



**12th**  
**ANNUAL REPORT**  
**2009-2010**

# SIMPLEX MILLS COMPANY LIMITED

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## Board of Directors

Shri S.M.Soni  
Shri R.L.Saboo  
Shri O.D.Purohit  
Shri Girish Bagri  
Smt. Sitalaxmi Narayanan  
Shri S.G.Shukla (Appointed w.e.f. 31.10.2009)

## Auditors

M/s.Vijay Rungta & Co.  
Chartered Accountants  
Mumbai

## Bankers

State Bank of India, Mumbai

## Solicitors

Mulla & Mulla & Craigie Blunt & Caroe  
Mumbai

## Registered Office

30, Keshavrao Khadye Marg,  
Sant Gadge Maharaj Chowk,  
Mumbai - 400 011.  
Tel. : 23082951

## Share Transfer Agent

Freedom Registry Limited  
(Formerly - Amtrac Management Services Limited)  
Plot No.101/102, 19th Street,  
MIDC, Satpur,  
Nasik - 422 007  
Tel.: 0253 - 2354032  
Email: amtrac\_nsk@sancharnet.in

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Annual General Meeting of the Company will be held on Wednesday, the 11th August, 2010 at 12.30 P.M. at M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, Mumbai-400 001.

## **NOTICE**

Notice is hereby given that the Twelfth Annual General Meeting of the Members of Simplex Mills Company Limited will be held on Wednesday, the 11th August, 2010 at 12.30 P.M. at M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, Mumbai 400 001 to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Shri R. L. Saboo, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri O. D. Purohit, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint 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 of the Company and to fix their remuneration.

### **SPECIAL BUSINESS:**

5. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

“RESOLVED THAT Shri S.G.Shukla , who was appointed as an Additional Director of the Company with effect from 31st October, 2009 and who, in terms of Section 260 of the Companies Act, 1956 holds such office until this Annual General Meeting and in respect of whom the Company has received notice from a member along with requisite deposit under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

By Order of the Board of Directors

**S. M. Soni**  
Director

Mumbai, May 21, 2010

### **Registered Office:**

30, Keshavrao Khadye Marg,  
Sant Gadge Maharaj Chowk,  
Mumbai-400 011.

### **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. THE PROXIES, IN ORDER TO BE VALID, SHOULD BE DULY COMPLETED, STAMPED AND SIGNED AND MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

## SIMPLEX MILLS COMPANY LIMITED

2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, and forming part of the Notice is annexed hereto.
3. Members are requested to notify change in address, if any, immediately to the Company quoting their folio numbers.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 5th August, 2010 to Wednesday, 11th August, 2010 (both days inclusive).
5. Shri R. L. Saboo and Shri O.D. Purohit are the Directors retiring by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

Shri S. G. Shukla who was appointed as an Additional Director of the Company, is proposed for appointment as a Director at the ensuing Annual General Meeting.

Shri R. L. Saboo, Shri O.D. Purohit and Shri S. G. Shukla are not related to any Director of the Company.

Brief resume of the Directors seeking appointment/re-appointment and other details as stipulated under clause 49 of the Listing Agreement are provided in the Annexure to the Notice.

### Details of the Directors seeking appointment / re-appointment in the forthcoming Annual General Meeting

Name of Director	Shri R.L.Saboo	Shri O.D.Purohit	Shri S.G.Shukla
Date of Birth	02.09.1937	15.06.1927	06.10.1950
Date of Appointment	29.09.2005	29.09.2005	31.10.2009
Experience in specific functional areas	49 years of rich experience in the field of Accountancy, Finance and Banking.	A fellow member of The Institute of Company Secretaries of India having more than five decades of experience in the field of Company Law, Taxation and Legal matters.	18 years of experience in Textile Industry.
Qualification	B. Com.	Company Secretary	M. A., L.L. B
Directorships held in other Companies	Simplex Papers Limited	1. The Nav Bharat Refrigeration and Industries Limited 2. Simplex Papers Limited 3. The Gaekwar Mills Limited 4. Shreelekha Global Finance Limited	Nil
Committee positions held in other Companies	1. Member of Audit Committee of Simplex Papers Limited 2. Member of Investors' Grievance Committee of Simplex Papers Limited	1. Chairman of Audit Committee of Simplex Papers Limited 2. Chairman of Investors' Grievance Committee of Simplex Papers Limited 3. Chairman of Remuneration Committee of The Nav Bharat Refrigeration and Industries Limited	Nil

**EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956 AND FORMING PART OF THE NOTICE DATED MAY 21, 2010**

**Item No. 5**

The Board of Directors of the Company at their Meeting held on 31st October, 2009 appointed Shri S. G. Shukla as an Additional Director of the Company, pursuant to Article 141 of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956 and Shri S.G Shukla holds office upto the date of the ensuing Annual General Meeting. The Company has received a Notice alongwith requisite deposit from a member under Section 257 of the Companies Act, 1956 proposing the candidature of Shri S.G Shukla as a Director of the Company, liable to retire by rotation.

Shri S.G.Shukla, is M.A., L.L.B. having 18 years of rich experience in textile industry. Your Directors are of the view that the Company would be benefited from his knowledge and experience.

None of the Directors except Shri S.G.Shukla is concerned or interested in the said Resolution.

The Directors commend the Ordinary Resolution contained at Item no.5 of the accompanying notice for your approval.

By Order of the Board of Directors

**S. M. Soni**  
Director

Mumbai, May 21, 2010

**Registered Office:**

30, Keshavrao Khadye Marg,  
Sant Gadge Maharaj Chowk,  
Mumbai - 400 011.

# SIMPLEX MILLS COMPANY LIMITED

## TWELFTH REPORT OF THE BOARD OF DIRECTORS

To  
The Members,

Your Directors present their Annual Report, together with the Audited Accounts for the year ended 31st March, 2010.

### FINANCIAL RESULTS

	Year ended 31.03.2010 Rs.	Previous Year ended 31.03.2009 Rs.
Profit/(Loss) before Interest, Depreciation, Taxation and Extraordinary Items	67,00,255	(95,04,162)
Less: Interest	7,11,065	4,95,298
Less: Depreciation	49,15,451	49,40,685
Profit/(Loss) before Tax and Extraordinary Items	10,73,739	(1,49,40,145)
Less: Extraordinary Items	31,64,713	-
Profit/(Loss) before Tax	(20,90,974)	(1,49,40,145)
Less: Provision for Fringe Benefit Tax	-	74,500
Deferred Tax (Assets)/Liability	(47,14,824)	21,09,457
Taxes for earlier years	1,18,760	-
Profit/(Loss) after Tax	25,05,090	(1,71,24,102)
Balance brought forward from previous year	(3,01,82,664)	(1,30,58,562)
Balance carried forward	(2,76,77,574)	(3,01,82,664)

### DIVIDEND

In view of brought forward losses, your Directors do not recommend any dividend for the year ended 31st March, 2010.

### OPERATIONS

During the year, total income of the Company has increased to Rs. 1,546.74 lacs from Rs. 1,254.07 lacs. Profit after tax for the year is Rs. 25.05 lacs against loss of Rs. 171.24 lacs in the previous year.

### CLOSURE OF PLANT

Due to continued losses and with no hope of any improvement in the operations, the Company filed an application under Section 25-O of the Industrial Disputes Act, 1947 with the Commissioner of Labour, Maharashtra State, Mumbai for closure of the Textile plant at Akola. The Commissioner of Labour, Maharashtra State, Mumbai vide their order dated 25th September, 2008 granted permission for closure of the said textile plant at Akola. The aggrieved Labour Unions have filed appeal before the Industrial Tribunal against the said order and the matter is pending before the Tribunal.

In view of pending appeal before the Industrial Tribunal, the effect of the order of Commissioner of Labour, Maharashtra State, Mumbai has not been given and the textile plant is in operation.

### FIXED DEPOSITS

The Company has not accepted or renewed any fixed deposits during the year.

### DIRECTORS

Shri S. G. Shukla was appointed as an Additional Director of the Company with effect from 31st October, 2009 and as per the provisions of Section 260 of the Companies Act, 1956 (Act) holds office upto the date of ensuing Annual General Meeting. The Company has received notice along with requisite deposit from the member of the Company under Section 257 of the Act, proposing his candidature for the office of Directors of the Company.

Under Article 156 of the Articles of Association of the Company, Shri R. L. Saboo and Shri O.D Purohit, Directors retires by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

None of the Directors is disqualified under section 274 (1) (g) of the Companies Act, 1956.

## **AUDITORS**

M/s Vijay Rungta & Co., Chartered Accountants, retire as Auditors of the Company and are eligible for re-appointment. The Company has received a letter from M/s Vijay Rungta & Co., Chartered Accountants expressing their willingness and eligibility to act as Statutory Auditors of the Company under section 224(1B) of the Companies Act, 1956, if appointed.

## **COST AUDIT**

Pursuant to the directives of the Central Government under the provisions of Section 233B of the Companies Act, 1956, M/s. R. Nanabhoy & Co. Cost Accountants, have been appointed as Cost Auditors to conduct the cost audit of the product of the Company for the year ended 31st March, 2010 and Cost Audit Report will be submitted to the concerned authorities.

## **CORPORATE GOVERNANCE**

The Company has complied with the mandatory provisions of Corporate Governance as stipulated in the Listing Agreement with the Stock Exchange. A separate report on Corporate Governance along with the requisite Auditors' Certificate is annexed and forms part of this Annual Report.

## **PARTICULARS OF EMPLOYEES**

During the year under review, there was no employee in receipt of remuneration as prescribed under Section 217 (2A) of the Companies Act, 1956.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS 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 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo has been given in a separate statement annexed hereto and forming part of this Report.

## **SECRETARIAL COMPLIANCE CERTIFICATE**

Secretarial Compliance Certificate received from M/s. Manish Ghia & Associates, Practicing Company Secretaries, as required under Section 383A of the Companies Act, 1956 for the financial year 2009-10 is annexed and forms part of this Annual Report.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Companies Act, 1956, on the basis of information placed before them, the Directors state that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures; if any;
- (ii) appropriate accounting policies have been selected and applied consistently, and the judgments and estimates that have been made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2010 and of the profit of the Company for the said period;
- (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.

