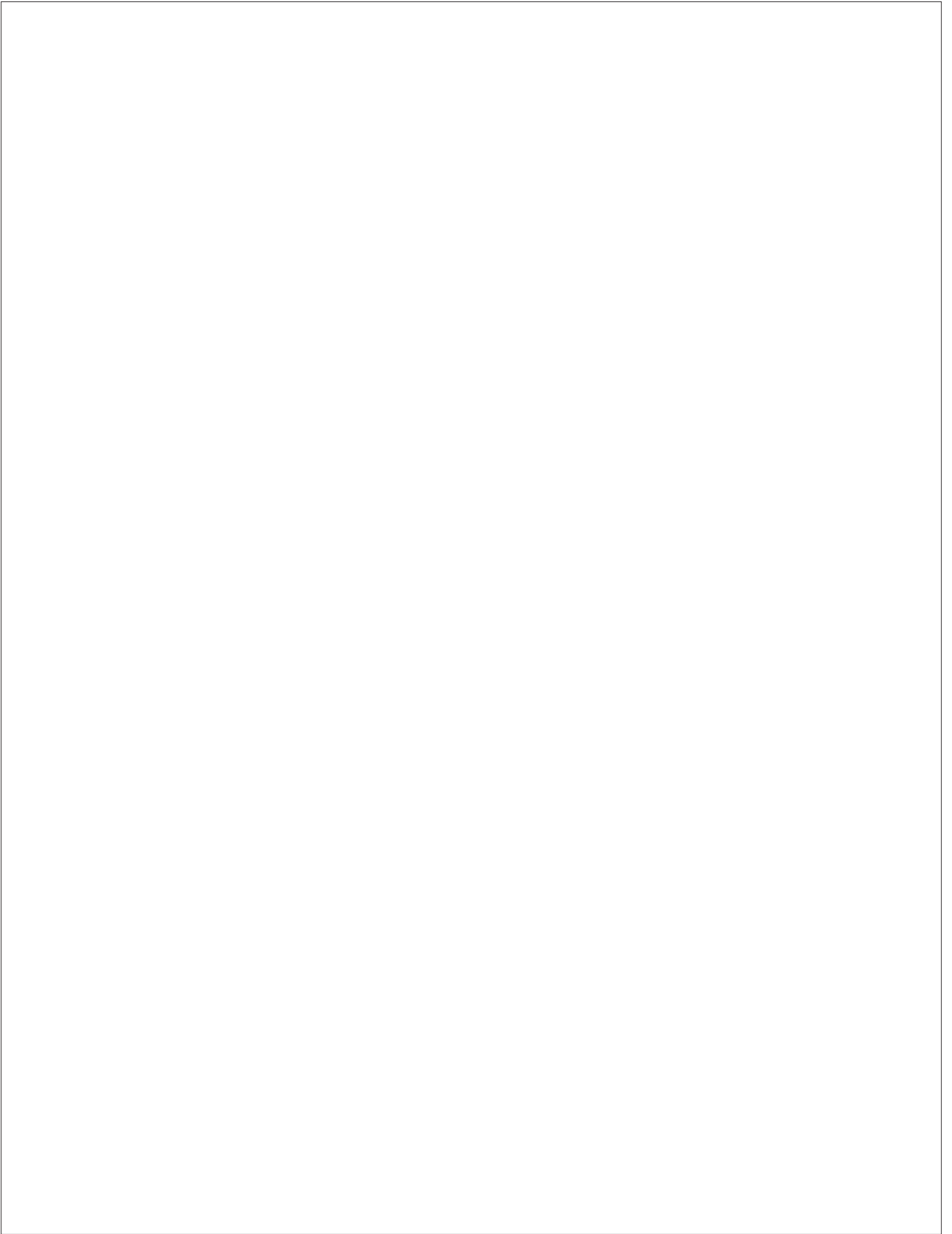


Simplex Mills Company Limited



**10th
ANNUAL REPORT
2007-2008**





BOARD OF DIRECTORS

Shri S. M. Soni
Shri R. L. Saboo
Shri O. D. Purohit
Shri K. C. Murarka

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. : 2308 2951

SHARE TRANSFER AGENT

Amtrac Management Services Limited
Plot No. 101/102, MIDC,
19th Street, Satpur,
Nashik - 422 007
Tel. : 95253 - 2354032 / 2351892
Email: amtrac_nsk@sancharnet.in

CONTENTS

	Page Nos.
Notice.....	2-3
Directors' Report.....	4-7
Auditors' Report.....	8-11
Balance Sheet.....	12
Profit & Loss Account.....	13
Cash Flow Statement.....	14-15
Schedules to the Accounts.....	16-28
Balance Sheet Abstract.....	29

Annual General Meeting of the Company will be held on Thursday, the 28th August, 2008 at 12.30 P.M. at M.C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, Mumbai - 400001.

