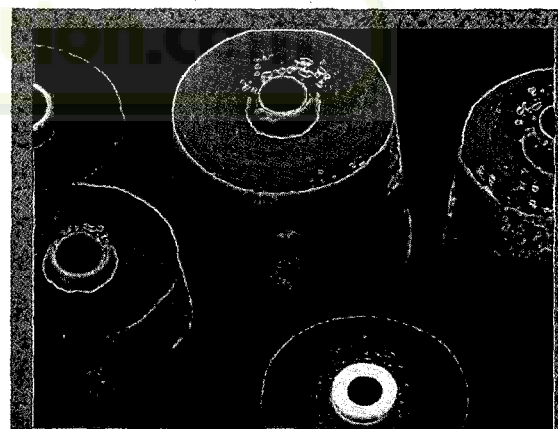


Report Junction



DAMODAR THREADS LIMITED

21st Annual Report 2008-09



Board of Directors

Shri Arunkumar Biyani	Executive Chairman
Shri Ajay D. Biyani	Managing Director
Shri Anil D. Biyani	Executive Director
Shri Girdharlal S. Daga	Independent Director
Shri Rajendra Prasad Khator	Independent Director
Shri Ashok Kumar Damani	Independent Director

Company Secretary & Compliance Officer

Mr. Pramod Kumar Jain

Auditors

M/s A.J. Baliya & Associates
Chartered Accountants
Mumbai

Bankers

1. State Bank of India
2. Bank of Baroda

Registered Office

A1/202, Centre Point,
243-A, N. M. Joshi Marg,
Lower Parel (E),
Mumbai – 400 013
Ph.: 022-66610301-2,
Fax: 022-66610308

Plant Location

Survey No. 265/10/1,2 & 3
Demni Road, Dadra Village,
D. & N.H. (U.T.) – 396230
Ph.: 0260-3264788, Fax: 0260-2668929

Registrar & Share Transfer Agent

Link Intime India Pvt. Limited,
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W), Mumbai – 400078.
Tel. No.: 022-25946970 –78, Fax No. 022-25946969
E-mail: rnt.helpdesk@linkintime.co.in
Website: www.linkintime.com

Table of Contents	Page
Board of Directors & Corporate Information	1
Notice for Annual General Meeting	2
Directors Report	5
Report on Corporate Governance	9
Management Discussion, Analysis and Future Plans	17
Auditor's Report	19
Balance Sheet	22
Profit and Loss Account	23
Schedule and Notes to Accounts	24
Cash Flow Statement	34
Attendance Slip and Proxy Form	35



NOTICE FOR CONVENING THE ANNUAL GENERAL MEETING

NOTICE is hereby give that the 21st Annual General Meeting of the Members of **Damodar Threads Limited** will be held on Saturday, 12th September, 2009 at 11.30 A.M. at Maheshwari Bhawan, 603, Chira Bazar (J. S. Road), Mumbai – 400 002 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2009 and the Profit & Loss Account, Cash Flow Statement for year ended on that date together with Report of the Board of Directors' and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Shri Arun Kumar Biyani, who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Rajendra Prasad Khator, who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
5. To appoint Auditors and authorize board to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of section 314(1B) read with Director's Relatives (Office or Place of Profit) Rules, 2003 and other applicable provisions if any of the Companies Act, 1956 and subject to the approval of the Central Government, consent of the Company hereby accorded that remuneration of Shri Aman A. Biyani, Sales Executive of the Company, be increased from Rs.45000/- per month to at a pay scale of Rs.50,000-15000-125000/- per month (Provident Fund as per the Rules of the Company) with effect from 1st April, 2009.

RESOLVED FURTHER THAT every increase in remuneration as per above pay scale will be applicable with effect from 1st April of each subsequent years after the current year 2009-10.

RESOLVED FURTHER THAT An undertaking from Shri Aman A. Biyani, Sales Executive of the Company that he will be in the exclusive employment of the company and will not hold a place of profit in any other company has already been taken.

RESOLVED FURTHER THAT the remuneration payable to Shri Aman A. Biyani as aforesaid shall be subject to such modification as the Central Government may suggest or require which the directors are hereby authorized to accept on behalf of the Company and which may be acceptable to Shri Aman A. Biyani.

