



**DAMODAR THREADS LIMITED**

23rd Annual Report 2010 - 11

*"Tomorrow's Creativity  
Brought Today"*



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## DAMODAR THREADS LIMITED

### **5 YEAR SNAP SHOT:**

	(Rs. in Cr.)				
	2010-11	2009-10	2008-09	2007-08	2006-07
<b>Turnover</b>	<b>384.74</b>	242.58	202.78	175.28	63.03
<b>Total Income</b>	<b>385.21</b>	242.74	202.96	176.84	63.92
<b>Total Expenses</b>	<b>354.76</b>	219.13	181.69	162.47	59.38
<b>PBDIT</b>	<b>30.45</b>	23.6	21.27	14.36	4.54
<b>Interest</b>	<b>12.98</b>	9.59	9.25	5.45	0.61
<b>PBDT</b>	<b>17.46</b>	14.01	12.02	8.91	3.93
<b>Depreciation</b>	<b>8.61</b>	7.92	7.28	3.97	0.49
<b>PBT</b>	<b>8.85</b>	6.09	4.74	3.94	3.44
<b>Tax</b>	<b>0.65</b>	3.11	2.19	2.26	1.09
<b>PAT</b>	<b>8.20</b>	2.98	2.55	2.68	2.35
<b>Earning Per Share ( EPS)</b>	<b>9.22</b>	3.81	3.14	8.64	7.6
<b>Equity Share Capital</b>	<b>8.9</b>	7.8	7.8	3.1	3.1
<b>Dividend ( % )</b>	<b>15</b>	10	6	15	12

### **Important Communication to Members**

The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their e-mail addresses to the Company or its Registrar and Share Transfer Agents (RTA).

You are requested to send an e-mail to [cs@damodargroup.com](mailto:cs@damodargroup.com) for register your e-mail ID with Name of 1<sup>st</sup> registered shareholder, Folio/DP ID & Client ID.

On registration, all the communication will be sent to the e-mail ID registered in the Folio/DP ID & Client ID.



## DAMODAR THREADS LIMITED

### **Board of Directors**

Shri Arun Kumar 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
3. Union Bank of India

### **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  
E-mail: damodardadra@gmail.com  
Website: www.damodargroup.com

### **Plant Location**

1. Survey No. 265/10/1, 2 & 3  
Demni Road, Dadra Village,  
D. & N.H. (U.T.) – 396230  
Ph.: 0260-3264788, Fax: 0260-2668929
2. Survey No. 288/1/1  
Old Dena Bank Road,  
Dadra Village,  
D. & N.H. (U.T.) – 396230  
Ph.: 0260-3264003

### **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](mailto:rnt.helpdesk@linkintime.co.in)  
Website: [www.linkintime.com](http://www.linkintime.com)

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## DAMODAR THREADS LIMITED

### NOTICE FOR CONVENING THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the 23<sup>rd</sup> Annual General Meeting of the Members of **Damodar Threads Limited** will be held on Saturday 27<sup>th</sup> August, 2011 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, 2011 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 Ajay D. 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 Anil D. Biyani, who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
- 5 To appoint M/s. A. J. Baliya & Associates, Chartered Accountants as Statutory Auditors of the company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

#### SPECIAL BUSINESS:

- 6 To consider and if thought fit, to pass with or without modification(s), the following resolution as a **special resolution**:  
**"RESOLVED THAT** pursuant to the provisions of Section 149(2A) and all other applicable provisions, if any, of the Companies Act, 1956, consent of the members be and is hereby accorded for commencement of business as specified in clause 34 and 51 in the **other objects** of the Memorandum of Association of the Company namely:  
  34. To carry on the business of manufacturers of, dealers in, importers/exporters of Chemicals and pharmaceutical goods of all kinds including acids, salts, alkalis, antibiotics and other pharmaceutical, medical & chemical preparations, articles, compounds, dyes, cosmetics, paints, pigments, oils, varnishes, resins, synthetics, soaps and other cleaning agents of all kinds and description including its compounds, raw materials and ingredients.
  51. To carry on all or any of the business of cultivating, producing and dealing in agricultural products including food, grains, cash crops, oil seeds, fruits, vines, vegetables, flowers, tea, coffee, cinchona, cotton, rubber and the business of dairy farming, including making of condensed and powdered milk, cream, cheese, butter and other milk products and the business of poultry farming, live stock breeding and processing, manufacturing and canning of food articles, food products spices, fruits and vegetables and of cultivating and exploiting forests and utilizing forest products.

**FURTHER RESOLVED THAT** the Board of directors of the company be and is hereby authorised to do all such acts, deeds, matter and things as they may consider appropriate to commence new business activities for and on behalf of the company."