## **ACKNOWLEDGEMENT**

Your Directors place on record their appreciation for the assistance and support extended by all government authorities, financial institutions, banks, consultants, solicitors and shareholders of the company. The directors express their appreciation for the dedicated and sincere services rendered by the employees of the company.

For and on behalf of the Board of Directors

Mumbai, May 21, 2010

**Registered Office:**  
30, Keshavrao Khadye Marg,  
Sant Gadge Maharaj Chowk,  
Mumbai - 400 011.

**S.M.Soni**

**R.L.Saboo**

Directors

# SIMPLEX MILLS COMPANY LIMITED

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INFORMATION AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956, READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2010.

## A) CONSERVATION OF ENERGY

The Company continued to take measures for energy conservation in production of textile product.

### Form A

Form of disclosure of particulars with respect to the conservation of energy.

<b>A) Power and Fuel Consumption</b>	<b>2009-10</b>	<b>2008-09</b>
1. Electricity		
(a) Purchased		
Units (in thousands)	<b>3,492</b>	3,328
Total Amount (Rs. in lacs)	<b>161.19</b>	139.42
Rate per unit Rs.	<b>4.62</b>	4.19
(b) Own Generation	<b>N.A.</b>	N.A.
2. Furnace Oil	<b>Nil</b>	Nil
3. Others /Internal Generation	<b>N.A.</b>	N.A.

### B) Consumption per unit of production

In view of composite nature of its Textile Business, it is not possible to express the consumption of power and fuel per unit of production.

## B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

Efforts made towards the technology absorption, adaptation and innovation - Nil

Benefits derived as a result of the above efforts - Nil

Information regarding technology imported during the last 5 years - Nil

### Research and Development (R & D)

Expenditure on R & D during the year has been insignificant and included in other heads of expenditure in the Profit and Loss Account and has not been shown separately.

## C) FOREIGN EXCHANGE EARNINGS AND OUTGO

	<b>2009-10</b>	(Rs. in Lacs) <b>2008-09</b>
Foreign Exchange Earning	<b>19.55</b>	55.89
Foreign Exchange Outgo	<b>Nil</b>	Nil

For and on behalf of the Board of Directors

**S.M.Soni**

**R.L.Saboo**  
Directors

Mumbai, May 21, 2010

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## Compliance Certificate

### FORM [SEE RULE 3]

Company Identification No. : L65900MH1998PLC116585

Authorised Share Capital : Rs. 3,10,00,000/-

To,

The Members,  
**Simplex Mills Company Limited**  
30, Keshavrao Khadye Marg,  
Sant Gadge Maharaj Chowk,  
Mumbai - 400 011

We have examined the registers, records, books and papers of **Simplex Mills Company Limited** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company, for the financial year ended on **31st March 2010** (financial year). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in **Annexure `A`** to this certificate, as per the provisions of the Act and rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns, as stated in **Annexure `B`** to this certificate, with the Registrar of Companies, Maharashtra within the time prescribed under the Act and the rules made there under. The Company has paid the necessary additional fees for the documents, which are filed after the time prescribed under the act. The Company has made an application to Central Government for the appointment of Cost Auditor during the financial year. Further, the Company was not required to file any documents with the Regional Director and Company Law Board or other authorities.
3. The Company, being a Public Limited Company, has the minimum prescribed paid-up share capital. As on 31st March 2010, the paid-up capital of the Company was Rs. 3,00,04,750/- and the restrictive provisions of Section 3(1) (iii) of the Act are not applicable.
4. The Board of Directors duly met **5 (five)** times on **27th April 2009, 8th June 2009, 31st July 2009, 31st October 2009, and 22nd January 2010** and as per information and explanation given by the management, proper notices were given and the proceedings were properly recorded and signed including circular resolutions passed in the Minute Book maintained for the purpose.
5. The Company has closed its Register of Members from 4th August 2009 to 10th August 2009 (both dates inclusive) during the financial year and necessary compliance of Section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended **31st March 2009** was held on **10th August 2009** and as per information and explanation given by the management, the Company has given adequate notice to the members of the Company and the resolutions passed thereat were duly recorded in the Minutes Book maintained for the purpose.
7. No Extra - Ordinary General Meeting of the Company was held during the financial year.
8. The Company has not advanced any loans to its Directors or persons or firms or Companies referred to under

## SIMPLEX MILLS COMPANY LIMITED

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Section 295 of the Act.

9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling under the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or the Central Government as the case may be.
12. The Board of Directors or duly constituted Committee of Directors has approved the issue of duplicate share certificates.
13. The Company:
  - i) has delivered all the share certificates on lodgment thereof for transfer and transmission or any other purpose in accordance with the provisions of the Act.
  - ii) has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
  - iii) was not required to post any dividend warrants to the members of the Company as no dividend was declared during the financial year.
  - iv) was not required to transfer any fund to Investors Education and Protection Fund.
  - v) has complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointment of retiring director and additional director was duly made.
15. The Company has not appointed any Managing Director / Whole time Director/ Manager during the financial year.
16. The Company has not appointed any sole-selling agent during the financial year.
17. The Company has obtained Central Government's approval for appointment of M/s. R. Nanabhoy & Co., Cost Accountants, as Cost Auditors of the Company for the year ended on 31st March 2010. The Company was not required to take approval of Company Law Board, Regional Director and Registrar of Companies or any other authorities prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other firms and Companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares, debentures or other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. The Company has not issued any preference shares or debentures, hence the question of redemption of the same does not arise.
22. There were no transaction necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited / accepted any deposits including any unsecured loans falling within purview of Sections 58A and 58AA of the Act during the financial year.
24. The amount borrowed by the Company during the financial year ended 31st March 2010 is within the borrowing limits of the Company.

25. The Company has not made any loans and advances, or given guarantees or provided securities to other bodies corporate during the year.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the financial year.
27. The Company has not altered the provisions of the Memorandum with respect to the Objects of the Company during the financial year.
28. The Company has not altered the provisions of the Memorandum with respect to Name of the Company during the financial year.
29. The Company has not altered the provisions of the Memorandum with respect to Share Capital of the Company during the financial year.
30. The Company has not altered its Articles of Association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year for offences under the Act.
32. The Company has not received any amount as security from its employees during the financial year.
33. The Company has deposited both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to Section 418 of the Act.

**For Manish Ghia & Associates**  
*Company Secretaries*

**(MANISH L. GHIA)**  
Partner  
M. No. ACS 7254  
C.P. No. 3531

Place : Mumbai  
Date : May 21, 2010

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**Annexure - "A"**

**Registers maintained by M/s. Simplex Mills Company Limited**

1. Register of Members u/s.150 of the Act.
2. Register of Index of Members u/s.151 of the Act.
3. Register and Returns u/s.163 of the Act.
4. Register of Contracts, Companies and Firms in which directors are interested u/s.301 of the Act.
5. Register of Directors u/s.303 of the Act.
6. Register of Directors' Shareholding u/s.307 of the Act.
7. Minutes Book of General Meeting and Board Meeting u/s.193 of the Act.
8. Register of Shareholders' Attendance.
9. Register of Transfer / Transmission of Shares.

## SIMPLEX MILLS COMPANY LIMITED

### Annexure - " B "

#### Forms and Returns as filed by M/s. Simplex Mills Company Limited

##### A) With the Registrar of Companies, Maharashtra during the financial year ended on 31st March 2010:

Sr. No.	eForm No.	Relevant Section	Description	Date of filing	Whether filed within prescribed time Yes/No	If delay in filing whether requisite additional fee paid Yes / N.A.
1.	32	303(2)	Particulars of cessation of Shri Kashiprasad Murarka from directorship of the Company w.e.f. 24th March 2009.	16.04.2009	Yes	N.A.
2.	32	303(2)	Particulars of appointment of Shri Girishkumar D. Bagri and Smt. Sitalaxmi Narayanan as additional directors of the Company w.e.f. 8th June 2009.	17.06.2009	Yes	N.A.
3.	32	303(2)	Particulars of change in designation of Shri Girishkumar D. Bagri and Smt. Sitalaxmi Narayanan from additional directors to directors w.e.f. 10th August 2009.	18.08.2009	Yes	N.A.
4.	66	383A	Compliance Certificate for the financial year ended 31st March 2009.	01.09.2009	Yes	N.A.
5.	23AC & ACA	220(1)	Schedule VI (Annual Accounts) for the financial year ended 31st March 2009.	08.09.2009	Yes	N.A.
6.	20B	159(1)	Schedule V (Annual Return) as on the date of Annual General Meeting held on 10th August, 2009.	06.10.2009	Yes	N.A.
7.	32	303(2)	Particulars of appointment of Shri Sabhapati G. Shukla as an additional director of the Company w.e.f. 31st October 2009.	03.11.2009	Yes	N.A.

##### B) With the Office of the Regional Director, Mumbai Bench at Mumbai during the financial year ended on 31st March 2010: Nil

##### C) With the Office of the Ministry of Corporate affairs (Central Government) at Delhi during the financial year ended on 31st March 2010:

Sr. No.	eForm No.	Relevant Section	Description	Date of filing	Whether filed within prescribed time Yes / No	If delay in filing whether requisite additional fee paid Yes / N.A.
1.	23C	233B(2)	Application for reappointment of M/s. R. Nanabhoy & Co., Cost Accountants, as Cost Auditors of the Company for the year ended 31st March 2010.	29.07.2009	N.A.	N.A.
2.	I (CAR)	233B	Filing of Cost Audit Report for the year ended 31st March 2009.	29.09.2009	Yes	N.A.

##### D) With any other Authorities as prescribed under the Act, during the financial year ended on 31st March 2010: Nil

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **INDUSTRY STRUCTURE AND DEVELOPMENT**

Indian Textile Industry is one of the largest in the world with a massive raw material and textile manufacturing base. Our economy is largely dependent on the textile manufacturing and trade in addition to other major industries. About 27% of the foreign exchange earnings are on account of export of textiles and clothing alone. The textiles and clothing sector contributes about 14% of the industrial production and 3% to the gross domestic product of the country. Around 8% of the total excise revenue collection is contributed by the textile industry. The textile industry accounts for as large as 21% of the total employment generated in the economy. Around 35 million people are directly employed in the textile manufacturing activities. Indirect employment including the manpower engaged in agriculture based raw material production like cotton and related trade and handling could be stated to be around another 60 million.

