Deferred Tax Liability (net) (See Note 3)			66,240,454	75,641,582
	Total Rs.		1,410,733,327	1,428,203,698
II. Application of Funds :				
(1) Fixed Assets:				
(a) Gross Block		1,827,647,162		1,807,636,569
(b) Less: Depreciation		1,085,240,791		1,002,209,717
(c) Net Block	5	742,406,371		805,426,852
(d) Capital Work in Process, cost to date		486,515		156,681
(e) Advance for Capital Expenditure		-		2,308,161
			742,892,886	807,891,694
(2) Investments	6		232,472,558	243,886,373
(3) Current Assets, Loans and Advances:	7			
(a) Inventories		323,971,664		281,733,984
(b) Sundry Debtors		141,404,728		121,255,754
(c) Cash and Bank Balances		185,974,183		174,643,004
(d) Other Current Assets		11,938,137		10,066,410
(e) Loans and Advances		41,184,748		47,865,608
			704,473,460	635,564,760
Less: Current Liabilities and Provisions:	8			
(a) Current Liabilities		240,869,176		224,828,580
(b) Provisions		28,236,401		34,310,549
			269,105,577	259,139,129
Net Current Assets			435,367,883	376,425,631
	Total Rs.		1,410,733,327	1,428,203,698
Notes forming part of the Accounts	16			

As per our attached report of even date,

For and on behalf of Board of Directors

For **Dalal & Shah**
Firm Registration No. 102020W
Chartered Accountants
S.Venkatesh
Partner
Membership No. F-037942
Mumbai, 17th June, 2011

J. B. Sojitra
Company Secretary & Director
B. B. Patel
Vice President (Finance)
Vadodara, 17th June, 2011

B. U. Patel
Chairman & Managing Director
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, 2011

	Schedule	Rs.	2010-11 Rs.	2009-10 Rs.
Income:				
Sales			1,009,106,637	908,755,258
Less : Returns			1,513,350	2,052,879
			<u>1,007,593,287</u>	<u>906,702,379</u>
Less : Excise Duty			55,012,511	40,935,684
			<u>952,580,776</u>	<u>865,766,695</u>
Other Income	9		32,133,684	31,660,178
			<u>984,714,460</u>	<u>897,426,873</u>
Expenditure:				
Raw Materials Consumed	10A		278,580,736	240,270,451
Finished Goods Purchased			70,163	305,582
(Increase) / Decrease in Stocks	10B		7,864,570	19,386,380
Manufacturing Expenses	11		129,176,489	109,396,565
Employees' Emoluments	12		217,547,321	208,023,205
Selling and other expenses	13		112,696,363	116,652,126
Interest and Finance charges	14		39,292,259	37,183,151
Depreciation and Amortisation	15		85,540,223	74,263,000
			<u>870,768,124</u>	<u>805,480,460</u>
Profit before Taxation			113,946,336	91,946,413
Provision for Taxation :				
Current Tax		41,000,000		30,000,000
Deferred Tax (See Note 3)		(9,401,128)		3,292,467
Wealth Tax		170,000		-
			<u>31,768,872</u>	<u>33,292,467</u>
Profit for the year			82,177,464	58,653,946
Excess Depreciation written back			1,553,503	-
Tax adjustments relating to earlier years			(1,361,480)	230,748
			<u>82,369,487</u>	<u>58,884,694</u>
Concern Share			80,448,206	65,874,187
Minority			1,921,281	(6,989,493)
			<u>80,448,206</u>	<u>65,874,187</u>
As per last account			(20,859,068)	(8,271,167)
Appropriation				
General reserve		60,000,000		60,000,000
Proposed Dividend		10,555,000		15,832,500
Corporate Dividend Tax on above		1,712,286		2,629,588
			<u>72,267,286</u>	<u>78,462,088</u>
Balance Carried to Balance Sheet			(12,678,148)	(20,859,068)
Notes forming part of the Accounts	16			
Basic /diluted Earning Per Share (See Note 4)			15.24	12.48