RESOLVED FURTHER THAT Shri Ajay D. Biyani, Managing Director of the Company be and is hereby authorized to submit an application to the Central Government alongwith all the necessary enclosures and give any statement, declaration, undertaking and do all such acts, deeds and things as are necessary to give effect to the aforesaid resolution."

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

"RESOLVED THAT pursuant to provisions of section 314(1) (b) and 314(1B) read with Director's Relatives (Office or Place of Profit) Rules, 2003 and other applicable provisions if any of the Companies Act, 1956 and subject to the approval of the Central Government, consent of the Company be and is hereby accorded to appoint Shri Aditya A. Biyani, Marketing Executive (Exports) of the Company on the remuneration of Rs. 45,000-15000-120000/- per month (Provident Fund as per the Rules of the Company) with effect from 1st April, 2009"

RESOLVED FURTHER THAT every increase in remuneration as per above pay scale will be applicable with effect from 1st April of each subsequent years after the current year 2009-10.

RESOLVED FURTHER THAT An undertaking from Shri Aditya A. Biyani, Marketing Executive (Exports) of the Company that he will be in the exclusive employment of the company and will not hold a place of profit in any other company has already been taken.

RESOLVED FURTHER THAT the remuneration payable to Shri Aditya A. Biyani as aforesaid shall be subject to such modification as the Central Government may suggest or require which the directors are hereby authorized to accept on behalf of the Company and which may be acceptable to Shri Aditya A. Biyani.

RESOLVED FURTHER THAT Shri Ajay D. Biyani, Managing Director of the Company be and is hereby authorized to submit an application to the Central Government alongwith all the necessary enclosures and give any statement, declaration, undertaking and do all such acts, deeds and things as are necessary to give effect to the aforesaid resolution."

8. To consider and if thought fit, to pass with or without modification, the following resolution as a **ordinary resolution**:

"RESOLVED THAT in supersession of the earlier resolutions passed pursuant to provisions of section 293(1)(d) of the Companies Act, 1956, and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to the Board of directors of the Company to borrow any sum or sums of money from time to time, on such terms and conditions and with or without security as the Board of directors may in its discretion think fit notwithstanding that the money or monies to be borrowed together with monies already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the Paid-up Share Capital of the Company and its free reserves, that is to say, reserves not so set aside or any specific purposes, provided however, that the total amount so borrowed and remaining outstanding at any particular time shall not exceed Rs. 500.00 Crores (Rs. Five Hundred Crores only)."

By Order of the Board
For **Damodar Threads Limited**

Pramod Kumar Jain
Company Secretary

Dated : June 27, 2009

Place : Mumbai

NOTES

1. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in relation to the Special Business of the Meeting is annexed hereto and forms part of this Notice.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
3. The Share Transfer Books and Register of members of the Company will remain closed from Tuesday, 1st September, 2009 to Friday, 4th September, 2009 (both days inclusive).
4. Members are requested to produce the attendance slip duly signed as per the specimen signature recorded with the Company/Depository Participant for admission to the meeting hall.
5. Members, who hold shares in de-materialized form, are requested to bring their client ID and DP ID Nos. for easier identification of attendance at the meeting.
6. A Member desirous of getting any information on the accounts or operations of the Company is requested to forward his/her queries to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
7. Members holding shares in physical form are requested to notify immediately any change in their address and Bank particulars to the Company or its Share Transfer Agents (STA) and in case their shares are held in dematerialized form, this information should be passed on directly to their respective Depository participants and not to the Company/ STA, without any delay.
8. In all future correspondence with the Company, Members are requested to quote their account/folio numbers and in case there, shares are held in the dematerialized form, they must quote their DP ID and Client ID Number.
9. Members holding shares in physical form can now avail the facility of nomination in respect of shares held by them pursuant to the amendment in the Companies Act, 1956. The prescribed Form (Form 2B) can be obtained from the Share Department of the Company. Members desiring to avail this facility may send their Nomination Form (in duplicate) duly filled in, to the Company or its Share Transfer Agents by quoting their respective Folio Numbers.

**Explanatory Statement as required by Section 173(2) of the Companies Act, 1956.****Item No. 6**

The Board proposes increase in remuneration of Shri Aman A. Biyani, son of Shri Arun Kumar Biyani, Executive Chairman of the Company w.e.f. 1st April, 2009. Shri Aman A. Biyani, aged 28 years, has studied BBA in USA and has practical experience of more than five years in this field. He is working with our company from last five years. The Board considers that looking into his dynamic educational background and his experience in marketing field which will strengthen the management in controlling Sales activities of the Company in more proper manner.