Indian textile industry is one of the leading in the world. Currently it is estimated to be around US\$52 billion and is also projected to be around US\$112 billion by the year 2012. The share of export is also expected to increase from 3% to 7% by the year 2012.

### **OUTLOOK, OPPORTUNITIES AND THREATS**

The outlook for Indian textile industry at present is optimistic. It is expected that Indian textile industry would continue to grow at an impressive rate. With 100% FDI allowed through automatic route, the textiles industry may witness big investment which will further boost this sector. The special financial package for modernization should also promote growth. However, pressures on export prices due to lower demand and severe competition from neighbouring countries such as China, Indonesia, Vietnam, Turkey, Bangladesh etc. is a cause of concern.

### **RISKS AND CONCERNS**

The impact of worldwide recession and global rise in inflation which had slowed the growth of textile exports is now fast recovering.

International and Indian cotton prices have increased by about 30% and availability of good quality cotton is quite difficult.

Absenteeism of labour is the major concern for the Company resulting into low productivity and higher costs of yarn and fabric.

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has proper and adequate system of internal control procedure commensurate with its size and nature of the business so as to ensure that all assets are safeguarded from loss, damage or disposition. Checks and balances are in place to ensure that transactions are adequately authorized and recorded and that they are reported correctly. The Company continuously upgrades these systems in line with best accounting practices. The internal control system is further supplemented by a program of internal audit conducted by an independent firm of Chartered Accountants and reviewed by Audit Committee.

The Board of Directors considers internal controls as adequate.

### **FINANCIAL AND OPERATING PERFORMANCE**

During the year under review, the Company has reported total income of Rs. 1,546.74 lacs as compared to Rs. 1,254.07 lacs in the previous year. The Company has registered a net profit of Rs. 25.05 lacs as against a net loss of Rs. 171.24 lacs in the previous year.

### **CAUTIONARY STATEMENT**

Statements in this report on Management Discussion and Analysis, describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking, considering the applicable laws and regulations. These statements are based on certain assumptions and expectation of future events. Actual results, could, however differ materially from those expressed or implied.

# SIMPLEX MILLS COMPANY LIMITED

## REPORT ON CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy of Corporate Governance is aimed to enhance the confidence among shareholders, customers, employees and ensuring a long term relationship of trust by maintaining transparency and disclosures. The Company believes in maintaining highest standards of quality and ethical conduct, in all the activities of the Company. Your company has complied with requirements of the corporate governance code, disclosure requirements of which are given below.

### 2. BOARD OF DIRECTORS

#### a) Composition

The Board of Directors provides strategic direction and thrust to the operations of the Company. As on 31st March, 2010, the Board comprises of six Non-Executive Independent Directors.

None of the Directors on the Board is a member on more than 10 Committees and the Chairman in more than 5 Committees, across all Companies in which they are Director.

#### b) Attendance at Board meetings and the last AGM

During the year under review, 5 (five) Board Meeting were held. The dates on which the said meetings were held are as follows:

27th April, 2009, 8th June, 2009, 31st July, 2009, 31st October, 2009, and 22nd January, 2010.

Details of composition and category of Directors, their attendance at each Board meeting held during the financial year 2009-2010 and at the last Annual General Meeting, their directorships in other companies and membership/chairmanship in committees are as follows:

Name	Category	Attendance at Board Meetings		Directorship in other Public Limited Companies	Membership / Chairmanship in Committees (including Company)		Attendance at A.G.M. held on 10 <sup>th</sup> August, 2009
		Held	Attended		Chairman*	Member*	
Shri S.M.Soni	Independent Non-Executive	5	5	1	-	4	Yes
Shri R.L.Saboo	Independent Non-Executive	5	5	1	-	4	Yes
Shri O.D.Purohit	Independent Non-Executive	5	5	4	4	-	No
Shri Girish Bagri**	Independent Non-Executive	5	4	1	-	-	Yes
Smt. Sitalaxmi Narayanan**	Independent Non-Executive	5	3	1	-	-	Yes
Shri S.G.Shukla***	Independent Non-Executive	5	1	-	-	-	-

\* Committee positions only of the Audit Committee and Investors Grievance Committee have been considered.  
 \*\* Appointed w.e.f. 8th June, 2009  
 \*\*\* Appointed as Additional Director w.e.f. 31st October, 2009

### 3. AUDIT COMMITTEE

During the year ended 31st March, 2010, 5 (five) Audit Committee meetings were held. The dates on which the said meetings were held are as follows:

8th April, 2009, 8th June, 2009, 31st July, 2009, 31st October, 2009 and 22nd January, 2010.

The composition of the Audit Committee and the number of meetings attended by each member during the year ended 31st March, 2010 is as follows:

<b>Name of the Member</b>	<b>Designation</b>	<b>No. of Meetings attended</b>
Shri O.D.Purohit	Chairman	5
Shri R.L.Saboo	Member	5
Shri S.M.Soni	Member	5

All the Members of the Audit Committee are Independent Non-Executive Directors having good knowledge of Finance, Accounts and Company Laws.

The Audit Committee, as and when considers appropriate, invites the Statutory Auditors and Internal Auditors at the meetings of the Committee.

The terms of reference of this Committee includes those specified under Clause 49 of the Listing Agreement as well as Section 292A of the Companies Act, 1956. The brief description of terms of reference are as follows:

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment/re-appointment/replacement, if required, of Statutory Auditors, fixation of audit fees and approval of payments for any other services.
- Reviewing with management, the annual financial statements before submission to the Board for approval with particular reference to:
  - Matters required to be included in the Directors' Responsibility Statement are included in the Directors' Report in terms of sub-section (2AA) of Section 217 of the Companies Act, 1956.
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by the management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of related party transactions.
  - Qualifications in draft audit report.
- Reviewing with management, quarterly financial statements before submission to the Board for approval.
- Reviewing performance of Statutory and Internal Auditors, adequacy of the internal control systems.
- Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- Discussion with Internal Auditors of any significant findings and follow-up thereon and reviewing the reports furnished by them.
- Carrying out such other function as may be specifically referred to the Committee by the Board of Directors and/or other Committees of Directors of the Company.
- Reviewing the Company's financial and risk management policies.

## SIMPLEX MILLS COMPANY LIMITED

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### 4. REMUNERATION COMMITTEE

The Company does not have Remuneration Committee at present.

The Directors are not paid any remuneration except sitting fees for attending meetings of the Board of Directors of the Company.

Details of remuneration paid to Directors during the year ended 31.03.2010 (Amount in Rs.)

Name	Salary, Perquisites & Allowances	Sitting fees
Shri S.M.Soni	Nil	1,250/-
Shri R.L.Saboo	Nil	1,250/-
Shri O.D.Purohit	Nil	1,250/-
Shri Girish Bagri	Nil	1,000/-
Smt.Sitalaxmi Narayanan	Nil	750/-
Shri S.G.Shukla	Nil	250/-

Details of shares of the Company held by Non-Executive Directors are as under:

Name	No. of Equity Shares held
Shri R.L.Saboo	429
Shri O.D.Purohit	24
Shri Girish Bagri	44
Shri S.G.Shukla	19

### 5. INVESTORS GRIEVANCE COMMITTEE

During the year ended 31st March, 2010, 4(Four) Investors Grievance Committee Meetings were held. The dates on which the said meetings were held are as follows:

8th June, 2009, 31st July, 2009, 27th October, 2009 and 22nd January, 2010

Name of the Member	Designation	Executive/ Independent	No. of Committee Meetings attended
Shri O.D. Purohit	Chairman	Independent	4
Shri R. L. Saboo	Member	Independent	4
Shri S. M. Soni	Member	Independent	4

The Committee meets as and when required, to deal with the matters relating to monitoring and redressal of complaints from shareholders relating to transfer of shares, non receipt of Annual Reports, etc.

Shri S. M Soni is Compliance Officer of the Company.

#### Investor Relations

The following table shows the nature of complaints received from the shareholders during the year ended 31st March, 2010, all of which have been resolved during the year.

Nature of Complaints	No. of Complaints
Non-receipt of share certificates	3
Others	5

There are no Investors complaints pending as at 31st March, 2010.

## 6. GENERAL BODY MEETINGS

Location, time and date where last three Annual General Meetings were held are given below:

Financial Year	Date of AGM	Time	Location of the Meeting
2006 – 2007	25.09.2007	12.30 P.M.	M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, K. D. Marg, Mumbai – 400 001
2007 – 2008	28.08.2008	12.30 P.M.	M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, K. D. Marg, Mumbai – 400 001
2008 – 2009	10.08.2009	12.30 P.M.	M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, K. D. Marg, Mumbai – 400 001

### Special Resolutions

Annual General Meeting	Date of AGM	Special resolution
9 <sup>th</sup>	25.09.2007	No Special Resolution was passed.
10 <sup>th</sup>	28.08.2008	Appointment of M/s. Vijay Rungta & Co., Chartered Accountants, as Statutory Auditors of the Company.
11 <sup>th</sup>	10.08.2009	No Special Resolution was passed.

No special resolution was put through Postal ballot at the last Annual General Meeting nor is proposed at the ensuing Annual General meeting.

Resume and other information regarding the directors seeking appointment/re-appointment as required by Clause 49(IV)(G)(i) of the Listing Agreement has been given in the Notice of the Annual General Meeting annexed to the Annual Report.

## 7. DISCLOSURES

### a) Related party transactions

Related party transactions are defined as transactions of the Company of material nature with promoters, directors or with their relatives, its subsidiaries etc. that may have potential conflict with the interest of the Company at large.

Details on material significant related party transactions are given in the appended financial statement under notes to the accounts annexed to the financial statements.

### b) Compliance by the Company

The Company has complied with the requirements of the Stock Exchange, Securities and Exchange Board of India (SEBI) and other statutory authorities on all matters relating to capital market during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchange, SEBI or other statutory authorities.

### c) Whistle-blower policy

Though there is no formal Whistle-blower policy, the Company takes cognizance of complaints made and suggestions given by the employees and others. Even anonymous complaints are looked into and whenever necessary, suitable corrective steps are taken.

### d) Code of Conduct

The Company has laid down a code of conduct for the Directors and Senior Management Personnel of the Company. The code has been posted on the website of the Company. A declaration to the effect that the Directors and Senior Managerial Personnel have adhered to the same, signed by the Director of the Company, forms part of this report.

The Certificate from Statutory Auditors of the Company on compliance of clause 49 of the Listing Agreement

## SIMPLEX MILLS COMPANY LIMITED

by the Company is also annexed to this report.