As per our attached report of even date,

For and on behalf of Board of Directors

For **Dalal & Shah**
Firm Registration No. 102020W
Chartered Accountants
S.Venkatesh
Partner
Membership No. F-037942
Mumbai, 17th June, 2011

J. B. Sojitra
Company Secretary & Director
B. B. Patel
Vice President (Finance)
Vadodara , 17th June, 2011

B. U. Patel
Chairman & Managing Director
N. U. Patel
Managing Director

CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2010-2011

	2010-2011 Rs.	2009-2010 Rs.
A. Cash Flow From Operating Activities :		
Profit before Tax	113,946,336	91,946,413
Adjustments For :		
Depreciation	85,531,263	74,254,040
Amount written off against Leasehold land	8,960	8,960
Surplus/Loss on on sale of Assets (net)	(26,443)	(116,573)
Interest	39,292,259	37,183,151
Dividend Income	(10,429,998)	(13,156,237)
Provision for Doubtful Debts	438,701	-
Interest received on Loans and deposits	(8,137,940)	(8,511,060)
(Profit)/Loss on sale/redemption of investments	(3,596,036)	3,824,420
Bad Debts Written off	290,905	-
	<u>103,371,671</u>	<u>93,486,701</u>
Operating Profit Before Working Capital Changes	<u>217,318,007</u>	<u>185,433,114</u>
Adjustment For :		
Trade and Other Receivables	(14,487,942)	(7,256,396)
Inventories	(42,237,680)	29,847,551
Trade Payables	17,754,350	(148,510)
	<u>(38,971,272)</u>	<u>22,442,645</u>
Cash Generated from Operations	<u>178,346,735</u>	<u>207,875,759</u>
Direct Taxes Paid	(44,604,974)	(37,416,696)
	<u>133,741,761</u>	<u>170,459,063</u>
B Cash Flow from Investing Activites :		
Purchase of Fixed Assets	(30,148,895)	(163,522,556)
Grant Received	11,095,425	-
Sale of Fixed Assets	92,000	147,504
(Purchase) / Redemption of Investments (Net)	15,009,853	(33,269,457)
Dividend and Income from Units Received	10,429,998	13,156,237
Interest received on investments	6,266,213	9,257,222
	<u>12,744,594</u>	<u>(174,231,050)</u>
Net Cash Used in Investing Activities	<u>12,744,594</u>	<u>(174,231,050)</u>
Carried over	146,486,355	(3,771,987)



SHRI DINESH MILLS LTD.

CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL YEAR 2010-2011

	2010-2011 Rs.	2009-2010 Rs.
Brought Over	146,486,355	(3,771,987)
C. Cash Flow From Financing activities :		
Total Proceeds From Borrowings (Net of repayments)	(78,004,925)	106,476,596
Interest paid	(39,473,507)	(37,139,347)
Dividend Paid	(15,556,075)	(10,325,213)
Corporate Dividend Tax	(2,629,588)	(1,793,822)
Net Cash flow from / (used in) Financing Activities	(135,664,095)	57,218,214
Net Change in Cash and Cash Equivalents	10,822,260	53,446,227
Cash and Cash Equivalents As At 1.4.2010 (Opening Balance)	173,722,804	120,276,577
Cash and Cash Equivalents As At 31.3.2011 (Closing Balance)	184,545,064	173,722,804
	10,822,260	53,446,227
Reconciliation to Cash and Bank Balances given in Schedule 7, is as follows :		
Cash and Bank Balances	185,974,182	174,643,004
Less: Lien marked deposits	1,429,118	920,200
Cash and Cash Equivalents - Closing Balance	184,545,064	173,722,804

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 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 **Dalal & Shah**
Firm Registration No. 102020W
Chartered Accountants
S.Venkatesh
Partner
Membership No. F-037942
Mumbai, 17th June, 2011

For and on behalf of Board of Directors

J. B. Sojitra
Company Secretary & Director
B. B. Patel
Vice President (Finance)
Vadodara , 17th June, 2011

B. U. Patel
Chairman & Managing Director
N. U. Patel
Managing Director

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, 2011.