SIMPLEX MILLS COMPANY LIMITED

NOTICE

Notice is hereby given that the Tenth Annual General Meeting of the Members of Simplex Mills Company Limited will be held at M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, Mumbai-400001 on Thursday, the 28th August, 2008 at 12.30 P.M. to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2008 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 is eligible for re-appointment.
3. To appoint a Director in place of Shri O. D. Purohit, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Shri K. C. Murarka, who retires by rotation and is eligible for re-appointment.
5. To appoint Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration and for the purpose to pass following Resolution which will be proposed as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of section 224 A and other applicable provisions, if any, of the Companies Act, 1956, M/s Vijay Rungta & Co, Chartered Accountants, be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company and that the Board of Directors of the Company be and is hereby authorised to fix their remuneration and payment of

service tax as applicable and reimbursement of out of pocket expenses incurred by them for the said period.”

By Order of the Board of Directors

R. L. Saboo

Director

Mumbai, June 19, 2008

Registered Office:

30, Keshavrao Khadye Marg,
Sant Gadge Maharaj Chowk,
Mumbai-400011.

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 A PROXY NEED NOT BE A MEMBER OF THE COMPANY. 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.

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 the change in address, if any, immediately to the Company quoting their folio numbers.



**EXPLANATORY STATEMENT UNDER SECTION
173 (2) OF THE COMPANIES ACT, 1956, AND
FORMING PART OF THE NOTICE DATED
JUNE 19, 2008**

Item No.5

M/s Bharat Bhuta & Co., Chartered Accountants, were appointed as Statutory Auditors of the Company by the members of the Company at the Annual General Meeting held on 25th September, 2007. Shri Bharat Bhuta, Proprietor of M/s Bharat Bhuta & Co. expired on 2nd March, 2008. Your Directors at their Meeting held on 27th March, 2008 filled the casual vacancy caused by the demise of Shri Bharat Bhuta by appointing M/s Vijay Rungta & Co., Chartered Accountants as Statutory Auditors of the Company till this Annual General Meeting.

M/s Vijay Rungta & Co., Chartered Accountants have informed the Company vide their letter dated 17th June, 2008 expressing their willingness and eligibility to take up the Audit u/s 224 (1B) of the Companies Act, 1956, if appointed. Since this is a change in the Statutory Auditors, this is a Special Resolution.

None of the Directors is concerned or interested in the said Resolution.

The Directors commend the Special Resolution No. 5 for your approval.

By Order of the Board of Directors

R. L. Saboo
Director

Mumbai, June 19, 2008

Registered Office:
30, Keshavrao Khadye Marg,
Sant Gadge Maharaj Chowk,
Mumbai-400011.

SIMPLEX MILLS COMPANY LIMITED

TENTH REPORT OF THE BOARD OF DIRECTORS

To,
The Members ,

The Directors present their Annual Report, together with the Audited Accounts for the year ended 31st March, 2008.

FINANCIAL RESULTS

	Year ended 31.03.2008 Rs.	Previous Year ended 31.03.2007 Rs.
(Loss) / Profit for the year before Interest and Depreciation	(66,38,389)	1,08,01,853
Interest	7,65,336	34,58,813
Depreciation	49,91,425	48,79,939
Net (Loss) / Profit for the year	(1,23,95,150)	24,63,101
Provision for Current Tax	-	17,10,000
Deferred Tax (Assets)/Liabilities	(22,92,096)	(7,19,784)
Provision for Fringe Benefit Tax	1,06,675	86,266
(Loss) / Profit after Tax	(1,02,09,729)	13,86,619
Balance brought forward from Previous year	(28,48,833)	(42,35,452)
Balance Carried Forward	(1,30,58,562)	(28,48,833)

DIVIDEND:

In view of losses, your Directors do not recommend any dividend for the year ended 31st March 2008.

OPERATIONS:

The Turnover of the Company decreased to Rs.19.25 crores from Rs. 21.87 crores during the year. There has been steep rise in cost of cotton, our main raw material and also the cost of other inputs are going up.

In spite of a record cotton crop of about 325 lakh bales, the prices of cotton continued to rise - a steep rise of 30-35% over the previous year. This is mainly attributed to a record expected export of about 90 lacs bales.

In addition, the Indian Rupee strengthened by about 10-12% during the year vis-à-vis US\$ which made textile exports from India uncompetitive specially in comparison to our competing countries whose

currency were not allowed to appreciate. This resulted in heavy pressure on domestic market thereby depressing the prices which continue to be un-remunerative.

In addition, the phenomenal increase in fuel prices has further worsened the situation. It has increased costs of all inputs.

Thus, the textile industry in general and our mills in particular is passing through very critical times. We are taking various steps to rationalize the production pattern. However, the future prospects will entirely depend on the costs and price balance.

FUTURE PROSPECTS:

The current yarn prices are not remunerative. We are trying to improve the working and the product mix during the current year.



FIXED DEPOSITS:

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

DIRECTORS:

Under Article 156 of the Articles of Association of the Company, Shri R. L. Saboo, Shri O. D. Purohit and Shri K. C. Murarka retire by rotation at the ensuing Annual General Meeting and, are eligible for re-appointment.

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

AUDITORS:

The Board of Directors in their meeting held on 27th March 2008 had appointed M/s Vijay Rungta & Co. Chartered Accountants to fill the casual vacancy of Statutory Auditor due to sudden demise of Shri Bharat Bhuta, Proprietor of M/s. Bharat Bhuta & Co. Chartered Accountants, to hold the office of Statutory Auditors upto the conclusion of the forthcoming Annual General Meeting.