- e) **Disclosure of Accounting Treatment**  
In the preparation of the financial statements, the Company has followed Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable.
- f) **Disclosure of Risk Management**  
The Company has a procedure to inform the Board about the risk assessment and minimization procedures. The Board of Directors periodically reviews the risk management framework of the Company.
- g) **CEO / CFO Certification**  
As per requirement of Clause 49 of the Listing Agreement, the certificate from Shri S. M. Soni, Director, on the financial statements of the Company for year ended 31st March, 2010 was placed before the Board.
- h) **Review of Directors' Responsibility Statement**  
The Board in its report has confirmed that the annual accounts for the year ended 31st March, 2010 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

### 8. MEANS OF COMMUNICATION

- a) The quarterly, half-yearly, nine months and full year results are published in Business Standard (English edition) and Lakshadeep (Regional edition).
- b) The Company has its own website [www.simplex-group.com](http://www.simplex-group.com) and has been uploading financial results and quarterly shareholding pattern of the Company along with other relevant information useful to investors on the website.
- c) At present, the Company does not make presentation to Institutional Investors and Analysts.
- d) The Management Discussion and Analysis is given separately in this Annual Report.

### 9. CODE FOR PREVENTION OF INSIDER TRADING

The Company has adopted a Code for Prevention of Insider Trading in the shares of the Company which is in line with the Model Code as prescribed by the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 as amended. The said code, inter-alia prohibits purchase/sale of shares of the Company by Directors and Employees while in possession of unpublished price sensitive information in relation to the company.

### 10. GENERAL INFORMATION FOR SHAREHOLDERS

i.	<b>Date, Time and Venue of ensuing Annual General Meeting</b>	Date : Wednesday, 11 <sup>th</sup> August, 2010 Time : 12.30 P.M. Venue : M. C. Ghia Hall, Bhogilal Hargovindas Building, 2 <sup>nd</sup> Floor, 18/20, Kaikhushru Dubash Marg, Mumbai- 400001.
ii.	<b>Financial Calendar (2010 – 2011)</b>	i) First Quarterly Results - Upto 15 <sup>th</sup> August, 2010 ii) Second Quarterly Results- Upto 15 <sup>th</sup> November, 2010 iii) Third Quarterly Results - Upto 15 <sup>th</sup> February, 2011 iv) Annual Results - Upto 30 <sup>th</sup> May, 2011
iii.	<b>Date of Book Closure</b>	From Thursday, 5 <sup>th</sup> August, 2010 to Wednesday, 11 <sup>th</sup> August, 2010 (both days inclusive)
iv.	<b>Dividend payment date</b>	N.A.
v.	<b>Listing on Stock Exchange</b>	Bombay Stock Exchange Limited(BSE) P. J. Towers, Dalal Street, Fort , Mumbai – 400 001
vi.	<b>Stock Code ISIN</b>	533018 INE457H01019
vii.	<b>Market Price Data</b>	The monthly high and low quotations of shares traded on the BSE from April, 2009 to March, 2010 are as follows:

Month	Volume (No. of shares)	Price (Rs.)		BSE Sensex	
		High	Low	High	Low
April, 2009	2,276	12.40	8.56	11,492.10	9,546.29
May, 2009	4,143	18.90	11.80	14,930.54	11,621.30
June, 2009	7,808	24.50	16.20	15,600.30	14,016.95
July, 2009	3,851	15.65	12.60	15,732.81	13,219.99
August, 2009	10,266	32.00	13.90	16,002.46	14,684.45
September, 2009	14,376	36.80	27.60	17,142.52	15,356.72
October, 2009	8,249	38.00	30.15	17,493.17	15,805.20
November, 2009	8,590	35.80	25.15	17,290.48	15,330.56
December, 2009	8,558	32.90	23.60	17,530.94	16,577.78
January, 2010	10,815	34.95	26.55	17,790.33	15,982.08
February, 2010	6,755	30.45	23.05	16,669.25	15,651.99
March, 2010	4,803	26.75	21.25	17,793.01	16,438.45

**viii. Registrar and Share Transfer Agent**

Freedom Registry Limited  
(Formerly-Amtrac Management Services Limited)  
Plot No. 101/102, 19th Street, MIDC, Satpur, Nasik- 422 007  
Phone : (0253) 2354032 Fax : (0253) 2351126  
e-mail: amtrac\_nsk@sancharnet.in

**ix. Share Transfer System**

All shares sent or transferred in physical form are registered by the Registrar and Share Transfer Agent within 30 days of the lodgment, if documents, are found in order. Shares under objection are returned within two weeks. All requests for dematerialization of shares are processed and confirmations are given to the respective Depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) within 15 days.

**x. Shareholding Pattern as at 31st March, 2010**

Category	Number of shares held	Percentage of Shareholding (%)
<b>(A) Shareholding of Promoter and Promoter Group</b>	<b>21,61,230</b>	<b>72.03</b>
<b>(B) Public shareholding</b>		
<b>(1) Institutions</b>		
(a) Mutual Funds/ UTI	357	0.01
(b) Financial Institutions/ Banks	4,843	0.16
(c) Insurance Companies	4,71,350	15.71
<b>(2) Non-Institutions</b>		
(a) Bodies Corporate	20,993	0.70
(b) Individuals -		
i. holding nominal share capital up to Rs.1 lac.	3,34,233	11.14
ii. holding nominal share capital in excess of Rs.1 lac.	-	-
(c) Others -		
i. Non Residents	6,936	0.23
ii. Directors and their Relatives	533	0.02
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>8,39,245</b>	<b>27.97</b>
<b>TOTAL (A)+(B)</b>	<b>30,00,475</b>	<b>100.00</b>

## SIMPLEX MILLS COMPANY LIMITED

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### Distribution of shareholding as on 31<sup>st</sup> March, 2010

Category	Number of shareholders	% of total number of shareholders	Total Number of Shares	% of Total Number of Shares
1 to 500	5,701	98.07	2,49,768	8.32
501 to 1,000	61	1.05	41,495	1.38
1,001 to 5,000	37	0.64	73,796	2.46
5,001 to 10,000	2	0.03	15,481	0.52
10,001 & above	12	0.21	26,19,935	87.32
<b>Total</b>	<b>5,813</b>	<b>100.00</b>	<b>30,00,475</b>	<b>100.00</b>

#### xi. Dematerialization of shares and Liquidity

About 91.25% shares have been dematerialized as on 31st March, 2010. The Equity shares of the Company are traded on Bombay Stock Exchange Limited.

The Company has paid the Listing fees for the year 2010 - 2011 to the Bombay Stock Exchange Ltd. on which its shares are listed.

#### xii. Outstanding ADRS, GDRS, Warrants or any convertible instruments, conversion date and impact on Equity

The Company has not issued any ADRs, GDRs, warrants or any convertible instruments.

#### xiii. Plant

Village Shivni,  
Opp. Shivni Shivpur Railway Station,  
Dist. Akola - 444101, Maharashtra

#### xiv. Address for Investor Correspondence

For any assistance regarding dematerialization of shares, share transfers, transmissions, change of address or any other query relating to shares, please write to:

Simplex Mills Company Limited  
30, Keshavrao Khadye Marg,  
Sant Gadge Maharaj Chowk,  
Mumbai- 400 011  
Phone : (022) 23082951  
Fax : (022) 23072773  
e-mail:mills@simplex-group.com  
Website : www.simplex-group.com

OR

Freedom Registry Limited  
(Formerly -Amtrac Management Services Limited)

**Nasik Processing Unit**  
Plot No. 101/102, 19<sup>th</sup> Street,  
MIDC, Satpur, Nasik-422 007  
Phone : (0253) 2354032  
Fax : (0253) 2351126  
e-mail : amtrac\_nsk@sancharnet.in

**Mumbai Administration office**  
104, BaySide Mall,  
35/C, M.M.Malviya Marg  
Tardeo Road, Haji Ali,  
Mumbai-400 034  
Phone : (022) 23525589, 67432799  
e-mail : helpdesk@freedomregistry.in

## **DECLARATION UNDER CLAUSE 49 (1) (D) OF THE LISTING AGREEMENT**

It is hereby declared that all the Board Members and Senior Management Personnel of the Company have affirmed adherence to and compliance with the code of conduct for the year ended 31st March, 2010.

For **Simplex Mills Company Limited**

Mumbai, May 21, 2010

**S. M. Soni**  
Director

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## **CERTIFICATE ON CORPORATE GOVERNANCE**

To the Members of  
**Simplex Mills Company Limited**

We have examined the records concerning Compliance of the conditions of Corporate Governance by **Simplex Mills Company Limited** for the year ended 31st March 2010 as stipulated in clause 49 of the Listing Agreement of the said company with the Bombay Stock Exchange Limited.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our Examination was limited to the 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 the opinion on the financial statements of the Company.

In our opinion and based on the information and explanations given to us and the representations made by the management and to the best of our knowledge and belief, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned listing agreement.