The terms of remuneration, as set out in the resolution are considered to be just, fair and reasonable and are in accordance with the remuneration paid to other similar placed executives in the Company.

The Selection Committee of the Independent Directors approved the proposed increased remuneration of Shri Aman A. Biyani at their meeting held on 27th June, 2009.

In terms of the provisions of section 314(1B) of the Companies Act, 1956 read with Director's Relatives (Office or Place of Profit) Rules, 2003, the appointment of relative of Director of the Company on a remuneration Rs. 50,000 or more p.m. requires the approval of the members by way of special resolution and the approval of Central Government. Accordingly, the resolution mentioned in Item No. 6 of the notice is being proposed for approval accordingly.

Except Shri Arun Kumar Biyani, none of the Directors are interested or concerned in this resolution.

Item No. 7

Looking into the increase in the business activities of the Company, the Board of Directors at their meeting held on 27th June, 2009 has considered that the Company should appoint a qualified dynamic officer for discharging the duties of Marketing Executive (Exports) in the Company. The Board proposed the name of Shri Aditya A. Biyani, son of Shri Arun Kumar Biyani, Executive Chairman of the Company for appointment as a Marketing Executive (Exports) w.e.f. 1st April, 2009.

Shri Aditya A. Biyani, aged 22 years, is post-graduate and has practical experience of more than two years in this field. The Board considered that looking into his education background and his experience he will be of great strength in expanding exports of the Company in more proper manner.

The terms of remuneration, as set out in the resolution are considered to be just, fair and reasonable and are in accordance with the remuneration paid to other similar placed executives in the Company.

The Selection Committee of the Independent Directors approved the proposed appointment of Shri Aditya A. Biyani at their meeting held on 27th June, 2009.

In terms of the provisions of section 314(1)(b) and 314(1B) of the Companies Act, 1956 read with Director's Relatives (Office or Place of Profit) Rules, 2003, the appointment of relative of Director of the Company requires the approval of the members by way of special resolution and the approval of Central Government. Accordingly, the resolution mentioned in Item No. 7 of the notice is being proposed for approval accordingly.

Except Shri Arun Kumar Biyani, none of the Directors are interested or concerned in this resolution.

Item No. 8

Looking into requirements of the business activities carried by the Company, it may require additional funds. Hence, the Board of directors of the Company should be authorised to borrow moneys from time to time, from Banks, Financial Institutions and any other sources. The moneys to be borrowed by the Company may exceed the aggregate of paid-up capital and its free reserves, provided however, the total amount of such borrowings shall not exceed the sum of Rs. 500.00 Crores at any time. This authority can only be exercised by the Board in accordance with the provisions of section 293(1)(d) of the Companies Act, 1956.

Hence, this resolution mentioned in Item No. 8 is proposed as an ordinary resolution for approval of the members.

None of the directors is concerned or interested in the resolution.

By Order of the Board
For **Damodar Threads Limited**

Pramod Kumar Jain
Company Secretary

Dated : June 27, 2009

Place : Mumbai



DIRECTOR'S REPORT

To the Members,

Your Directors have pleasure in presenting the Twentieth Annual Report on the Operations of the Company together with audited statement of accounts for the year ended 31st March, 2009.

1. FINANCIAL RESULTS

Rs. In Lacs

Particulars	2008-09	2007-08
Sales & Other Income	20296.43	17684.52
Profit before Depreciation & Tax	1203.43	892.47
Depreciation	728.65	396.93
Profit before Tax	474.78	495.54
Provision for Taxation including Deferred Taxes	219.51	228.03
Prior year Tax Adjustments	10.53	0
Profit after Tax	244.74	267.51
Profit brought forward from previous year	618.02	454.85
Profit available for appropriation	862.76	722.36
Appropriation		
Transfer to General Reserve	50.00	50.00
Proposed Dividend @ 6%	46.77	46.44
Corporate Dividend Tax	7.95	7.89
Profit carried to Balance Sheet	758.04	618.03

2. DIVIDEND

Your Directors has recommend dividend on Equity Shares of the Company @ 6% (Rs. 0.60 per share) for the financial year ended 31st March, 2009. (Previous year 15% (Rs. 1.50/- per share). Dividend has been reduced to conserve resources for development,

3. EXPANSION

The company has installed 6 imported twisting machines and preparatory machines for spinning blended fancy yarns during year ended 31st march 2009. This plant has been fully commissioned and are running at full capacity. Further company has started construction of warehouse at Village Tambadi near to Dadra plant for storing of Cotton and other raw materials. This Warehouse is expected to be ready by October 2009. In view of excellent demand for fancy yarns we are installing additional 8 imported twisting machines at Dadra. The company also proposes to install preparatory machines to increase production of cotton yarn at Dadra plant.