M/s Vijay Rungta & Co. Chartered Accountants, who retire as Auditors of the Company and are eligible for re-appointment as Auditor, if appointed and have confirmed their eligibility.

COST AUDITOR:

Pursuant to the directives of the Central Government under the provisions of Section 233B of the Companies Act, 1956, M/s. R. Nanabhoy & Company, 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, 2008 and Cost Audit Report will be submitted to the concerned authorities.

PERSONNEL:

There were no major hiccups in industrial relations during the year. However, one of the major factors

affecting company's viability in these challenging times is low productivity of the company's workforce. In spite of continuous efforts of the management to convince the work force, supplemented by reports from the Bombay Textile Research Association (BTRA) and South India Textile Research Association (SITRA) who have evolved norms after in depth study of operations in various mills, to at least achieve average productivity and average employment norms has evoked little response from the workforce. The company is continuously appraising all concerned of the grave situation.

PARTICULARS OF EMPLOYEES:

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 which forms part of the Report.

DIRECTORS' RESPONSIBILITY:

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

SIMPLEX MILLS COMPANY LIMITED

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, 2008 and of the loss 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 would like to express their grateful appreciation for the assistance and co-operation received from the Bankers during the year under review.

For and on behalf of the Board

S. M. Soni
R. L. Saboo

Directors

Mumbai, June 19, 2008

Registered Office
30, Keshavrao Khadye Marg,
Sant Gadge Maharaj Chowk,
Mumbai - 400011.



INFORMATION AS PER SECTION 217 (1) (e) 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, 2008.

A. CONSERVATION OF ENERGY

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

Form A

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

A) Power and Fuel Consumption	2007-08	2006-07
1. Electricity		
(a) Purchased		
Units (in thousands)	6,048	6,322
Total Amount (Rs.in lacs)	239.69	258.59
Rate per unit Rs.	3.96	4.09
(b) Own Generation	N.A	N.A
2. Furnace Oil	Nil	Nil
3. Others / Internal Generation	N.A	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

The latest technology is being adopted in various plants for product/process developments and import substitution and reducing the consumption of scarce raw materials and energy.

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:

Foreign Exchange Earnings: Rs. 55.08 lacs

Foreign Exchange Outgo: Rs. 0.10 lacs

For and on behalf of the Board

S. M. Soni

R. L. Saboo

Directors

Mumbai, June 19, 2008

SIMPLEX MILLS COMPANY LIMITED

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, 2008 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 statements 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, 2008 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, 2008;
 - ii. in the case of the Profit and Loss Account, of the loss 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

Ajay Rungta
Partner

Membership No.: F - 40333

Mumbai, June 19, 2008



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, 2008]

- (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 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

SIMPLEX MILLS COMPANY LIMITED

maintained under that section, have been so entered.

- (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 aggregating 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 - 2003	Supreme Court	41.51
	Total	551.43

- (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 incurred cash losses during the year under report. The Company has not incurred cash losses in the preceding financial year.
- (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 and also did not have any debentures outstanding during the year under report.
- (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

Ajay Rungta
Partner

Membership No.: F - 40333

Mumbai, June 19, 2008

SIMPLEX MILLS COMPANY LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2008

	Schedule No.	Rs	31.3.2008 Rs	Rs	31.3.2007 Rs
I SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Share Capital	(1)	3,00,04,750		3,00,04,750	
Reserves and Surplus	(2)	<u>13,03,59,088</u>	16,03,63,838	<u>13,03,59,088</u>	16,03,63,838
LOAN FUNDS					
Secured Loans	(3)	<u>53,87,340</u>	53,87,340	<u>1,64,74,800</u>	1,64,74,800
DEFERRED TAX LIABILITY (Net)			<u>71,87,822</u>		<u>94,79,918</u>
TOTAL			<u>17,29,39,000</u>		<u>18,63,18,556</u>
II APPLICATION OF FUNDS					
FIXED ASSETS	(4)				
Gross Block		15,81,08,099		15,94,26,035	
Less : Depreciation		<u>1,59,49,206</u>		<u>1,16,46,462</u>	
		14,21,58,893		14,77,79,573	
Capital Work in Progress and Advances for Capital Expenditure		<u>20,18,092</u>		<u>9,89,382</u>	
			14,41,76,985		14,87,68,955
INVESTMENTS	(5)		-		1,42,00,000
CURRENT ASSETS, LOANS AND ADVANCES					
Inventories	(6)	2,30,81,055		2,01,42,169	
Sundry Debtors	(7)	96,30,919		1,66,56,867	
Cash and Bank Balances	(8)	38,08,404		14,08,048	
Other Current Assets	(9)	23,68,308		15,78,708	
Loans and Advance	(10)	<u>73,84,715</u>		<u>39,39,791</u>	
		4,62,73,401		4,37,25,583	
LESS : CURRENT LIABILITIES AND PROVISIONS	(11)				
Current Liabilities		2,36,31,422		1,79,56,503	
Provisions		<u>1,14,43,630</u>		<u>99,74,845</u>	
		3,50,75,052		2,79,31,348	
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	(12)		1,11,98,349		1,57,94,235
			45,05,104		47,06,533
PROFIT AND LOSS ACCOUNT			<u>1,30,58,562</u>		<u>28,48,833</u>
Total			<u>17,29,39,000</u>		<u>18,63,18,556</u>
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS	(17)				