We further 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 **Vijay Rungta & Co.**  
Chartered Accountants  
(Firm Registration No.111427W)

Mumbai, May 21, 2010

**Ajay Rungta**  
Partner  
Membership No: F-40333

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# SIMPLEX MILLS COMPANY LIMITED

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## AUDITORS' REPORT TO THE MEMBERS OF SIMPLEX MILLS COMPANY LIMITED

1. We have audited the attached Balance Sheet of **Simplex Mills Company Limited** ('the Company') as at March 31, 2010 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto (all together referred to as 'financial statements'). 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 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 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956 ('the Act'), and on the basis of such checks of the books and records as we considered necessary and appropriate and according to the information and explanations given to us during the course of the audit, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to 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 Section 211(3C) of the Act;
  - e. on the basis of written representations received by the Company from its directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as at March 31, 2010 from being appointed as a director in terms of clause (g) of subsection (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 give the information required by the Act, in the manner so required 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, 2010;
    - ii. in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date;  
and
    - iii. in case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **Vijay Rungta & Co.**  
Chartered Accountants  
(Firm Registration No.111427W)

**Ajay Rungta**  
Partner  
Membership No: F- 40333  
Mumbai, May 21, 2010

## **ANNEXURE TO AUDITORS' REPORT**

[Referred to in paragraph 3 of our report of even date to the members of Simplex Mills Company Limited on the financial statements for the year ended March 31, 2010]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) According to information and explanation given to us, during the year, the management conducted physical verification of certain fixed assets in accordance with its policy of physical verification in a phased manner. In our opinion, such frequency is reasonable having regard to the size of the Company and the nature of its fixed assets. As explained to us, the discrepancies noticed on physical verification as compared to book records maintained, were not material and have been properly dealt with in the books of account.
- (c) In our opinion, a substantial part of fixed assets has not been disposed off by the company during the year.
- (ii) (a) As explained to us, management conducted physical verification of stocks of raw materials, finished goods and stores and spares at reasonable intervals during the year, as also as at the balance sheet date. In respect of stocks with third parties as at the balance sheet date, the management has received written confirmations for a substantial quantity.
- (b) In our opinion, and according to the information and explanations given to us, the procedures followed by the management for physical verification of inventory during the year, are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) On the basis of our examination of inventory records, we are of the opinion that the Company has maintained proper records of inventory. Discrepancies noticed on physical verification of inventory as compared to the book records were not material and have been properly dealt with in the books of account.
- (iii) (a) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured and unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of sub-clauses (b), (c) and (d) of clause (iii) of paragraph 4 of the Order are not applicable.
- (b) In our opinion and according to the information and explanations given to us, the Company has not availed any loans, secured and unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Consequently, the provisions of sub-clauses (f) and (g) of the clause (iii) of paragraph 4 of the order are not applicable.
- (iv) In our opinion and according to information and explanation given to us, during the year under report, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets, and for the sale of goods. Further, on the basis of our examination of 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 procedures.
- (v) (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that are required to be entered in the register maintained under that section, have been so entered.

## SIMPLEX MILLS COMPANY LIMITED

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- (b) In our opinion and according to the information and explanations given to us, transactions (other than those already dealt with in paragraph (iii) above) made pursuant to contracts or arrangements referred to in (v) (a) above and exceeding the value of Rupees five hundred thousand in respect of each party during the year, have been made at prices which are reasonable having regard to the market prices prevailing at that time, where available.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public, to which the directives issued by the Reserve Bank of India and the provisions of Section 58A, 58AA or any other provisions of the Companies Act, 1956 or the rules framed there under apply.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company relating to the manufacture of cotton textile products, pursuant to the order made by the Central Government for the maintenance of cost records under Section 209(1)(d) 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 determining whether they are accurate and complete.
- (ix) (a) According to the information and explanations given to us, the Company was regular during the year in depositing undisputed statutory dues including Provident Fund, Income tax, Sales tax, Customs duty and Excise duty with the appropriate authorities. According to the information and explanation given to us, as at the balance sheet date, the Company has no undisputed statutory dues of a material nature which remained unpaid for a period exceeding six months from the date on which they were payable.
- (b) According to the information and explanation given to us, as at the balance sheet date, the Company has not deposited dues of excise duty and Income tax aggregating to Rs. 551.43 lacs, on account of the following disputes pending before authorities:

Period to which dues relate	Pending before	Rs. In lacs.
1984-85 and 1995-96	Assistant Commissioner	49.13
1994 to 1996	Commissioner (Appeals)	248.39
1981-84, 1981-95, and 2004	CESTAT	159.13
1981 to 1984	High Court	53.27
2002-03	Supreme Court	41.51
	<b>Total</b>	<b>551.43</b>

- (x) As at the balance sheet date, the Company's accumulated losses does not exceed fifty percent of its net worth within the meaning of Section 2(29A) of the Companies Act, 1956. The Company has not incurred any cash losses during the year under report. It has incurred cash losses in the preceding financial year of Rs. 100.74 lacs.
- (xi) According to the information and explanations given to us, the Company has not committed default in repayment of dues in respect of its bank borrowings. The Company did not have any borrowings from financial institutions.
- (xii) In our opinion, and according to the information and explanations given to us, during the year under report, the Company has not granted any loans or advances against security by way of pledge of shares and securities; accordingly, the provisions of clause (xii) of paragraph 4 of the said Order are not applicable.
- (xiii) The Company is not a chit fund / nidhi / mutual benefit fund / society and accordingly, the provisions of clause (xiii) of paragraph 4 of the said Order are not applicable.

- (xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities and other investments as its principal business, and accordingly the provisions of clause (xiv) of paragraph 4 of the said Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, as at the balance sheet date, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the Company did not avail any term loans during the year under report. Accordingly, the provisions of clause (xvi) of paragraph 4 of the said Order are not applicable.
- (xvii) In our opinion, and according to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, prima facie, funds raised on a short-term basis have not been used for long-term investments
- (xviii) According to the information and explanations given to us, during the year under report, the Company did not make any preferential allotment of shares to parties listed in the register maintained under section 301 of the Act.
- (xix) The Company has not issued any debentures during the year under report.
- (xx) During the year under report, the company did not raise any money through a public issue; consequently, the provisions of clause (xx) of paragraph 4 of the Order are not applicable.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, there have been no cases of fraud on or by the Company noticed or reported during the year under report.

For **Vijay Rungta & Co.**  
Chartered Accountants  
(Firm Registration No.111427W)

**Ajay Rungta**  
Partner  
Membership No: F-40333  
Mumbai, May 21, 2010

# SIMPLEX MILLS COMPANY LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2010

I SOURCES OF FUNDS	Schedule	31.03.2010		31.03.2009	
	No.	Rs.	Rs.	Rs.	Rs.
<b>SHAREHOLDERS' FUNDS</b>					
Share Capital	(1)	3,00,04,750		3,00,04,750	
Reserves and Surplus	(2)	<u>10,26,81,514</u>		<u>10,01,76,424</u>	
			<b>13,26,86,264</b>		13,01,81,174
<b>LOAN FUNDS</b>					
Secured Loans	(3)	<u>11,49,860</u>		<u>27,84,391</u>	
			<b>11,49,860</b>		27,84,391
<b>DEFERRED TAX LIABILITY (Net)</b>					
			<b>45,82,455</b>		92,97,279
	<b>TOTAL</b>		<u><b>13,84,18,579</b></u>		<u>14,22,62,844</u>
<b>II APPLICATION OF FUNDS</b>					
<b>FIXED ASSETS (4)</b>					
Gross Block		15,80,53,621		15,80,46,861	
Less : Depreciation		<u>2,57,51,221</u>		<u>2,08,35,770</u>	
		<b>13,23,02,400</b>		<b>13,72,11,091</b>	
Capital Work in Progress and Advances for Capital Expenditure		<u>21,01,432</u>		<u>20,77,797</u>	
			<b>13,44,03,832</b>		13,92,88,888
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>					
Inventories	(5)	1,80,73,434		80,37,538	
Sundry Debtors	(6)	1,24,44,802		44,20,040	
Cash and Bank Balances	(7)	17,93,420		19,92,206	
Other Current Assets	(8)	22,01,924		23,62,308	
Loans and Advances	(9)	<u>38,41,798</u>		<u>55,79,518</u>	
		<b>3,83,55,378</b>		<b>2,23,91,610</b>	
<b>LESS: CURRENT LIABILITIES AND PROVISIONS (10)</b>					
CURRENT LIABILITIES		1,97,28,645		1,00,93,154	
PROVISIONS		<u>1,46,11,986</u>		<u>1,32,21,165</u>	
		<b>3,43,40,631</b>		<b>2,33,14,319</b>	
<b>MISCELLANEOUS EXPENDITURE (11)</b> (To the extent not written off or adjusted)				-	38,96,665
	<b>TOTAL</b>		<u><b>13,84,18,579</b></u>		<u>14,22,62,844</u>
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (16)</b>					

As per our report of even date attached

For and on behalf of the Board

For **Vijay Rungta & Co.**

Chartered Accountants

**Ajay Rungta**

Partner

Membership No. F- 40333

Mumbai, May 21,2010

**S. M. Soni**

**R. L. Saboo**

Directors

Mumbai, May 21,2010

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

	Schedule No.	2009-10 Rs.	2008-09 Rs.
<b>INCOME</b>			
Sale of Products		14,64,70,792	13,22,52,161
Less:Excise Duty Recovered		3,15,128	11,80,643
Net Sales		<u>14,61,55,664</u>	<u>13,10,71,518</u>
Other Income	(12)	23,75,766	22,19,577
Increase/(Decrease) in Process Stocks and Finished Goods	(13)	<u>61,42,249</u>	<u>(78,83,596)</u>
		<u>15,46,73,679</u>	<u>12,54,07,499</u>
<b>EXPENDITURE</b>			
Manufacturing and other Expenses	(14)	14,79,73,424	13,49,11,661
Depreciation		49,15,451	49,40,685
Interest	(15)	<u>7,11,065</u>	<u>4,95,298</u>
		<u>15,35,99,940</u>	<u>14,03,47,644</u>
<b>Profit/(Loss) before Tax &amp; Extraordinary Items</b>		10,73,739	(1,49,40,145)
Extraordinary Items (Refer note 4 of Schedule 16)		<u>(31,64,713)</u>	<u>-</u>
<b>Profit/(Loss) before Tax</b>		<u>(20,90,974)</u>	<u>(1,49,40,145)</u>
Deferred Tax (Assets)/Liability (Net)		(47,14,824)	21,09,457
Fringe Benefit Tax		-	74,500
Tax for Earlier Years		<u>1,18,760</u>	<u>-</u>
<b>Profit/(Loss) after Tax</b>		<u>25,05,090</u>	<u>(1,71,24,102)</u>
Balance brought forward		<u>(3,01,82,664)</u>	<u>(1,30,58,562)</u>
Balance carried to Balance Sheet		<u>(2,76,77,574)</u>	<u>(3,01,82,664)</u>
Basic and diluted earnings per share of Rs.10 each (Refer note 7 of Schedule 16)		0.83	(5.71)

### SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (16)

As per our report of even date attached

For and on behalf of the Board

For **Vijay Rungta & Co.**  
Chartered Accountants  
**Ajay Rungta**  
Partner  
Membership No. F- 40333  
Mumbai, May 21,2010