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

Dated: May 30, 2011  
Place: Mumbai

Pramod Kumar Jain  
Company Secretary

#### NOTES

1. 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.
2. The Share Transfer Books and Register of members of the Company will remain closed from Monday 18<sup>th</sup> July, 2011 to Friday 22<sup>nd</sup> July, 2011 (both days inclusive).





## DAMODAR THREADS LIMITED

3. 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.
4. 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.
5. 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.
6. Members holding shares in physical form are requested to notify immediately any change in their address and Bank particulars to the Company or its Registrar and Share Transfer Agents (RTA) 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/ RTA, without any delay.
7. 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.
8. 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 Registrar and Share Transfer Agents by quoting their respective Folio Numbers.

### Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

#### Item No. 6

Pursuant to Section 149(2A) of the Companies Act, 1956, approval of the shareholders is necessary by way of Special Resolution before commencement of any new business.

Accordingly, approval of the shareholders is sought for commencement and carrying out of all or any of the new business and activities as mentioned in clause 34 and 51 in the **other objects** of the Memorandum of Association of the Company.

Your Board of Directors recommend to pass necessary resolution as set out in Item No. 6 of the notice as Special resolution.

None of the directors of the company are concerned or interested in the resolution except as members of the company.

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

Dated: May 30, 2011  
Place: Mumbai

Pramod Kumar Jain  
Company Secretary





## DAMODAR THREADS LIMITED

### DIRECTOR'S REPORT

#### To the Members,

Your Directors have pleasure in presenting the 23<sup>rd</sup> Annual Report on the Operations of the Company together with audited statement of accounts for the year ended 31<sup>st</sup> March, 2011.

#### 1. FINANCIAL RESULTS

(Rs. in Lacs)

Particulars	2010-11	2009-10
Sales & Other Income	38521.13	24273.82
Profit before Depreciation & Tax	1746.33	1401.38
Depreciation	861.22	792.10
<b>Profit before Tax</b>	<b>885.11</b>	<b>609.27</b>
Provision for Taxation including Deferred Taxes	279.54	311.11
Prior year Tax Adjustments	(214.93)	0.76
<b>Profit after Tax</b>	<b>820.50</b>	<b>297.40</b>
Profit brought forward from previous year	914.24	758.04
<b>Profit available for appropriation</b>	<b>1734.73</b>	<b>1055.44</b>
<b>Appropriation</b>		
Transfer to General Reserve	150.00	50.00
Proposed Dividend @ 15%	133.51	77.96
Corporate Dividend Tax	21.66	13.25
<b>Profit carried to Balance Sheet</b>	<b>1429.56</b>	<b>914.24</b>

Your Company's performance has considerably improved during the Financial Year 2010-11. The sales have grown by 58.60% from 242.58 cr. to 384.74 cr. Profit before tax has grown by 45.32% from 6.09 cr. to 8.85 cr. Profit after Tax has grown by 176.09 % from 2.97 cr. to 8.20 cr.

#### 2. EXPORTS

Your Company's performance on export front has improved tremendously from the year 2009-10. The company has shown consistent growth every year and in the year 2010-11 the total export turnover has grown by 59.60 % from Rs. 151.03 crores in 2009-10 to Rs. 241.04 crores in 2010-11. Your Company has attracted new customers of international repute during the year. The Company's marketing, design and development teams participated in various international trade fairs to acquaint with the latest market trends and better understanding of the customers' requirement. The Company has developed a large design studio for fabric to boost the export sales of value added yarns by introducing new concepts. It is also making efforts to penetrate the new Customers and new International markets, including Brazil, Turkey, Egypt, and China etc.

#### 3. DIVIDEND

Your Directors has recommend dividend on Equity Shares of the Company @ 15% (Rs. 1.5 per share) for the financial year ended 31<sup>st</sup> March, 2011. (Previous year 10% (Rs. 1.00/- per share).

#### 4. PREFERENTIAL ISSUE

The Company has raised Rs. 607.75 Lacs through Preferential Issue of 11,05,000 fully paid equity shares of Rs. 10/- at a premium of Rs. 45. The allotment of Equity Shares was done on 20<sup>th</sup> August, 2010 and Equity Shares have been listed for trading at Bombay Stock exchange (BSE) on 19<sup>th</sup> October, 2010. The Proceeds of the preferential issue have been utilized towards long term resources and general corporate purposes.

(Rs. Lacs)

Particulars	31 <sup>st</sup> March, 2011
Money Received	607.75
Utilized for Long Term Resources and General Corporate purposes	607.75





## DAMODAR THREADS LIMITED

### 5. DIRECTORS

Shri Ajay D. Biyani and Shri Anil D. Biyani 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.

### 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. 166.12 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

None of the employees of the Company has received remuneration exceeding the limits prescribed under section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Amendment Rules, 2011.