As per our report of even date attached
For **Vijay Rungta & Co.**
Chartered Accountants
Ajay Rungta
Partner
Membership No. F - 40333
Mumbai, June 19, 2008

For and on behalf of the Board
S. M. Soni
R. L. Saboo
O. D. Purohit
Directors
Mumbai, June 19, 2008



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2008

	Schedule No.	2007- 08 Rs.	2006 - 07 Rs.
INCOME			
Sale of Products		19,43,08,832	22,12,53,966
Less: Excise Duty Recovered		17,91,350	25,15,765
Net Sales		<u>19,25,17,482</u>	<u>21,87,38,201</u>
Other Income	(13)	20,35,298	32,04,000
Increase/(Decrease) in Process Stocks and Finished Goods	(14)	27,78,576	(47,97,803)
		<u>19,73,31,356</u>	<u>21,71,44,398</u>
EXPENDITURE			
Manufacturing and other Expenses	(15)	20,39,69,745	20,63,42,545
Depreciation		49,91,425	48,79,939
Interest	(16)	7,65,336	34,58,813
		<u>20,97,26,506</u>	<u>21,46,81,297</u>
(Loss) / Profit before Tax		(1,23,95,150)	24,63,101
Provision for Tax:			
Current Tax		-	17,10,000
Deferred Tax (Assets) (Net)		(22,92,096)	(7,19,784)
Fringe Benefit Tax		1,06,675	86,266
(Loss) / Profit for the year		<u>(1,02,09,729)</u>	<u>13,86,619</u>
Balance brought forward		(28,48,833)	(42,35,452)
Balance carried to Balance Sheet		<u>(1,30,58,562)</u>	<u>(28,48,833)</u>
Basic and diluted earnings per share of Rs.10 each		(3.40)	0.46

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (17)

As per our report of even date attached
For **Vijay Rungta & Co.**
Chartered Accountants
Ajay Rungta
Partner
Membership No. F - 40333
Mumbai, June 19, 2008

For and on behalf of the Board
S. M. Soni
R. L. Saboo
O. D. Purohit
Directors
Mumbai, June 19, 2008

SIMPLEX MILLS COMPANY LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2008

	Rs.	2007 - 08 Rs.	Rs.	2006 - 07 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES				
NET (LOSS) / PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS		(1,23,95,150)		24,63,101
Adjustment for :				
Depreciation	49,91,425		48,79,939	
Interest expense	7,65,336		34,58,813	
Interest income	(9,22,391)		(10,14,596)	
Amortisation of Voluntary Retirement Scheme/ Preliminary Expenses w/off	7,19,980		6,68,125	
Payment for Voluntary Retirement Scheme	(5,18,551)		(8,24,690)	
Loss / (Profit) on Sale of Fixed Assets (Net)	<u>26,91,905</u>		<u>(3,63,422)</u>	
		<u>77,27,704</u>		<u>68,04,169</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		(46,67,446)		92,67,270
(Increase)/ decrease in working capital :				
Trade and other receivables	35,43,049		(45,72,059)	
Inventories	(29,38,886)		80,22,967	
Trade and other Payables	<u>70,37,029</u>		<u>(44,08,483)</u>	
		<u>76,41,192</u>		<u>(9,57,575)</u>
CASH GENERATED FROM OPERATIONS		29,73,746		83,09,695
Direct Taxes (Paid)/ Received including Fringe Benefit Tax		(6,66,341)		(14,28,623)
NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES	(A)	<u>23,07,405</u>		<u>68,81,072</u>
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets/Capital Advances paid		(47,25,360)		(38,90,473)
Sale of Investments		1,42,00,000		-
Sale of Fixed Assets		16,34,000		6,40,516
Interest received		8,37,106		10,14,596
NET CASH GENERATED FROM / (USED IN) INVESTING ACTIVITIES	(B)	<u>1,19,45,746</u>		<u>(22,35,361)</u>



	2007 - 08 Rs.	2006 - 07 Rs.
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Net change in borrowings	(1,10,87,459)	(15,43,903)
Interest paid	(7,65,336)	(34,58,813)
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES	(C) <u>(1,18,52,795)</u>	<u>(50,02,716)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(A+B+C) 24,00,356	(3,57,005)
CASH AND CASH EQUIVALENTS - AT START OF THE YEAR	14,08,048	17,65,053
CASH AND CASH EQUIVALENTS - AT END OF THE YEAR	38,08,404	14,08,048
Cash and cash equivalents comprise of :	As on 31.03.2008	As on 31.03.2007
Cash on hand	41,075	31,294
Balances with Scheduled Banks :		
- in Current accounts	25,13,120	2,37,070
- in deposit accounts as margin money	12,54,209	11,39,684
	<u>38,08,404</u>	<u>14,08,048</u>

NOTES TO THE ACCOUNTS - SCHEDULE 17

As per our report of even date attached
For **Vijay Rungta & Co.**
Chartered Accountants
Ajay Rungta
Partner
Membership No. F - 40333
Mumbai, June 19, 2008