	As at 31st March, 2011 Rs.	As at 31st March, 2010 Rs.
Schedule - '1' - Share Capital		
Authorised :		
9,500,000 Equity Shares of Rs.10/- 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 Equity Shares of Rs. 10/- 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.
- (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
Less : Transfer to General Reserve	-	2,447,747
	<u>-</u>	<u>-</u>
General Reserve :		
As per last Account	783,573,496	721,125,749
Add : Transfer from Capital Reserve	-	2,447,747
Set aside this year	60,000,000	60,000,000
	<u>843,573,496</u>	<u>783,573,496</u>
Surplus as per annexed Account	(12,678,148)	(20,859,068)
Minority Interest	67,013,058	62,425,777
Total Rs.	<u>897,908,406</u>	<u>825,140,205</u>



SHRI DINESH MILLS LTD.

	As at 31st March, 2011 Rs.	As at 31st March, 2010 Rs.
Schedule - '3' - Secured Loans :		
Cash Credit from Banks, against hypothecation of Raw Materials, Stores, Spare parts, Finished Goods and Work-in-Process	17,078,891	12,749,778
Term loan under TUF, secured by way of hypothecation of machinery purchased there from	232,270,862	307,655,928
Term loan ,secured by exclusive charge on Fixed assets including equitable mortgage on free-hold land	58,105,526	76,124,028
	<u>290,376,388</u>	<u>383,779,956</u>
Total Rs.	<u>307,455,279</u>	<u>396,529,734</u>
Schedule - '4' - Unsecured Loans :		
Fixed Deposits :		
From Directors	44,125,000	40,425,000
From Shareholders	24,265,000	22,285,000
From Public	17,964,188	15,407,177
Total Rs.	<u>86,354,188</u>	<u>78,117,177</u>

Schedule - '5' - Fixed Assets

Fixed Asset	GROSS BLOCK(a)				DEPRECIATION / AMORTISATION				NET BLOCK	
	As on 31.3.2010 Rs.	Additions Rs.	Deductions / Adjustments Rs.	As on 31.3.2011 Rs.	Up To 31.3.2010 Rs.	Deductions / Adjustments Rs.	For the Year Rs.	Up To 31.3.2011 Rs.	As on 31.3.2011 Rs.	As on 31.3.2010 Rs.
Land Freehold	38,115,246	-	-	38,115,246	-	-	-	-	38,115,246	38,115,246
Land Leasehold	627,239	-	8,960	618,279	-	-	-	-	618,279	627,239
Buildings (b)	82,020,226	218,245	-	82,238,471	35,179,894	-	2,229,569	37,409,463	44,829,008	46,840,332
Drainage Installation	13,749	-	-	13,749	12,877	-	44	12,921	828	872
Tubewell & Water Works	948,728	142,070	-	1,090,798	555,855	-	13,917	569,772	521,026	392,873
Plant & Machinery	1,617,526,913	15,694,941	11,095,425 (c)	1,622,126,429	922,721,911	1,553,503 (d)	79,109,614	1,000,278,022	621,848,407	694,805,002
Electrical Installations	16,463,004	-	-	16,463,004	9,030,265	-	386,894	9,417,159	7,045,845	7,432,739
Furniture & Fixures	28,697,185	1,272,097	-	29,969,282	19,446,971	-	1,128,640	20,575,611	9,393,671	9,250,214
Vehicles	22,361,657	14,684,868	1,012,243	36,034,282	14,762,620	946,686	2,411,733	16,227,667	19,806,615	7,599,037
Computer Software	862,622	115,000	-	977,622	499,324	-	250,852	750,176	227,446	363,298
Total Rs.	1,807,636,569	32,127,221	12,116,628	1,827,647,162	1,002,209,717	2,500,189	85,531,263	1,085,240,791	742,406,371	805,426,852
Previous Year's 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	
(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) Capital Subsidy of Rs. 11,095,425/- (Previous year Rs. NIL) (d) Excess depreciation written back of Rs. 1,553,503/- (Previous year Rs. NIL)										



SHRI DINESH MILLS LTD.