**S. M. Soni**  
**R. L. Saboo**  
Directors

Mumbai, May 21,2010

# SIMPLEX MILLS COMPANY LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	Rs.	2009-10 Rs.	Rs.	2008-09 Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>NET PROFIT/(LOSS) BEFORE TAX AND EXTRAORDINARY ITEMS</b>		<b>10,73,739</b>		<b>(1,49,40,145)</b>
Adjustment for :				
Depreciation	49,15,451		49,40,685	
Interest expense (gross)	7,11,065		4,95,298	
Interest income	(2,00,459)		(2,47,119)	
Amortisation of Voluntary Retirement Scheme/Preliminary Exp. w/off	7,31,952		7,32,223	
Balances Written off	(1,28,207)		-	
Bad Debts	-		74,320	
Payment for Voluntary Retirement Scheme	-		(1,23,784)	
Loss on Sale of Fixed Assets	-		18,695	
		<u>60,29,802</u>		<u>58,90,318</u>
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		<b>71,03,541</b>		<b>(90,49,827)</b>
(Increase)/Decrease in working capital :				
Trade and other Receivables	(62,12,902)		72,20,660	
Inventories	(1,00,35,896)		1,50,43,517	
Trade and other Payables	1,11,62,451		(1,18,35,233)	
		<u>(50,86,347)</u>		<u>1,04,28,944</u>
<b>CASH GENERATED FROM OPERATIONS</b>		<b>20,17,194</b>		<b>13,79,117</b>
Direct Taxes (Paid)/ Received including Fringe Benefit Tax		(76,982)		(1,87,618)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>(A)</b>	<u><b>19,40,212</b></u>		<u><b>11,91,499</b></u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>				
Purchase of Fixed Assets/Capital Advances paid		(30,395)		(98,506)
Sale of Fixed Assets		-		27,222
Interest received		2,36,993		1,61,834
<b>NET CASH GENERATED FROM/(USED/IN) INVESTING ACTIVITIES</b>	<b>(B)</b>	<u><b>2,06,598</b></u>		<u><b>90,550</b></u>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	2009-10 Rs.	2008-09 Rs.
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Net change in borrowings	(16,34,531)	(26,02,949)
Interest paid	(7,11,065)	(4,95,298)
<b>NET CASH USED IN FINANCING ACTIVITIES (C)</b>	<b><u>(23,45,596)</u></b>	<b><u>(30,98,247)</u></b>
<b>NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(1,98,786)</b>	<b>(18,16,198)</b>
<b>CASH AND CASH EQUIVALENTS - AT START OF THE YEAR</b>	<b>19,92,206</b>	<b>38,08,404</b>
<b>CASH AND CASH EQUIVALENTS - AT END OF THE YEAR</b>	<b>17,93,420</b>	<b>19,92,206</b>
<b>Cash and cash equivalents comprise of :</b>	<b>As on</b>	<b>As on</b>
	<b>31.03.2010</b>	<b>31.03.2009</b>
Cash on hand	38,151	46,898
Balances with Scheduled Banks :		
- in Current accounts	6,68,942	6,05,565
- Fractional Shares Current Account	27,048	-
- in Deposit accounts as margin money	10,59,279	13,39,743
	<b><u>17,93,420</u></b>	<b><u>19,92,206</u></b>
<b>NOTES TO THE ACCOUNTS - SCHEDULE 16</b>		

As per our report of even date attached

For **Vijay Rungta & Co.**  
Chartered Accountants  
**Ajay Rungta**  
Partner  
Membership No. F- 40333  
Mumbai, May 21,2010

For and on behalf of the Board

**S. M. Soni**  
**R. L. Saboo**  
Directors

Mumbai, May 21,2010

# SIMPLEX MILLS COMPANY LIMITED

## SCHEDULES FORMING PART OF THE BALANCE SHEET

	31.03.2010	31.03.2009
	Rs.	Rs.
<b>SCHEDULE 1</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
31,00,000 Equity Shares of Rs.10 each	<u>3,10,00,000</u>	<u>3,10,00,000</u>
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
30,00,475 (Previous Year 30,00,475) Equity shares of Rs.10 each fully paid up.	<b>3,00,04,750</b>	3,00,04,750
(of above 15,30,475 Equity Shares of Rs.10 each fully paid up were allotted to the Equityshareholders of Simplex Realty Ltd. pursuant to scheme of arrangement without payment being received in cash)	<u>3,00,04,750</u>	<u>3,00,04,750</u>

	31.03.2010	31.03.2009
	Rs.	Rs.
<b>SCHEDULE 2</b>		
<b>RESERVES AND SURPLUS</b>		
CAPITAL RESERVE (Backward Area Incentive) As per last balance sheet	<b>25,00,000</b>	25,00,000
GENERAL RESERVE As per last balance sheet	<b>12,78,59,088</b>	12,78,59,088
Less: Debit Balance of Profit & Loss Account	<u>2,76,77,574</u>	<u>3,01,82,664</u>
	<u>10,01,81,514</u>	<u>10,01,76,424</u>

	31.03.2010	31.03.2009
	Rs.	Rs.
<b>SCHEDULE 3</b>		
<b>SECURED LOANS</b>		
Cash Credit facility with Banks secured by hypothecation of movable assets including Stock of Stores and Spare parts, Stock - in - trade, Book Debts, Other Current Assets and by a charge on immovable assets.	<b>11,49,860</b>	27,84,391
	<u>11,49,860</u>	<u>27,84,391</u>

## SCHEDULE FORMING PART OF THE BALANCE SHEET

### SCHEDULE 4 FIXED ASSETS

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1st April 2009	Additions during the year	Deductions during the year	As at 31st March 2010	Upto 31st March 2009	Provided during the year	On Deductions	Upto 31st March 2010	As at 31st March 2010	As at 31st March 2009
Land	3,76,89,402	-	-	3,76,89,402	-	-	-	-	3,76,89,402	3,76,89,402
Buildings	4,42,33,912	-	-	4,42,33,912	58,33,668	12,94,370	-	71,28,038	3,71,05,874	3,84,00,244
Plant and Machinery	6,49,78,893	6,760	-	6,49,85,653	1,19,25,902	29,33,074	-	1,48,58,976	5,01,26,677	5,30,52,991
Electrical Installations	40,00,000	-	-	40,00,000	8,16,219	1,80,500	-	9,96,719	30,03,281	31,83,781
Humidifiers	35,71,839	-	-	35,71,839	7,22,064	1,61,179	-	8,83,243	26,88,596	28,49,775
Fire Services and Sprinkler Installations	4,41,282	-	-	4,41,282	1,85,299	43,347	-	2,28,646	2,12,636	2,55,983
Furniture and Office Equipments	12,84,708	-	-	12,84,708	6,41,424	1,14,616	-	7,56,040	5,28,668	6,43,284
Vehicles	15,06,589	-	-	15,06,589	4,78,054	1,35,970	-	6,14,024	8,92,565	10,28,535
Computer EDP	3,40,236	-	-	3,40,236	2,33,140	52,395	-	2,85,535	54,701	1,07,096
Previous Year	15,80,46,861	6,760	-	15,80,53,621	2,08,35,770	49,15,451	-	2,57,51,221	13,23,02,400	13,72,11,091
	15,81,08,099	38,800	1,00,038	15,80,46,861	1,59,49,206	49,40,685	54,121	2,08,35,770	-	-
Capital work-in-progress & Advances for Capital Expenditure									21,01,432	20,77,797
Total									13,44,03,832	13,92,88,888

Amount in Rs.

# SIMPLEX MILLS COMPANY LIMITED

## SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 5	31.03.2010		31.03.2009	
	Rs.	Rs.	Rs.	Rs.
<b>INVENTORIES</b>				
(As valued and certified by the management)				
(i) Stores and Spare Parts - at cost		<b>12,10,044</b>		13,02,547
(ii) Stock in Trade				
(a) Raw Materials - at cost or market rate whichever is lower	<b>54,36,818</b>		14,50,668	
(b) Process Stock - at estimated cost	<b>78,72,465</b>		43,23,449	
(c) Finished Goods (including waste) - at cost or market rate whichever is lower	<b>35,54,107</b>		9,60,874	
		<b>1,68,63,390</b>		67,34,991
		<b>1,80,73,434</b>		80,37,538

SCHEDULE 6	31.03.2010		31.03.2009	
	Rs.	Rs.	Rs.	Rs.
<b>SUNDRY DEBTORS (Unsecured, considered good)</b>				
(a) Debts outstanding for a period exceeding six months		<b>53,368</b>		62,589
(b) Other Debts		<b>1,23,91,434</b>		43,57,451
		<b>1,24,44,802</b>		44,20,040

SCHEDULE 7	31.03.2010		31.03.2009	
	Rs.	Rs.	Rs.	Rs.
<b>CASH AND BANK BALANCES</b>				
Cash on hand		<b>38,151</b>		46,898
With Scheduled Banks				
- in Current Accounts	<b>6,68,942</b>		6,05,565	
- Fractional Shares Current Account	<b>27,048</b>		-	
- in Deposit Accounts as Margin Money	<b>10,59,279</b>		13,39,743	
		<b>17,55,269</b>		19,45,308
		<b>17,93,420</b>		19,92,206

SCHEDULE 8	31.03.2010		31.03.2009	
	Rs.	Rs.	Rs.	Rs.
<b>OTHER CURRENT ASSETS</b>				
Sundry Deposits		<b>22,01,924</b>		23,62,308
		<b>22,01,924</b>		23,62,308

## SCHEDULES FORMING PART OF THE BALANCE SHEET

<b>SCHEDULE 9</b>	<b>31.03.2010</b>	<b>31.03.2009</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>LOANS AND ADVANCES</b>		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received		
Advance payment of Income-tax/Fringe Benefit Tax	<b>23,24,929</b>	23,66,707
Balances with Excise Authorities	<b>1,81,789</b>	1,82,476
Other Advances	<b>13,35,080</b>	30,30,335
	<b><u>38,41,798</u></b>	<u>55,79,518</u>

<b>SCHEDULE 10</b>	<b>Rs.</b>	<b>31.03.2010</b>	<b>Rs.</b>	<b>31.03.2009</b>
		<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
<b>CURRENT LIABILITIES AND PROVISIONS</b>				
<b>A. Current Liabilities</b>				
Sundry Creditors	<b>74,80,012</b>		29,07,178	
(Refer Note 3 of Schedule 16)				
Other Liabilities	<b><u>1,22,48,633</u></b>		<u>71,85,976</u>	
		<b>1,97,28,645</b>		1,00,93,154
<b>B. Provisions</b>				
Gratuity	<b>1,18,72,575</b>		1,03,90,113	
Leave Benefits	<b>4,13,145</b>		5,04,786	
Fringe Benefit Tax	<b>3,31,989</b>		3,31,989	
Income Tax	<b><u>19,94,277</u></b>		<u>19,94,277</u>	
		<b><u>1,46,11,986</u></b>		<u>1,32,21,165</u>
		<b><u>3,43,40,631</u></b>		<u>2,33,14,319</u>