For and on behalf of the Board
S. M. Soni
R. L. Saboo
O. D. Purohit
Directors
Mumbai, June 19, 2008

SIMPLEX MILLS COMPANY LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET

	31.3.2008 Rs.	31.3.2007 Rs.
SCHEDULE 1		
SHARE CAPITAL		
AUTHORISED		
31,00,000 Equity Shares of Rs.10 each	<u>3,10,00,000</u>	<u>3,10,00,000</u>
ISSUED, SUBSCRIBED AND PAID UP		
30,00,475 (Previous year - 30,00,475) Equity shares of Rs.10 each fully paid up.(of above 15,30,475 Equity Shares of Rs.10 each fully paid up were allotted to the Equity shareholders 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>
	<u>3,00,04,750</u>	<u>3,00,04,750</u>

	31.3.2008 Rs.	31.3.2007 Rs.
SCHEDULE 2		
RESERVES AND SURPLUS		
CAPITAL RESERVE (Backward Area Incentive)		
As per last balance sheet	25,00,000	25,00,000
GENERAL RESERVE	<u>12,78,59,088</u>	<u>12,78,59,088</u>
	<u>13,03,59,088</u>	<u>13,03,59,088</u>

	31.3.2008 Rs.	31.3.2007 Rs.
SCHEDULE 3		
SECURED LOANS		
Cash Credit facility with Banks taken over pursuant to scheme of arrangement, secured by hypothecation of movable assets including Stock of Stores and Spare parts, Stock - in - trade, Book Debts, Other Current Assets and by a second charge created/to be created on immovable assets.	53,87,340	1,62,35,792
Vehicle Loan from ICICI Bank Ltd. [(Repayable within one year Rs. Nil) (Previous year Rs. 2.39 Lakhs)	-	2,39,008
	<u>53,87,340</u>	<u>1,64,74,800</u>

SCHEDULE FORMING PART OF THE BALANCE SHEET
SCHEDULE 4
FIXED ASSETS

Amount in Rs.

	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at 1st April 2007	Additions during the year	Deductions during the year	As at 31st March 2008	Upto 31st March 2007	Provided during the year	On Deductions	Upto 31st March 2008	As at 31st March 2008	As at 31st March 2007
Land	3,76,89,402	-	-	3,76,89,402	-	-	-	-	3,76,89,402	3,76,89,402
Buildings	4,40,98,112	1,35,800	-	4,42,33,912	32,45,790	12,93,508	-	45,39,298	3,96,94,614	4,08,52,322
Plant and Machinery	6,65,03,641	34,80,483	49,74,586	6,50,09,538	67,18,584	29,60,353	6,76,155	90,02,782	5,60,06,756	5,97,85,057
Electrical Installations	40,00,000	-	-	40,00,000	4,55,219	1,80,500	-	6,35,719	33,64,281	35,44,781
Humidifiers	35,71,839	-	-	35,71,839	3,99,706	1,61,179	-	5,60,885	30,10,954	31,72,133
Fire Services & Sprinkler Installations	4,00,000	41,282	-	4,41,282	99,094	42,858	-	1,41,952	2,99,330	3,00,906
Furniture and Office Equipments	12,94,716	20,585	-	13,15,301	3,82,780	1,62,961	-	5,45,741	7,69,560	9,11,936
Vehicles	15,46,589	-	40,000	15,06,589	2,98,793	1,39,392	12,526	4,25,659	10,80,930	12,47,796
Computer EDP	3,21,736	18,500	-	3,40,236	46,496	50,674	-	97,170	2,43,066	2,75,240
	15,94,26,035	36,96,650	50,14,586	15,81,08,099	1,16,46,462	49,91,425	6,88,681	1,59,49,206	14,21,58,893	14,77,79,573
Previous Year	15,28,50,183	68,84,508	3,08,656	15,94,26,035	67,98,085	48,79,939	31,562	1,16,46,462	14,77,79,573	14,60,52,098
Capital work-in-progress & Advances for Capital Expenditure									20,18,092	9,89,382
Total									14,41,76,985	14,87,68,955



SIMPLEX MILLS COMPANY LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 5	31.03.2008			31.03.2007	
	Face Value Rupees	Holdings	Book Value Rupees	Holdings	Book Value Rupees
INVESTMENTS - AT COST					
Long Term Investments					
5% Non-convertible Debentures of Simplex Realty Limited	100	-	-	1,42,000	1,42,00,000
			<u>-</u>		<u>1,42,00,000</u>

SCHEDULE 6	31.3.2008		31.3.2007	
	Rs.	Rs.	Rs.	Rs.
INVENTORIES				
(As valued and certified by the management)				
(i) Stores and Spare Parts - at cost		19,28,701		21,34,329
(ii) Stock in Trade				
(a) Raw Materials - at cost or market rate whichever is lower	79,84,435		76,18,497	
(b) Process Stock - at estimated cost	74,70,775		67,19,358	
(c) Finished goods (including waste) - at cost or market rate whichever is lower	56,97,144		36,69,985	
		<u>2,11,52,354</u>		<u>1,80,07,840</u>
		<u>2,30,81,055</u>		<u>2,01,42,169</u>