	Rs.	As at 31st March, 2011 Rs.	As at 31st March, 2010 Rs.
Schedule - '6' - Investments (At Cost / Book Value)			
(fully paid up unless otherwise specified)			
Long Term Investments: (other than Trade, unless specified)			
In Governments and Trust Securities			
Quoted :			
50,000 11.50% GOI Securities - 2015	5,590,000		5,590,000
20,000 (-) 6.90% GOI Securities - 2019	<u>1,876,000</u>		-
		7,466,000	<u>5,590,000</u>
In fully paid Shares :			
Quoted :			
120,020 Equity Shares of Rs 10/- each in Kamron Laboratories Limited	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 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 Equity Shares of Rs.25/- each in Co-operative Bank of Baroda Limited	<u>10,000</u>		<u>10,000</u>
		1,464,460	<u>1,464,460</u>
Unquoted :			
In units of mutual Funds (units of Rs. 10/- each, unless specified)			
10,750,000 (4,750,000) Units of HDFC Fixed Maturity Plan	107,500,000		47,500,000
775,325.887 (1,024,762.718) Units of HDFC Prudence	25,201,160		30,786,085
800,645.406 (844 547.887) Units of SBI Balance Fund	23,340,937		24,411,221
436,220.847 Units of FT India Balance Fund	12,500,000		12,500,000
232,001.127 (239,409.091) Units of Tata Balance Fund	12,500,000		12,732,000
- (10,606,849) Units of HDFC Cash Management Fund	-		106,402,606
121,400.476 HDFC MF MIP Long Term Growth	2,500,000		2,500,000
2,000,000 (-) Units of ICICI FMP	20,000,000		-
2,000,000 (-) Units of Reliance Fixed Horizen Fund	<u>20,000,000</u>		-
		223,542,097	<u>236,831,912</u>
Total Rs.		232,472,558	<u>243,886,373</u>
	Book Value	Market Value	
	as on 31st March	as on 31st March	
	2011	2011	2010
	Rs.	Rs.	Rs.
Quoted	<u>7,466,001</u>	<u>7,458,000</u>	5,882,500
Unquoted	<u>225,006,557</u>		
Total	<u>232,472,558</u>		

	Rs.	As at 31st March, 2011 Rs.	As at 31st March, 2010 . Rs.
Schedule - '7' - Current Assets, Loans and Advances :			
(a) Inventories :(At cost or net realisable value, whichever is lower)			
Stores, Spares, Coal, etc.,		50,116,079	40,237,436
Stock-in-Trade,			
Raw Materials	79,136,598		55,884,311
Work-in-Process	93,506,909		85,042,297
Finished Goods	82,444,415		96,891,795
		255,087,922	237,818,403
Materials in Transit, at cost to date		18,767,663	3,678,145
		323,971,664	281,733,984
(b) Sundry Debtors, Unsecured :			
Outstanding for more than six months			
Good		4,702,496	6,982,997
Doubtful	438,701		-
Less : Provision	438,701		-
		-	-
Outstanding below six months-Good		136,702,232	114,272,757
		141,404,728	121,255,754
(c) Cash and Bank Balances :			
Cash on hand		304,170	437,828
Bank Balances:			
with Scheduled Banks:			
In Current Account	31,471,686		21,401,729
In Margin Deposits	-		584
In Fixed Deposits (*)	1,429,118		6,000
In Short Term Deposits	95,400,000		118,450,000
In Liquid Deposits	54,610,000		30,844,200
Interest Accrued			
on Short Term and Fixed Deposits	2,759,209		3,502,663
		185,670,013	174,205,176
		185,974,183	174,643,004
(*) includes Rs. 64,200 (Previous Year Rs 64,200) Against guarantees issued by the Company's Bankers.			
(d) Other Current Assets :			
Interest and Dividend Receivable on Investments	1,080,175		1,211,187
Interest Subsidy receivable	10,767,364		8,129,663
Other Receivables	90,598		725,560
		11,938,137	10,066,410
(e) Loans and Advances, Unsecured, Good, unless otherwise stated:			
Advances recoverable in cash or in kind or for value to be received	29,190,438		34,716,296
Balances with Custom and excise etc.	11,805,281		13,149,312
Tax paid in advance, net of provision	189,029		-
		41,184,748	47,865,608
Total Rs.		704,473,460	635,564,760