<b>SCHEDULE 11</b>	<b>Rs.</b>	<b>31.03.2010</b>	<b>Rs.</b>	<b>31.03.2009</b>
		<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
<b>MISCELLANEOUS EXPENDITURE</b>				
(to the extent not written off or adjusted)				
Preliminary Expenses	-		271	
Less : Written off during the year	<u>-</u>		<u>271</u>	
			-	-
<b>Expenses on Voluntary Retirement Scheme</b>				
Balance as per last balance sheet	<b>38,96,665</b>		45,04,833	
Add: Payments made during the year	<b>-</b>		<u>1,23,784</u>	
	<b><u>38,96,665</u></b>		<u>46,28,617</u>	
Less: Amortised during the year	<b><u>38,96,665</u></b>		<u>7,31,952</u>	
		<b>-</b>		<u>38,96,665</u>
		<b>-</b>		<u>38,96,665</u>

# SIMPLEX MILLS COMPANY LIMITED

## SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE 12	2009-10 Rs.	2008-09 Rs.
<b>OTHER INCOME</b>		
Insurance Claims	53,160	45,108
Interest Received	2,00,459	2,47,119
Miscellaneous Income	21,22,147	18,87,412
Job Work- Conversion Charges	-	39,938
	<u>23,75,766</u>	<u>22,19,577</u>

SCHEDULE 13	Rs.	2009-10 Rs.	Rs.	2008-09 Rs.
<b>INCREASE/(DECREASE)IN PROCESS STOCKS AND FINISHED GOODS</b>				
<b>Closing Stock</b>				
Process Stocks	78,72,465		43,23,449	
Finished Goods	<u>35,54,107</u>		<u>9,60,874</u>	
		1,14,26,572		52,84,323
Less:				
<b>Opening Stock</b>				
Process Stocks	43,23,449		74,70,775	
Finished Goods	<u>9,60,874</u>		<u>56,97,144</u>	
		52,84,323		1,31,67,919
Increase/(Decrease) in Stock		<u>61,42,249</u>		<u>(78,83,596)</u>

SCHEDULE 14	Rs.	2009-10 Rs.	Rs.	2008-09 Rs.
<b>MANUFACTURING AND OTHER EXPENSES</b>				
1. Raw Materials Consumed		8,57,13,177		7,80,08,835
2. Purchase of Semi-finished Products		1,10,64,497		67,20,227
3. Payments to and provisions for Employees :				
Salaries,Wages,Bonus and Ex-gratia	1,81,15,106		1,65,50,755	
Gratuity	18,52,407		16,68,490	
Leave Benefit	6,59,731		8,81,539	
Contribution to Provident and other Funds	17,94,317		16,01,304	
Welfare Expenses (Net)	<u>8,23,726</u>		<u>7,31,575</u>	
		2,32,45,287		2,14,33,663

## SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

<b>SCHEDULE 14 (Contd.)</b>	<b>Rs.</b>	<b>2009-10</b>	<b>2008-09</b>
	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
4. Operating and Other Expenses :			
Stores and Spare Parts Consumed	42,50,361		37,07,558
Printing, Processing and Conversion Charges	1,577		9,39,011
Power and Fuel	1,61,19,011		1,39,41,824
Water Charges	31,315		10,049
Excise Duty [net of recovery of Rs.3.15 Lacs (Previous year Rs. 11.81 Lacs)]	-		(43,652)
Repairs to			
Buildings	59,048		67,614
Machinery	7,61,533		5,08,339
Insurance	1,89,685		2,51,062
Rent	43,300		98,600
Rates and Taxes	3,89,905		3,89,905
Travelling and Conveyance Expenses	4,31,345		4,92,514
Advertisements	37,416		1,55,100
Postage, Telegrams, Stationery and Printing	3,05,235		3,00,064
Bank Charges/Commission	4,93,043		3,94,190
Motor Maintenance	4,10,372		5,06,055
Professional Fees	12,84,448		12,16,390
Loss on Sale of Fixed Assets (Net)	-		18,695
Sundry Expenses	8,27,068		8,15,464
Bad Debts	-		74,320
Amortisation of Voluntary Retirement Scheme Expenditure	7,31,952		7,31,952
Stamp Duty and other Charges	-		26,63,027
Preliminary expenses w/off	-		271
	<b>2,63,66,614</b>		<b>2,72,38,352</b>
5. Payments to Auditors :			
Audit Fees	80,000		80,000
Tax Audit	25,000		25,000
In Other Capacity	20,000		20,000
Reimbursement of Expenses and Service Tax	12,875		13,287
	<b>1,37,875</b>		<b>1,38,287</b>
6. Director's Sitting Fees	5,750		5,000
7. Freight and other charges	4,017		4,357
8. Discount, Commission and Brokerage on Sales	14,36,207		13,62,940
	<b>14,79,73,424</b>		<b>13,49,11,661</b>
<hr/>			
<b>SCHEDULE 15</b>		<b>2009-10</b>	<b>2008-09</b>
		<b>Rs.</b>	<b>Rs.</b>
<b>INTEREST</b>			
On Working Capital		<b>7,11,065</b>	<b>4,95,298</b>
		<b>7,11,065</b>	<b>4,95,298</b>

# SIMPLEX MILLS COMPANY LIMITED

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## SCHEDULE 16

### I. SIGNIFICANT ACCOUNTING POLICIES:

The accounts have been prepared in accordance with the accounting principles generally accepted in India and are in line with the relevant provisions of the Companies Act, 1956.

#### (i) System of Accounting:

The Company adopts the accrual basis in the preparation of the accounts except insurance claims and sales tax refunds.

#### (ii) Fixed Assets:

All fixed assets (including assets taken on hire purchase) are carried at cost. The cost of fixed assets includes expenses incidental to acquisition. Interest on specific borrowings, obtained for the purposes of acquiring fixed assets is capitalised upto the date of commissioning of the assets.

#### (iii) Investments:

Long term Investments are valued at cost less provision for permanent diminution in value of such investments.

#### (iv) Inventories:

Stores and spare parts are valued at cost. Process stock is valued at estimated cost. Raw materials are valued at cost or market rate, whichever is lower. Finished products and waste are valued at cost or market rate whichever is lower, whereas the sold quantity is valued at contract rates. (Cost includes direct cost and overheads). Cost of finished goods and work in process is ascertained by applying the absorption cost basis.

#### (v) Revenue recognition:

Sales of goods are recognized on dispatch of goods to customers, or when substantial risks and rewards of ownership are transferred by the Company. Sales are inclusive of excise duty and exclude sales tax/VAT.

#### (vi) Borrowing Costs:

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

#### (vii) Export Sales:

Export sales in foreign currency are accounted at the exchange rates prevailing on the dates of the transactions.

#### (viii) Foreign Exchange Transactions:

Transactions in foreign currency are recorded at the exchange rate prevailing at the time of the transaction. As at the balance sheet date, monetary assets and liabilities denominated in foreign currency are reported at closing rates. Gains or losses on settlement / restatement of foreign currency transactions are recognized in the Profit and Loss account in the period in which they arise.

#### (ix) Depreciation:

Depreciation has been provided on all fixed assets (excluding Furniture, Fixtures and Equipments) on straight-line method and on Furniture, Fixtures and Equipments on the written down value basis at rates prescribed in Schedule XIV to the Companies Act, 1956.

## SCHEDULE 16 (Contd.)

### (x) Miscellaneous Expenditure (to the extent not written off or adjusted):

Compensation to employees who have opted for retirement under the Voluntary Retirement Scheme of the Company is amortised over a period of five years.

### (xi) Retirement Benefits:

The liability on account of gratuity and leave encashment is based on actuarial valuation. The Company's contribution to provident fund, family pension fund and superannuation fund are charged to Profit and Loss account as incurred.

### (xii) Deferred Taxation:

Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantively enacted as on the balance sheet date. Deferred tax assets are recognized only to the extent there is a reasonable certainty of realization, except for unabsorbed depreciation and business loss, in respect of which deferred tax is recognized only if the Company is virtually certain of having sufficient taxable income in future against which the loss/depreciation can be set off.

### (xiii) Impairment of Assets:

Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

### (xiv) Provisions & Contingent Liabilities :

Provisions are recognised in respect of probable obligations, the amount of which can be reliably estimated. Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company.

## II. NOTES TO THE ACCOUNTS

### 1. Contingent liabilities not provided for:

	(Rs. in Lacs)	
	<u>31-03-10</u>	<u>31-03-09</u>
a) Appeals filed in respect of disputed demands:		
i) Central Excise	551.43	551.43
ii) Labour Matters	3.84	3.84
b) Bank Guarantee	5.00	15.00
2. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 285.99 lacs (net of advances) (Previous year Rs. 285.99 lacs).		
3. The Company has not received any intimation from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have not been given.		
4. Voluntary Retirement Scheme (VRS) and Gratuity paid to workers hitherto was treated as deferred revenue expenditure and one fifth of the amount was amortised over a period of 5 years. Unamortised balance at the end		

## SIMPLEX MILLS COMPANY LIMITED

### SCHEDULE 16 (Contd.)

of the current year of Rs.31.65 lacs has been amortised in compliance with Accounting Standard-15 "Employee Benefits (Revised-2005)", and same has been shown under extraordinary items.