### 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 standard have 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, 2011 and of the Profit for the year ended March 31, 2011.
- 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: May 30, 2011

ARUN KUMAR BIYANI

Chairman





## DAMODAR THREADS LIMITED

### 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:

	2010-11	2009-10
[A] Power and fuel consumption		
I. Electricity		
A) Purchased unit	31098340	25701550
Amount (Rs.'000) `	98863.13	99018.78
Rate/Unit (Rs.)	3.18	3.85
B) Own Generation		
i) Through Diesel Generator Unit	42416	24280
ii) Unit/Liter of Diesel Oil	4	4
iii) Fuel cost / unit (Rs.)	10.20	9.68
[B] Electricity units Consumption in		
Production of Yarn per KG. (Unit/Kg)	2.44	2.72

#### 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.

#### 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	2010-11	2009-10
Foreign Exchange outgo (used)	707.31	424.98
Earned (FOB Value of Export goods)	22822.27	13677.89

For and on behalf of the Board

Place: Mumbai

Date: May 30, 2011

ARUN KUMAR BIYANI

Chairman







## DAMODAR THREADS LIMITED

### REPORT ON CORPORATE GOVERNANCE

Corporate Governance is the system by which companies are directed, controlled and managed. The Corporate Governance structure specifies the distribution of the role and responsibilities among different participants in the organization, such as the Board, managers, shareholders and other stakeholders and spells out rules and procedures for making decisions on corporate affairs. It also provides a mechanism through which the company objectives are set, the means to achieve these objectives are defined and the process of monitoring performance is delineated.

#### 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 31<sup>st</sup> March 2011, 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 Ajay D. Biyani and Shri Anil D. Biyani shall retire by rotation at the forthcoming Annual General Meeting.

##### Brief Resume of Directors seeking reappointments

**Shri Ajay D. Biyani**, aged 49 years, is a Commerce graduate from the University of Bombay, Mumbai and having experience around 29 years in the textile industry. Shri Ajay D. Biyani is the key person in setting up Company's unit and Managing Director of the Company since 5<sup>th</sup> June, 1988. He is also on the Board of Panna Yarn Private Limited.

**Shri Anil D. Biyani**, aged 47 years, is an Executive Director of Damodar Threads Ltd. He is a key member in devising and implementing corporate growth strategy for Damodar Threads Ltd. He has been guiding the company since the past 27 years with his positive approach and aggressive marketing.





## DAMODAR THREADS LIMITED

### **Board Meetings and Annual General Meeting:**

During the Financial year 2010-11, Six Board Meetings were held on May 22, 2010, July 22, 2010, August 20, 2010, November 1, 2010, February 4, 2011 and March 19, 2011. The details of attendance of Directors in Board Meetings and the previous Annual General Meeting are as follows:

Sl. No.	Name of the Directors	No. of Board Meeting Attended	Last AGM Attended
1.	Shri Arun Kumar Biyani	6	Yes
2.	Shri Ajay D. Biyani	6	Yes
3.	Shri Anil D. Biyani	6	Yes
4.	Shri Girdharlal S. Daga	6	Yes
5.	Shri Rajendra Prasad Khator	6	Yes
6.	Shri Ashok Kumar Damani	5	Yes

### **Code of Conduct**

The Board has laid down a code of conduct for all Board members and senior management of the company.

The Company has obtained the confirmation of the Compliance with the Code from all its Board members and senior management personnel. As required by Clause 49 of the Listing Agreement, the declaration on compliance of the Company's code of conduct signed by Managing Director forms a part of this Annual Report.

### **3. Board Committees**

For effective and efficient functioning of the Company the Board has formed the following Committees:

- Audit Committee
- Shareholders / Investors' Grievance Committee
- Remuneration Committee
- Selection Committee

#### **Audit Committee**

The Audit Committee consists wholly of Independent Directors having knowledge of Finance, Accounts and Company Law. At present, the committee comprises of the following independent Directors:

1. Shri Girdharlal S. Daga,
2. Shri Rajendra Prasad Khator; and
3. Shri Ashok Kumar Damani.

Shri Girdharlal S. Daga, Chartered Accountant, who has good financial and accounting knowledge, is the Chairman of the Committee.

During the year under review, the committee met Four times on May 22, 2010, July 22, 2010, November 1, 2010 and February 4, 2011. The details of attendance of the members are as follows:

Committee Members Attending the Meeting	Designation	No. of Meetings Attended
Shri Girdharlal S. Daga,	Chairman	4
Shri Rajendra Prasad Khator;	Member	4
Shri Ashok Kumar Damani.	Member	3

**The terms of reference of the Audit Committee as defined by the Board are as under:**

- i) Hold discussions with the auditors periodically about internal control systems, the scope of audit including the observations and review the quarterly, half-yearly and annual financial statements before submission to the Board and also ensure compliance of internal control systems.