SCHEDULE 7	31.3.2008		31.3.2007	
	Rs.		Rs.	
SUNDRY DEBTORS (Unsecured, considered good)				
(a) Debts outstanding for a period exceeding six months		1,81,038		7,408
(b) Other debts		94,49,881		1,66,49,459
		<u>96,30,919</u>		<u>1,66,56,867</u>



SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 8	Rs.	31.3.2008 Rs.	Rs.	31.3.2007 Rs.
CASH AND BANK BALANCES				
Cash on hand		41,075		31,294
With Scheduled Banks				
- in Current Accounts	25,13,120		2,37,070	
- in Deposit Accounts as Margin Money	12,54,209		<u>11,39,684</u>	
		37,67,329		13,76,754
		38,08,404		<u>14,08,048</u>

SCHEDULE 9		31.3.2008 Rs.		31.3.2007 Rs.
OTHER CURRENT ASSETS				
Sundry Deposits		23,68,308		15,78,708
		23,68,308		<u>15,78,708</u>

SCHEDULE 10		31.3.2008 Rs.		31.3.2007 Rs.
LOANS AND ADVANCES				
(Unsecured, considered good)				
Advances recoverable in cash or in kind or for value to be received				
Advance payment of Income-tax/Fringe Benefit tax and Tax deducted at source		21,79,089		15,12,748
Other Advances		47,82,990		18,01,436
Balances with Excise Authorities		4,22,636		<u>6,25,607</u>
		73,84,715		<u>39,39,791</u>

SIMPLEX MILLS COMPANY LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 11	Rs.	31.3.2008	Rs.	31.3.2007
		Rs.		Rs.
CURRENT LIABILITIES AND PROVISIONS				
A. Current Liabilities				
Sundry Creditors (Refer note 3 of Schedule 17)	1,40,05,641		1,30,15,690	
Other Liabilities	<u>96,25,781</u>		<u>49,40,813</u>	1,79,56,503
		2,36,31,422		
B. Provisions				
Provision for Gratuity	89,66,700		73,22,846	
Provision for Leave Benefits	2,25,164		5,06,908	
Provision for Fringe Benefit Tax	2,57,489		1,50,814	
Provision for Current Tax	<u>19,94,277</u>		<u>19,94,277</u>	
		1,14,43,630		99,74,845
		3,50,75,052		2,79,31,348

SCHEDULE 12	Rs.	31.3.2008	Rs.	31.3.2007
		Rs.		Rs.
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)				
Preliminary Expenses	677		1,083	
Less: Written off during the year	<u>406</u>		<u>406</u>	
		271		677
Expenses on Voluntary Retirement Scheme				
Balance as per last balance sheet	47,05,856		45,48,885	
Add: Payments made during the year	<u>5,18,551</u>		<u>8,24,690</u>	
	52,24,407		53,73,575	
Less: Amortised during the year	<u>7,19,574</u>		<u>6,67,719</u>	
		45,04,833		47,05,856
		45,05,104		47,06,533



SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE 13	2007 - 2008		2006 - 2007	
		Rs.		Rs.
OTHER INCOME				
Insurance Claims		1,61,842		1,40,265
Interest Received		9,22,391		10,14,596
Miscellaneous Income		5,93,831		16,43,723
Job Work - Conversion Charges		3,57,234		4,05,416
		<u>20,35,298</u>		<u>32,04,000</u>

SCHEDULE 14	2007 - 2008		2006 - 2007	
	Rs.	Rs.	Rs.	Rs.
INCREASE / (DECREASE) IN PROCESS STOCKS AND FINISHED GOODS				
Closing Stock				
Process Stocks	74,70,775		67,19,358	
Finished Goods	<u>56,97,144</u>		<u>36,69,985</u>	
		1,31,67,919		1,03,89,343
Less:				
Opening Stock				
Process Stocks	67,19,358		67,84,597	
Finished Goods	<u>36,69,985</u>		<u>84,02,549</u>	
		1,03,89,343		1,51,87,146
		<u>27,78,576</u>		<u>(47,97,803)</u>

SCHEDULE 15	2007 - 2008		2006 - 2007	
	Rs.	Rs.	Rs.	Rs.
MANUFACTURING AND OTHER EXPENSES				
1. Raw Materials Consumed		12,34,92,260		11,76,29,323
2. Purchase of Semi-finished Products		80,45,712		1,26,48,137
3. Payments to and provisions for Employees :				
Salaries, Wages, Bonus and Ex-gratia	2,25,41,449		2,33,40,100	
Gratuity	21,27,074		16,47,245	
Leave Benefit	4,88,780		6,35,440	
Contribution to Provident and other Funds	21,50,606		20,16,149	
Welfare Expenses (Net)	<u>1,62,801</u>		<u>1,31,550</u>	
		2,74,70,710		2,77,70,484