SHRI DINESH MILLS LTD.

	As at 31st March, 2011 Rs.	As at 31st March, 2010 Rs.
Schedule - '8'- Current Liabilities and Provisions :		
(a) Current Liabilities :		
Sundry Creditors	234,816,915	220,353,214
Directors' Remuneration Payable	2,530,850	1,055,650
Investors Education and Protection Fund shall be Credited by the following (See Note below)		
Unclaimed Dividends	2,015,111	1,738,686
Unclaimed Matured Fixed Deposits	<u>306,000</u>	<u>466,000</u>
	2,321,111	2,204,686
Interest accrued but not due on loans	<u>1,200,300</u>	<u>1,215,030</u>
	240,869,176	224,828,580
(b) Provisions :		
Provision for Leave Entitlement	15,598,915	13,723,283
Provision for Staff Gratuity	370,200	240,712
Provision for taxation, net of advances	-	1,884,466
Provision for Dividend Tax	1,712,286	2,629,588
Proposed Dividend	<u>10,555,000</u>	<u>15,832,500</u>
	28,236,401	34,310,549
Total Rs.	<u>269,105,577</u>	<u>259,139,129</u>

Note: There is no amount due and outstanding to be credited to Investor Education and Protection fund as at 31st March, 2011.

	Rs.	2010-11 Rs.	2009-10 Rs.
Schedule - '9' Other Income :			
Dividend on Mutual Fund - Long Term Investments	10,428,498		13,156,237
Others	1,500		-
		10,429,998	13,156,237
Interest (Gross, Tax deducted at source Rs.558,599/-) (Previous year Rs. 964,581/-)			
On Government Securities	580,367		427,977
On Short Term Deposit	7,466,009		7,998,879
Other	2,992,423		2,899,656
		11,038,799	11,326,512
Export Incentives		1,968,300	1,326,814
Exchange Rate Difference (net)		734,876	-
Bad Debts recovered		165,826	-
Miscellaneous Receipts		3,777,962	3,082,218
Profit on Redemption of Long Term Investments		3,596,036	658,844
Surplus on sale of Assets		30,240	116,573
Provisions no longer required		62,335	765,159
Sundry Credit Balances appropriated		329,312	1,227,821
Total Rs.		32,133,684	31,660,178
Schedule - '10' A - Raw Materials Consumed:			
Stocks at Commencement		52,645,881	70,375,777
Purchases		305,915,312	223,403,208
		358,561,193	293,778,985
Less : Waste Sales		843,859	862,653
		357,717,334	292,916,332
Less : Stocks at Close		79,136,598	52,645,881
Total Rs.		278,580,736	240,270,451
Schedule - '10' B - (Increase) / Decrease in Stocks:			
Stocks at Close:			
Work-in-Process	93,506,909		85,042,297
Finished Goods	82,444,415		96,891,795
		175,951,324	181,934,092
Stocks at Commencement:			
Work-in-Process	85,042,297		100,811,618
Finished Goods	96,891,795		97,128,531
		181,934,092	197,940,149
		5,982,768	16,006,057
Excise duty variation on opening/closing stocks		1,881,802	3,380,323
Total Rs.		7,864,570	19,386,380



SHRI DINESH MILLS LTD.

