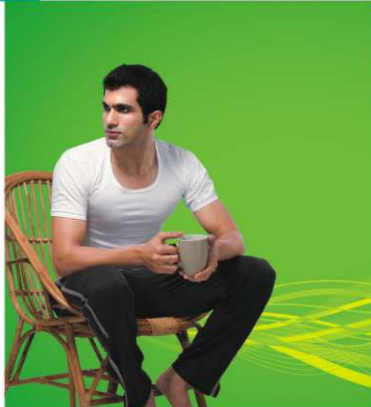
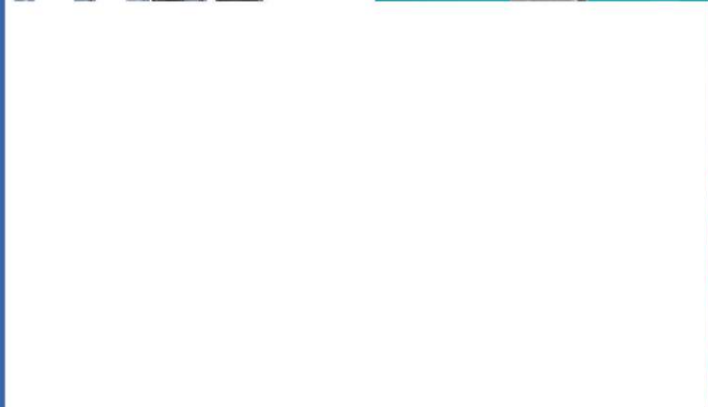
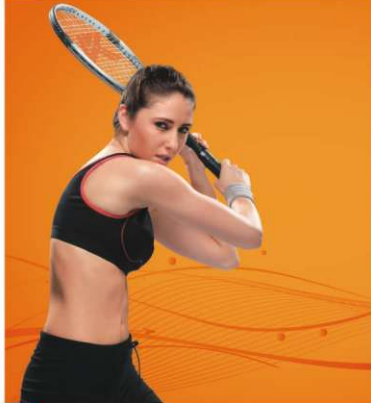




# Maxwell Industries Limited

Annual Report 2010-2011



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## Corporate Information

### Board of Directors

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

### Vice President Finance & Company Secretary

R. Venkataraman

### Auditors

Attar & Company  
Chartered Accountants

### Internal Auditors

Sharp & Tannan Associates  
Chartered Accountants

### Bankers

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

### Plant Location

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

### Registered Office

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

### Registrars & Transfer Agents

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

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

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

## NOTICE

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

### ORDINARY BUSINESS:

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

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

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

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

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

### NOTES:

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

## Maxwell Industries Ltd.

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

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



## DIRECTORS' REPORT

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

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

### FINANCIAL RESULTS

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

### DIVIDEND

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

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

### OPERATIONS

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

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

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

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

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

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

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

## Maxwell Industries Ltd.

### FIXED DEPOSIT

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

### SUBSIDIARY

Your Company does not have any subsidiary Company.

### DIRECTORS

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

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

### AUDITORS

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

### PERSONNEL

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

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

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

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

#### Particulars of Employees:

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

### DIRECTORS' RESPONSIBILITY

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

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

### CORPORATE GOVERNANCE

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

### BUY BACK OF 5% REDEEMABLE PREFERENCE SHARES

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

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

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

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

#### ACKNOWLEDGEMENT

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

#### CAUTIONARY STATEMENT

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

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

For and on behalf of the Board

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

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

## Annexure to Directors' Report

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

##### A) CONSERVATION OF ENERGY

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

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

##### B) TECHNOLOGY ABSORPTION

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

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

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



## CORPORATE GOVERNANCE

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

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

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

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

### Board of Directors

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

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

### COMPOSITION OF BOARD AND ATTENDANCE RECORD:

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

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

### Remuneration of Directors:

(Rupees in Lakhs)

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

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

# sitting fees paid to Reliance Capital Partners

#### Audit Committee

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

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

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

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

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

#### Investors Grievance Committee

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

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

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