5. The Company has classified the various benefits provided to the employees as under:

- I) Defined Contribution Plan
  - a) Provident Fund
  - b) Superannuation Fund and Pension Scheme

The Company has recognized the following amounts in the Profit and Loss account which are included under Contribution to Provident Fund and Other Funds;

(In Rupees)

	2009-10	2008-09
Provident Fund	6,08,870	5,35,995
Superannuation Fund	32,000	30,000
Pension Fund	11,53,447	10,35,309

- II) Defined Benefit Plans
  - a) Contribution to Gratuity Fund (Non Funded)
  - b) Leave Encashment (Non Funded)

In accordance with the Accounting Standard (AS -15) (Revised 2005) Employee Benefits, actuarial valuation was done in respect of the aforesaid defined benefit plans of gratuity and leave encashment based on the following assumptions:

	2009-10	2008-09
<b>Actuarial Assumptions</b>		
Discount Rate	8.00%	7.00%
Salary Escalation Rate	5.00%	5.00%
Attrition Rate	2.05%	2.05%

	2009-10	2008-09
<b>Gratuity</b>		
<b>A. Changes in value of obligations</b>	<b>Rs. in Lacs</b>	
Liability at the beginning of the year	103.90	89.67
Interest Cost	7.14	6.63
Current Service Cost	14.13	7.28
Benefit Paid	(3.70)	(2.45)
Actuarial (Gain)/Loss on Obligations	(2.75)	2.77
Liability at the end of the year	118.72	103.90
<b>B. Amount recognized in the Balance Sheet</b>		
Present Value of Defined Benefit Obligation as at the year end	118.72	103.90
Fair Value of Plan Assets as at the year end	-	-
Liability/ (Net Asset) recognized in the Balance Sheet	**118.72	**103.90
**Included in Provisions (Refer Schedule 10)		
<b>C. Expenses recognized in the Profit and Loss account</b>		
Interest Cost	7.14	6.63
Current Service Cost	14.13	7.28
Net Actuarial (Gain)/Loss recognized	(2.75)	2.77
Expenses recognized in Profit and Loss account	18.52	16.68

**SCHEDULE 16 (Contd.)**

<b>Leave Encashment</b>	<b>2009-10</b>	<b>2008-09</b>
<b>A. Changes in value of obligations</b>	<b>Rs. in Lacs</b>	
Liability at the beginning of the year	<b>5.05</b>	2.25
Interest Cost	<b>0.09</b>	(0.05)
Current Service Cost	<b>4.68</b>	4.92
Benefit Paid	<b>(7.51)</b>	(6.02)
Actuarial (Gain)/Loss on Obligations	<b>1.82</b>	3.95
Liability at the end of the year	<b>4.13</b>	5.05
<b>B. Amount recognized in the Balance Sheet</b>		
Present Value of Defined Benefit Obligation as at the year end	<b>4.13</b>	5.05
Fair Value of Plan Assets as at the year end	-	-
Liability/ (Net Asset) recognized in the Balance Sheet	<b>**4.13</b>	<b>**5.05</b>
**Included in Provisions (Refer Schedule 10)		
<b>C. Expenses recognized in the Profit and Loss account</b>		
Interest Cost	<b>0.09</b>	(0.05)
Current Service Cost	<b>4.68</b>	4.92
Actuarial (Gain)/Loss recognized	<b>1.82</b>	3.95
Expenses recognized in Profit and Loss account	<b>6.59</b>	8.82

**6. Break-up of deferred tax liability (net):** (Rs. in lacs)

		<b>31-03-2010</b>	31-03-2009
		<b>Deferred Tax Assets/ (Liability)</b>	Deferred Tax Assets/ (Liability)
1	Related to Fixed Assets - Cumulative	<b>(116.05)</b>	(126.64)
2	Unabsorbed Depreciation & Business Losses	<b>28.61</b>	-
3	Disallowances under Income Tax	<b>41.62</b>	33.67
	<b>Deferred tax liability – net</b>	<b>(45.82)</b>	(92.97)

**7. Earnings per Share (EPS) :**

		<b>2009-10</b>	2008-09
(a)	Profit/ (Loss) after tax & extraordinary items - Rs.	<b>25,05,090</b>	(1,71,24,102)
(b)	Extraordinary Items – Rs.	<b>(31,64,713)</b>	-
(c)	Weighted average number of shares	<b>30,00,475</b>	30,00,475
(d)	Face value of shares (Rs. per share)	<b>10/-</b>	10/-
(e)	Basic/Diluted EPS (after extraordinary items) - Rs.	<b>0.83</b>	(5.71)
(f)	Basic/Diluted EPS (before extraordinary items) - Rs.	<b>1.89</b>	(5.71)

**8. The Company's activities are classified as belonging to a single business segment of manufacture and trading in yarns, textiles and textile products. The Company's operations are largely limited to India.**



**SCHEDULE 16 (Contd.)**

	<u>01.04.2009 to 31.03.2010</u>		<u>01.04.2008 to 31.03.2009</u>	
	Value Rs.	% of Total Consumption	Value Rs.	% of Total Consumption
(e) (i) Value of Raw Materials consumed:				
(a) Directly imported	-	-	-	-
(b) Indigenously obtained	<u>8,57,13,177</u>	<u>100</u>	<u>7,80,08,835</u>	<u>100</u>
	<u>8,57,13,177</u>	<u>100</u>	<u>7,80,08,835</u>	<u>100</u>
(ii) Value of Stores, Spare Parts and Components consumed:				
(a) Directly imported	-	-	-	-
(b) Indigenously obtained	<u>42,50,361</u>	<u>100</u>	<u>37,07,558</u>	<u>100</u>
	<u>42,50,361</u>	<u>100</u>	<u>37,07,558</u>	<u>100</u>

(f) Earnings in Foreign Exchange on account of Export of goods on F.O.B. basis :

	Rs.	Rs.
Direct Exports	<b>19,54,683</b>	35,69,961
Through Merchant Exporters	-	20,19,300

(g) Licensed and Installed capacity and Production (as certified by the management and accepted by auditors, it being a technical matter).

	Unit	<u>01.04.2009 to 31.03.2010</u>		<u>01.04.2008 to 31.03.2009</u>	
		Licensed	Installed	Licensed	Installed
(i) Capacity:					
(a) Spindles	Nos.	<b>55,000</b>	<b>14,272</b>	55,000	14,272
(b) Looms	Nos.	<b>423</b>	<b>17</b>	423	17
(ii) Packed Production :					
(a) Cloth	Meters		<b>3,85,513</b>		2,90,794
(b) Saleable Yarn	Kgs.		<b>7,10,073</b>		7,47,512
(c) Saleable Waste	Kgs.		<b>1,64,155</b>		1,69,838

11. Information required pursuant to Part - IV of Schedule VI to the Companies Act, 1956 is annexed hereto.

12. Previous Year's figures have been regrouped wherever necessary to conform to this year's presentation.

As per our report of even date attached

For **Vijay Rungta & Co.**  
Chartered Accountants  
**Ajay Rungta**  
Partner  
Membership No. F- 40333  
Mumbai, May 21,2010

For and on behalf of the Board

**S. M. Soni**  
**R. L. Saboo**  
Directors

Mumbai, May 21,2010

## SIMPLEX MILLS COMPANY LIMITED

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### Information as required under Part IV of Schedule VI to the Companies Act, 1956 Balance Sheet Abstract and Company's General Business Profile

#### I Registration Details

Registration No.	:	116585
State Code	:	11
Balance Sheet Date	:	31st March, 2010

#### II Capital raised during the year ( Amount in Rs. Thousands)

Public Issue	:	Nil
Right Issue	:	Nil
Bonus Issue	:	Nil
Private Placement	:	Nil

#### III Position of Mobilisation and Deployment of funds (Amount in Rs. Thousands)

Total Liabilities	1,38,419	Total Assets	1,38,419
Sources of Funds			
Paid-up Capital	30,005	Reserves & Surplus	1,02,682
Secured Loans	1,150	Deferred Tax Liability (Net)	4,582
Application of Funds			
Net Fixed Assets	1,34,404	Net Current Assets	4,015

#### IV Performance of the Company (Amount in Rs. Thousands)

Turnover & Other Income	1,54,674	Total Expenditure (including extraordinary items)	1,56,765
Profit/(Loss) Before Tax	(2,091)	Profit/(Loss) After Tax	2,505
Earnings per share	0.83	Dividend @ %	Nil

#### V. Generic Names of Principal Products/Services of Company (as per monetary terms)

Product Description	Item Code No. (ITC Code)
Blended Yarn & Man Made Fabrics	54.06 & 55.09 to 55.14
Cotton Yarn & Cotton Fabrics	52.05 to 52.09

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Registered Office: 30, Keshavrao Khadye Marg, Sant Gadge Maharaj Chowk, Mumbai - 400 011

### ATTENDANCE SLIP

I hereby record my presence at the 12<sup>th</sup> ANNUAL GENERAL MEETING held on Wednesday, the 11th August, 2010 at 12.30 P.M. at M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, Mumbai-400 001.

DP. ID. No. \_\_\_\_\_

Client I.D. No. \_\_\_\_\_

Folio No. \_\_\_\_\_

Full Name of Member \_\_\_\_\_

Signature \_\_\_\_\_

Full Name of Proxy (in Block Letters) \_\_\_\_\_

Signature \_\_\_\_\_

- 1) Members/Proxy holders are requested to bring the attendance slip duly completed when they come to the Meeting and hand them over at the entrance after affixing their signatures on them.
- 2) Members/Proxy holders should bring their copy of the Annual Report for reference at the Meeting.



Registered Office: 30, Keshavrao Khadye Marg, Sant Gadge Maharaj Chowk, Mumbai - 400 011

### PROXY FORM

I/We \_\_\_\_\_

of \_\_\_\_\_ in the district of \_\_\_\_\_

\_\_\_\_\_ being a member(s) of the above named Company,

hereby appoint \_\_\_\_\_

of \_\_\_\_\_ in the district of \_\_\_\_\_

or failing him/her \_\_\_\_\_

of \_\_\_\_\_ in the district of \_\_\_\_\_

as my/our Proxy to vote for me/us on my/our behalf at the 12<sup>th</sup> ANNUAL GENERAL MEETING of the Company to be held on Wednesday, the 11th August, 2010 at 12.30 P.M. at M. C. Ghia Hall, Bhogilal Hargovindas Building, 2<sup>nd</sup> Floor, 18/20, Kaikhushru Dubash Marg, Mumbai-400 001.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010

Signed by the said,

DP. ID. No. \_\_\_\_\_

Client I.D. No. \_\_\_\_\_

Folio No. \_\_\_\_\_

No. of Shares held \_\_\_\_\_

Affix  
Re.1.00  
Revenue  
Stamp  
(Signature)

#### Notes:

- i) The Proxy form must be lodged at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.
- ii) The Proxy need not be a Member.

Book - Post

*If undelivered, please return to:*

**Simplex Mills Company Limited**

30, Keshavrao Khadye marg,

Sant Gadge Maharaj Chowk,

Mumbai - 400 011.