	2010-11	2009-10
Rs.	Rs.	Rs.
Schedule - '11' - Manufacturing Expenses :		
Stores and Spares Consumed	33,918,925	31,480,229
Processing Charges	2,456,806	2,094,239
Power, Fuel and Water	59,068,580	46,596,683
Machinery Repairs	29,017,249	24,540,847
Building Repairs	3,205,783	3,676,365
Other Repairs	1,509,146	1,008,202
Total Rs.	129,176,489	109,396,565
Schedule - '12' - Employees' Emoluments :		
Salaries, Wages, Bonus, etc.	173,380,184	164,434,163
Contribution to Provident and Other Funds	27,028,393	29,288,367
Employees' State Insurance Scheme	3,558,733	2,938,450
Welfare Expenses	13,580,011	11,362,225
Total Rs.	217,547,321	208,023,205
Schedule - '13' - Selling and Other Expenses :		
Rent	526,560	507,600
Rates and Taxes	2,308,625	2,603,949
Insurance	1,779,982	2,147,139
Freight and Cartage	4,990,441	3,422,046
Commission	14,621,824	12,704,662
Discount	19,073,907	16,389,983
Travelling and Conveyance	17,170,265	10,648,206
Miscellaneous Expenses	24,338,704	23,003,598
Loss on Redemption on Long Term Investment	-	4,483,264
Advertisement and Publicity	7,072,061	26,221,780
Excise Duty Expenses	32,099	17,095
Legal and Professional Charges	15,489,835	9,602,932
Auditors' Remuneration	653,947	450,241
Directors' Fees and Travelling Expenses	304,000	336,000
Donations	3,600,000	2,000,000
Loss on assets sold, discarded or demolished	3,797	-
Bad Debts	290,905	2,090,604
Provision for doubtful debts	438,701	-
Sundry Debit Balances Written off	710	23,027
Total Rs.	112,696,363	116,652,126
Schedule - '14' - Interest and Finance charges:		
Interest :		
*On Fixed Loans	28,376,883	30,299,161
Others	10,682,617	6,883,990
	39,059,500	37,183,151
Bills Discounting Charges	232,759	-
Total Rs.	39,292,259	37,183,151
* Net of Subsidy under Technology Upgradation Fund Scheme Rs. 14,462,733/- (Previous year Rs.13,943,250/-)		
Schedule - '15' -Depreciation and Amortisation :		
Amount written off against Leasehold Land	8,960	8,960
Depreciation	85,531,263	74,254,040
Total Rs.	85,540,223	74,263,000

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

	<u>2010-11</u> Rs.	<u>2009-10</u> Rs.
1		
Contingent Liabilities not provided for in respect of :		
(a) Workers' demands - matter under appeal	3,470,317	3,071,891
(b) Income Tax demands (Including Interest) - Matter under Appeal	21,925,443	6,673,079
(c) Excise matter under appeal.	21,408,225	21,408,225
(d) Other claims against the Company not acknowledged as debts.	302,396	302,396

Note :

"Future cash outflows in respect of above are determinable on receipt of judgements/decisions pending with various forums / authorities. The Company has taken legal and other steps necessary to protect its position in respect of these claims, which based on legal advice are not sustainable. It is not possible to make any further determination of the liabilities which may arise or the amounts which may be refundable in these respects.

2		
Estimated amount of contracts remaining to be executed on capital accounts and not provided for (net of advances) :	93,841,600	3,460,937