SIMPLEX MILLS COMPANY LIMITED

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE 15: (Contd.)	Rs.	2007 - 2008 Rs.	Rs.	2006 - 2007 Rs.
4. Operating and Other Expenses :				
Stores and Spare Parts Consumed	67,92,255		80,36,131	
Printing, Processing and Conversion Charges	14,62,431		25,12,055	
Power and Fuel	2,39,68,755		2,58,59,455	
Water Charges	19,636		38,662	
Excise Duty [net of recovery of Rs. 17.91 Lacs (Previous year Rs. 25.16 Lacs)]	(45,251)		26,714	
Repairs to:				
Buildings	1,88,112		4,95,094	
Machinery	13,61,400		15,65,741	
Insurance	3,58,150		4,24,729	
Rent	1,04,400		1,04,400	
Rates and Taxes	1,99,098		1,97,797	
Travelling and Conveyance Expenses	6,30,032		5,90,785	
Advertisements	34,075		63,224	
Postage, Telegrams, Stationary and Printing	3,76,913		4,38,796	
Bank Charges/Commission	8,32,854		5,99,563	
Motor Maintenance	5,19,999		6,41,527	
Professional Fees	14,71,215		16,24,189	
Loss/ (Profit) on Sale of Fixed Assets(Net)	26,91,905		(3,63,422)	
Sundry Expenses	14,24,725		19,77,807	
Sundry Balances w/off	-		1,00,580	
Amortisation of Voluntary Retirement Scheme Expenditure	7,19,574		6,67,719	
Preliminary expenses w/off	406		406	
		4,31,10,684		4,56,01,952
5. Payments to Auditors :				
Audit Fees	1,00,000		1,00,000	
Tax Audit	25,000		25,000	
Reimbursement of Expenses and Service Tax	15,599		15,300	
		1,40,599		1,40,300
6. Freight and other charges		4,907		1,38,461
7. Discount, Commission and Brokerage on Sales		17,04,873		24,13,888
		20,39,69,745		20,63,42,545
SCHEDULE 16:		2007 - 2008		2006 - 2007
INTEREST		Rs.		Rs.
On Working Capital		7,65,336		34,58,813
		7,65,336		34,58,813



SCHEDULE 17:

1. Significant Accounting Policies:

The accounts have been prepared in line with the relevant laws and generally accepted accounting principles prevailing in India.

(a) System of Accounting:

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

(b) 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.

(c) Investments:

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

(d) 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.

(e) 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.

(f) 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.

(g) Export Sales:

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

(h) 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

SIMPLEX MILLS COMPANY LIMITED

SCHEDULE 17 (Contd.)

recognized in the Profit and Loss account in the period in which they arise.

(i) 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.

(j) 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 ten years.

(k) 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.

(l) 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 substantially 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.

(m) 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.

2. NOTES TO THE ACCOUNT

1. Contingent liabilities not provided for:	(Rs. in Lacs)	
	31-03-08	31-03-07
a) Claims against the Company not acknowledged as debts		
i) Excise duty liability that may arise in respect of matters in appeal or challenged by the company	551.43	551.43
ii) Others	3.84	36.70
b) Bills discounted, Letters of Credit, Letters of Guarantee	49.93	52.19
2. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 286.38 lacs (net of advances) (Previous year Rs. 181.07 lacs).		



SCHEDULE 17 (Contd.)

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. Retirement Benefits :

The Gratuity Scheme and Leave Encashment Scheme are the unfunded defined benefit plan. There are no plan assets attributable to the obligation.

(a) Gratuity

Actuarial Assumptions

Discount Rate	7.50%
Salary Escalation Rate	5.00%
Attrition rate	1.50%

Changes in value of obligations

	Rs. (In Lacs)
Liability at the beginning of the year	73.23
Interest Cost	5.31
Current Service Cost	5.18
Benefits Paid	(4.83)
Actuarial (Gain)/Loss on Obligations	10.77
Liability at the end of the year	89.67

Expenses recognized in the Profit & Loss account

Current Service cost	5.18
Interest Cost	5.31
Net Actuarial (Gain)/Loss recognized	10.77
Expenses recognized in Profit & Loss account	21.27

(b) Leave Encashment

Actuarial Assumptions

Discount Rate	7.50%
Salary Escalation Rate	5.00%
Attrition rate	1.50%

Changes in value of obligations

	Rs. (In Lacs)
Liability at the beginning of the year	5.0
Interest Cost	0.09
Current Service Cost	-
Benefits Paid	(7.71)
Actuarial (Gain)/Loss on Obligations	4.80
Liability at the end of the year	2.25

Expenses recognized in the Profit & Loss account

Current Service cost	-
Interest Cost	0.09
Net Actuarial (Gain)/Loss recognized	4.80
Expenses recognized in Profit & Loss account	4.89

SIMPLEX MILLS COMPANY LIMITED

SCHEDULE 17 (Contd.)

5. Break-up of deferred tax assets/(liability) (net): (Rs. in Lacs)

Deferred tax effect of	31-03-2008 Deferred tax Assets/ (Liability)	31-03-2007 Deferred tax Assets/ (Liability)
1 Difference between books and tax depreciation	(103.12)	(121.41)
2 Provision for Gratuity	30.48	24.89
3 Provision for Leave Encashment	0.77	1.72
Deferred Tax Liability - net	(71.87)	(94.80)

6. Earnings Per Share **2007 - 08** 2006 - 07

(a) Numerator used for calculating basic and diluted earnings per share – Profit/(Loss) after taxation	(1,02,09,729)	13,86,619
(b) Weighted average number of shares used as denominator for calculating basic and diluted earning per share	30,00,475	30,00,475
(c) Nominal value of shares (Rs. per share)	10/-	10/-
(d) Basic / Diluted earning per share- Rs.	(3.40)	0.46

7. 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.