4. RIGHTS ISSUE:

The Company has raised Rs. 1644.98 lacs through Rights Issue of 46,99,950 fully paid equity shares of Rs. 10/- at a premium of Rs 25. The allotment of Equity Shares was done on October 17, 2008 and equity shares have been listed for trading at Bombay Stock Exchange (BSE) on October 24, 2008. The money raised has been utilised as per object clause of offer document.

5. DIRECTORS

Shri Arun Kumar Biyani and Shri Rajendra Prasad Khator shall retire by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offers themselves for re-appointment. The Board is pleased to recommend their re-appointment.

**DAMODAR THREADS LIMITED****6. AUDITORS**

M/s A. J. Baliya & Associates, Chartered Accountants, retires at the conclusion of the forthcoming annual general meeting and have given their consent for re-appointment.

7. AUDITORS REPORT

There are no specific observations in the Auditors Report requiring further comments under Section 217 (3) of the Companies Act, 1956.

8. FIXED DEPOSITS

Fixed Deposit with your company as at year-end were Rs. 49.37 lacs. None of these deposits has matured for payment and consequently there were no unclaimed deposits till the date of this report.

9. PARTICULARS OF EMPLOYEES

As required by the provisions of section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the annexure to the report.

10. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

The information pursuant to section 217(i)(e) of the Companies Act, 1956 read with the Companies (disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are annexed.

11. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 217(2AA) of the Companies (Amendment) Act, 2000, the Directors confirm that:

- i. in the preparation of the annual accounts, the applicable accounting standards has been followed.
- ii. appropriate accounting policies have been selected and applied consistently, and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state affairs of the Company as at March 31, 2009 and of the Profit for the year ended March 31, 2009.
- iii. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. the annual accounts have been prepared on a going concern basis.

12. CORPORATE GOVERNANCE

As required under the Listing Agreement with Bombay Stock Exchange Limited, a report on Corporate Governance is given in Annexure to this Report

13. ACKNOWLEDGEMENTS

The Board acknowledges with appreciation the efforts put in by its employees during the year under review. The Company is grateful to its customers and bankers for their support and understanding and the shareholders for their faith and confidence.

For and on behalf of the Board

Place : Mumbai
Date : June 27, 2009

ARUN KUMAR BIYANI
Chairman



ANNEXURE TO DIRECTORS' REPORT

Particulars pursuant to Companies (Disclosure in particulars in the Report of Board of Directors), Rules, 1988

CONSERVATION OF ENERGY

The nature of the Company's Operation entails a very High Level of Energy Consumption. However, adequate measures have been taken to conserve energy. Total energy consumption and energy consumption per unit of production:

	2008-09	2007-08
[A] Power and fuel consumption		
I. Electricity		
A) Purchased unit	20572516	13752760
Amount (Rs.'000)	75602.49	40983.23
Rate/Unit (Rs.)	3.67	2.98
B) Own Generation		
i) Through Diesel Generator Unit	19164	93912
ii) Unit/Liter of Diesel Oil	4	4
iii) Fuel cost / unit (Rs.)	8.93	8.50
[B] Electricity units Consumption in		
Production of Yarn per KG. (Unit/Kg)	2.27	2.33

RESEARCH AND DEVELOPMENT

a. Specific areas in which R & D was carried out by the Company

The Company is actively engaged in product up gradation design development.

b. Benefits derived as a result of the above R & D

Improved product designs resulted in higher value added products and better realisations.

c. Future plan of action

Emphasis on the above activities is the on going exercise.

d. Expenditure on R & D

Since the expenditure incurred on research and development activities were not substantial, no separate account for the same were being maintained.

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION

Since the Company's products are being developed by an in-house R & D team, no further information under this head is required to be given.