3	Deferred Taxation :			<u>As on</u> 31.03.2011 Rs.
		Accumulated as on 31.03.2010 Rs.	Charge/Credit During the year Rs.	
	Deferred Tax liability on account of :			
(i)	Depreciation	85,056,321	(8,306,132)	76,750,189
		<u>85,056,321</u>	<u>(8,306,132)</u>	76,750,189
	Deferred Tax Asset on account of :			
(I)	Expenses allowable for tax purpose when paid	1,567,256	(36,448)	1,530,808
(ii)	Unencashed Leave	4,881,506	406,997	5,288,503
(iii)	Gratuity	577,748	10,109	587,857
(iv)	Amalgamation Expenses	13,728	(13,728)	-
(v)	Carry Forward Business Loss	2,374,501	728,066	3,102,567
		<u>9,414,739</u>	<u>1,094,996</u>	10,509,735
	Net Deferred Tax Liability / (Assets)	<u>75,641,582</u>	<u>(9,401,128)</u>	66,240,454

The Company has created Deferred Tax Assets on account of Carried Forward Losses, only to the extent of Deferred Tax Liability in respect of Dinesh Remedies Limited.

4	Earning Per Share :		
	Basic / Weighted average	<u>2010-11</u>	<u>2009-10</u>
	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. 80,448,206	65,874,187
	Basic / diluted earning per share	Rs. 15.24	12.48



SHRI DINESH MILLS LTD.

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

5. 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 Emeritus Chairman & Managing Director Managing Director
2	Relatives of Key Management Personnel and other organization where significant influence exists, to the extent of transaction entered : Mrs. R.B. Patel Mrs. A.N. Patel Miss. J.B. Patel Mr. A.B. Patel Mstr. N.N. Patel Mrs. M.U.Patel Shri Dinesh Foundation Shri Maganbhai B. Patel's Charity Trust	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 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	
				2010-11 Rs.	2009-10 Rs.	2010-11 Rs.	2009-10 Rs.
1	Chairman Emeritus Shri U.M. Patel	Key Management Personnel:	Remuneration	-	4,988,894	-	294,800
			Fixed Deposit Received.	7,600,000	3,500,000	11,500,000	6,800,000
			Interest Paid	1,069,938	563,416	-	-
2	Chairman & Managing Director Shri B.U. Patel	Key Management Personnel:	Remuneration	5,858,863	4,986,988	1,281,050	376,050
			Fixed Deposit Received.	12,400,000	25,425,000	32,425,000	33,425,000
			Interest Paid	3,315,361	2,247,968	-	-
3	Managing Director Shri N.U. Patel	Key Management Personnel:	Remuneration	5,915,668	5,025,688	1,249,800	384,800
			Fixed Deposit Received.	-	200,000	200,000	200,000
			Interest Paid	20,000	19,641	-	-
4	Relatives of Key Management personnel	Key Management Personnel:	Fixed Deposit Received.	6,725,000	8,070,000	14,855,000	13,205,000
			Interest Paid	1,416,732	1,211,646	-	-
			Salary	562,766	267,162	-	-
5	Shri Dinesh Foundation	Key Management Personnel are Trustee	Donation	1,200,000	1,000,000	-	-
6	Maganbhai B. Patel's Charity Trust	Key Management Personnel are Trustee	Donation	1,200,000	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 :
6. Segment wise Revenue and Capital employed for the Year ended March 31, 2011
(a) Primary segment : Business Segment

	Textile		Pharmaceuticals		Consolidated	
	2010-11 Rs.	2009-10 Rs.	2010-11 Rs.	2009-10 Rs.	2010-11 Rs.	2009-10 Rs.
Revenue						
External Sales	823,297,880	763,082,777	129,282,896	102,682,918	952,580,776	865,765,695
Total Revenue	823,297,880	763,082,777	129,282,896	102,682,918	952,580,776	865,765,695
Segment Result						
Profit before interest and Tax	109,463,979	104,910,908	11,640,934	(7,441,522)	121,104,913	97,469,386
Interest Expense (Net)					(28,345,026)	(25,940,843)
Other un-allocable income, net of Un-allocable Expenditure					21,186,451	20,417,870
Profit before tax					113,946,338	91,946,413
Segment Assets	965,676,946	984,421,408	250,522,636	241,382,803	1,216,199,582	1,225,804,211
Unallocated Common assets					463,639,322	461,538,616
Total Assets					1,679,838,904	1,687,342,827
Segment Liabilities	231,858,798	213,528,532	20,874,694	21,260,939	252,733,492	234,789,471
Unallocated Common Liabilities					16,372,085	24,349,658
Total Liabilities					269,105,577	259,139,129
Capital Expenditure	25,829,549	178,569,114	6,627,506	8,460,356	32,457,055	187,029,470
Depreciation & Amortisation	74,759,743	63,952,099	10,771,520	10,301,941	85,531,263	74,254,040
Non Cash Expenses other than Depreciation	-	-	-	-	-	-

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

Particulars	In India		Out side India		Total	
	2010-11 Rs.	2009-10 Rs.	2010-11 Rs.	2009-10 Rs.	2010-11 Rs.	2009-10 Rs.
Segment Revenue	906,777,643	838,869,916	45,803,133	26,895,779	952,580,776	865,765,695
Carrying Cost of Assets by location of Assets	1,679,838,904	1,685,768,059	-	1,574,768	1,679,838,904	1,687,342,827
Addition to Assets and Intangible	32,457,055	187,029,470	-	-	32,457,055	187,029,470

Other Disclosure :

- 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.
- Company has disclosed Business Segment as the Primary Segment.
- Composition of Business Segment :

Name of Segment	Comprises of :
(a) Textiles	Woollen Textile
(b) Pharmaceuticals	Empty Hard Gelatin Capsules

7 Significant Accounting Policies followed by the Company are :
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:



SHRI DINESH MILLS LTD.

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

2. Principle of Consolidation:
- a. The Consolidated Financial Statements have been prepared in accordance with Accounting Standard (AS) 21 - Consolidated Financial Statements, notified under sub-section 3C of Section 211 of the Companies Act, 1956, incorporating the operation of following subsidiary.
- Name of the Company : Dinesh Remedies Ltd.
Country of Incorporation : India
% of ownership interest as at 31.3.2011 : 55.44%
- b. 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.
- c. 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:
Other Significant Accounting Policies followed by the Company are as stated in the statement annexed to this schedule as Annexure I.

Signature to Schedules '1' to '16"		For and on behalf of Board of Directors
For Dalal & Shah	J. B. Sojitra	B. U. Patel
Firm Registration No. 102020W Chartered Accountants	Company Secretary & Director	Chairman & Managing Director
S.Venkatesh Partner	B. B. Patel Vice President (Finance)	N. U. Patel Managing Director
Membership No. F-037942 Mumbai, 17th June, 2011	Vadodara , 17th June, 2011	

Annexure I referred to in note 7 in schedule "16" to the The Account for the year ended 31st March, 2011

Statement on Other Significant Accounting Policies

1. 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.
2. 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 additions to the assets during the year is being provided on pro-rata basis with reference to the month of acquisition /installation.
 - IV. 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.
 - V. Computer software is being amortised over a period of three years.
3. 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.
4. 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'.
 - 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.
5. 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.



SHRI DINESH MILLS LTD.

6. Revenue Recognition :
- Domestic Sales are recognized as revenue on transfer of significant risk and rewards of ownership which is generally on dispatch of products to the customers.
 - Export Sales are recognized as revenue on transfer of significant risk and rewards of ownership which is generally on the basis of the dates of Bill of Lading and / or Air Way Bill.
 - 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.
 - Dividend income is accounted for in the year in which the right to receive the same is established.
 - Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
7. Employee Benefits :
- 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 as an expense in the Profit and Loss Account.
 - 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.
 - 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.
8. 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.
9. Government Grants :
- Government grants are recognized when there is reasonable assurance that the same will be received.
 - Revenue grants for expenses incurred are reduced from the respective expenses.
 - Capital grants relating to specific fixed assets are reduced from the gross value of the respective fixed assets.
10. Borrowing Costs :
- Interest and other borrowing costs attributable to qualifying assets are capitalized. Other interest and borrowing costs are charged to revenue.
11. 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.
12. 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.