DAMODAR THREADS LIMITED
FOREIGN EXCHANGE EARNINGS AND OUTGO
a. Initiatives taken to increase exports and exports plans

Your Company has been in constant touch with various customers around the world. We do hope that our regular follow up will result in order from other countries.

b. Development of new export markets for synthetic yarn.

Your Company is consistently exploring possibilities of exporting its products to new markets. This is an on going process.

c. Total Foreign Exchange Earnings and outgo (Rs. In Lacs)

Particulars	2008-09	2007-08
Foreign Exchange outgo (used)	430.18	1688.68
Earned (FOB Value of Export goods)	10899.97	9345.96

PARTICULARS OF EMPLOYEES

Statement pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975

S. No.	Name	Designation	Total Remuneration	Qualification	Age (Years)	Experience (Years)	Commencement of Employment	Service F.Y.
1.	Arun Kumar Biyani	Executive Chairman	3620837	B. Com.	53	32	09.02.1992	12 Months
2.	Ajay D. Biyani	Managing Director	2409360	B. Com.	47	27	05.06.1988	12 Months
3.	Anil D. Biyani	Executive Director	2409360	B.B.A.	45	26	28.03.1992	12 Months

For and on behalf of the Board

Place : Mumbai
Date : June 27, 2009

ARUN KUMAR BIYANI
Chairman



REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Code of Governance

Damodar Threads Ltd maintains an unwavering focus on adopting sound corporate governance standards and ethical business practices. The Company's philosophy on corporate governance stems from its belief that timely disclosure, transparent accounting policies, and a strong and independent board go a long way in maximizing corporate value. Your company believes that all actions and strategic plans should deliver value to all stakeholders, including shareholders as well as conform to the highest standard of corporate behavior. It was this conviction, which led Damodar Threads Limited to incorporate best of the Corporate Governance Practices.

2. Board of Directors

Composition of the Board

As on 31st March 2009, the Board of Damodar Threads Limited is comprised of 6 Directors of which three are Executive Directors and three are Independent Director. The Composition of the Board is in conformity with the Clause 49 of the Listing Agreement. The Board is primarily responsible for the overall management of the Company's Business. The Composition of the Board and other relevant details relating to the Directors are given below:

SL. No.	Name of Director	Nature of Directorship	Number of Directorship of other Public Companies	Number of Membership in Board Committees	Number of Chairmanship in Board Committees
1.	Shri Arun Kumar Biyani	Executive Chairman	Nil	1	Nil
2.	Shri Ajay D. Biyani	Managing Director	Nil	Nil	Nil
3.	Shri Anil D. Biyani	Executive Director	Nil	Nil	Nil
4.	Shri Girdharlal S. Daga	Independent Non-Executive Director	Nil	4	3
5.	Shri Rajendra Prasad Khator	Independent Non-Executive Director	Nil	3	1
6.	Shri Ashok Kumar Damani	Independent Non-Executive Director	Nil	3	Nil

Appointment/Re-appointment of Directors

Pursuant to the provisions of Sections 255 & 256 of the Companies Act, 1956, Shri. Arun Kumar Biyani and Shri Rajendra Prasad Khator shall retire by rotation at the forthcoming Annual General Meeting.

Brief Resume of Directors seeking reappointments

Shri Arun Kumar Biyani, aged 53 years, is a Commerce graduate and having experience around 32 years in the textile industry. Shri Arun Kumar Biyani is the key person in setting up Company's unit and Chairman of the Company. He is also on the Board of Panna Yarn Private Limited.

Shri Rajendra Prasad Khator, aged 69 years, is a B.A. (Hons.) in Economics, having 50 years experience of various industries. He was the President of Bombay Oxygen Corporation Limited, Mumbai since 1985 and Joint Managing Director for 5 years from 25th September, 1998. He was President of All India Gases Manufacturers' Association (AIGMA) for the year 1989-90 and 2002-03 and 2004-2006. Shri Khator is a Member of Power Committee of Federation of Indian Chambers of Commerce and Industry.

Board Meetings and Annual General Meeting:

During the Financial year 2008-09, Seven Board Meetings were held on June 30, 2008, July 31, 2008, August 15, 2008, August 28, 2008, October 17, 2008, October 31, 2008 and January 31, 2009. The details of attendance of Directors in