8. Related Party Disclosure (As identified by the management)

(a) Related Party Relationship during the year

Controlling Company

Simplex Realty Limited

(b) Transaction with Related Party

(Rs. in Lacs)

Type of Related Party	Description of the Nature of the Transaction	Volume of Transactions during 2007 - 08	Volume of Transactions during 2006 - 07	As on 31.03.08 Receivable/ (Payable)	As on 31.03.07 Receivable/ (Payable)
Controlling Company	Advances	35.52	25.91	38.55	3.03



SCHEDULE 17 (Contd.)

9. Additional information pursuant to the provisions of paragraphs 3 & 4 of part II of Schedule VI to the Companies Act, 1956 as certified by the Management.

	Unit	01.04.2007 to 31.03.2008		01.04.2006 to 31.03.2007	
		Quantity	Value Rs.	Quantity	Value Rs.
(a) Turnover*:					
Cloth	Meters	5,92,837	5,63,44,972	9,21,225	8,40,48,742
Yarn	Kgs.	15,50,537	13,41,00,040	15,56,838	13,31,98,354
Waste	Kgs.	3,10,869	38,63,820	3,65,643	40,06,870
			<u>19,43,08,832</u>		<u>22,12,53,966</u>
* including excise duty					
(b) Raw Materials Consumed :					
Cotton	M.Tonnes	2,163	11,77,37,839	2,462	11,21,28,767
Fibre	M.Tonnes	6	3,78,835	10	7,29,906
Yarn	M.Tonnes	81	53,75,586	64	47,70,650
			<u>12,34,92,260</u>		<u>11,76,29,323</u>
(c) (i) Opening stock of Finished Goods:					
Cloth	Meters	57,961	29,93,412	1,14,021	68,37,275
Yarn	Kgs.	5,101	3,69,867	12,230	10,76,638
Waste	Kgs.	13,284	3,06,706	21,045	4,88,636
			<u>36,69,985</u>		<u>84,02,549</u>
(ii) Closing stock of Finished Goods:					
Cloth	Meters	41,800	18,27,491	57,961	29,93,412
Yarn	Kgs.	41,567	38,08,095	5,101	3,69,867
Waste	Kgs.	5,123	61,558	13,284	3,06,706
			<u>56,97,144</u>		<u>36,69,985</u>
(d) (i) Value of Raw Materials consumed:					
(a) Directly imported		-	-	-	-
(b) Indigenously obtained		<u>12,34,92,260</u>	<u>100.00</u>	<u>11,76,29,323</u>	<u>100.00</u>
		<u>12,34,92,260</u>	<u>100.00</u>	<u>11,76,29,323</u>	<u>100.00</u>
(ii) Value of Stores, Spare Parts and Components consumed:					
(a) Directly imported		2,74,231	4.04	59,670	0.74
(b) Indigenously obtained		<u>65,18,024</u>	<u>95.96</u>	<u>79,76,461</u>	<u>99.26</u>
		<u>67,92,255</u>	<u>100.00</u>	<u>80,36,131</u>	<u>100.00</u>
(e) Earnings in Foreign Exchange on account of Export of goods on F.O.B. basis :					
Direct Exports			Rs. 49,62,318		Rs. 74,02,328
Through Merchant Exporters			5,46,096		3,76,093

SIMPLEX MILLS COMPANY LIMITED

SCHEDULE 17 (Contd.)

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

		01.04.2007 to 31.03.2008		01.04.2006 to 31.03.2007	
(i) Capacity	Unit	Licensed	Installed	Licensed	Installed
(a) Spindles	Nos.	55,000	14,272	55,000	14,272
(b) Looms	Nos.	423	7	423	18
(ii) Packed Production : (* Includes goods processed through job work)					
(a) Cloth *	Meters		5,76,676		8,65,165
(b) Saleable Yarn	Kgs.		15,87,003		15,49,709
(c) Saleable Waste	Kgs.		3,02,708		3,57,882

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

11. 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, June 19, 2008

For and on behalf of the Board
S. M. Soni
R. L. Saboo
O. D. Purohit
Directors
Mumbai, June 19, 2008



**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.	:	11-116585
State Code	:	11
Balance Sheet Date	:	31st March 2008

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

Public Issue	Nil
Right Issue	Nil
Bonus Issue	Nil
Private Placements	Nil

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

Total Liabilities	1,72,939	Total Assets	1,72,939
Sources of Funds			
Paid up Capital	30,005	Reserves & Surplus	1,30,359
Secured Loans	5,387	Deferred Tax Liability (Net)	7,188
Application of Funds			
Net Fixed Assets	1,44,177	Investments	-
Net Current Assets	11,198	Misc. Expenditure	4,505
Accumulated Losses	13,059		

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

Turnover & Other Income	1,97,331	Total Expenditure	2,09,726
Loss Before Tax	12,395	Loss After Tax	10,210
Earnings per share Rs.	(3.40)	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

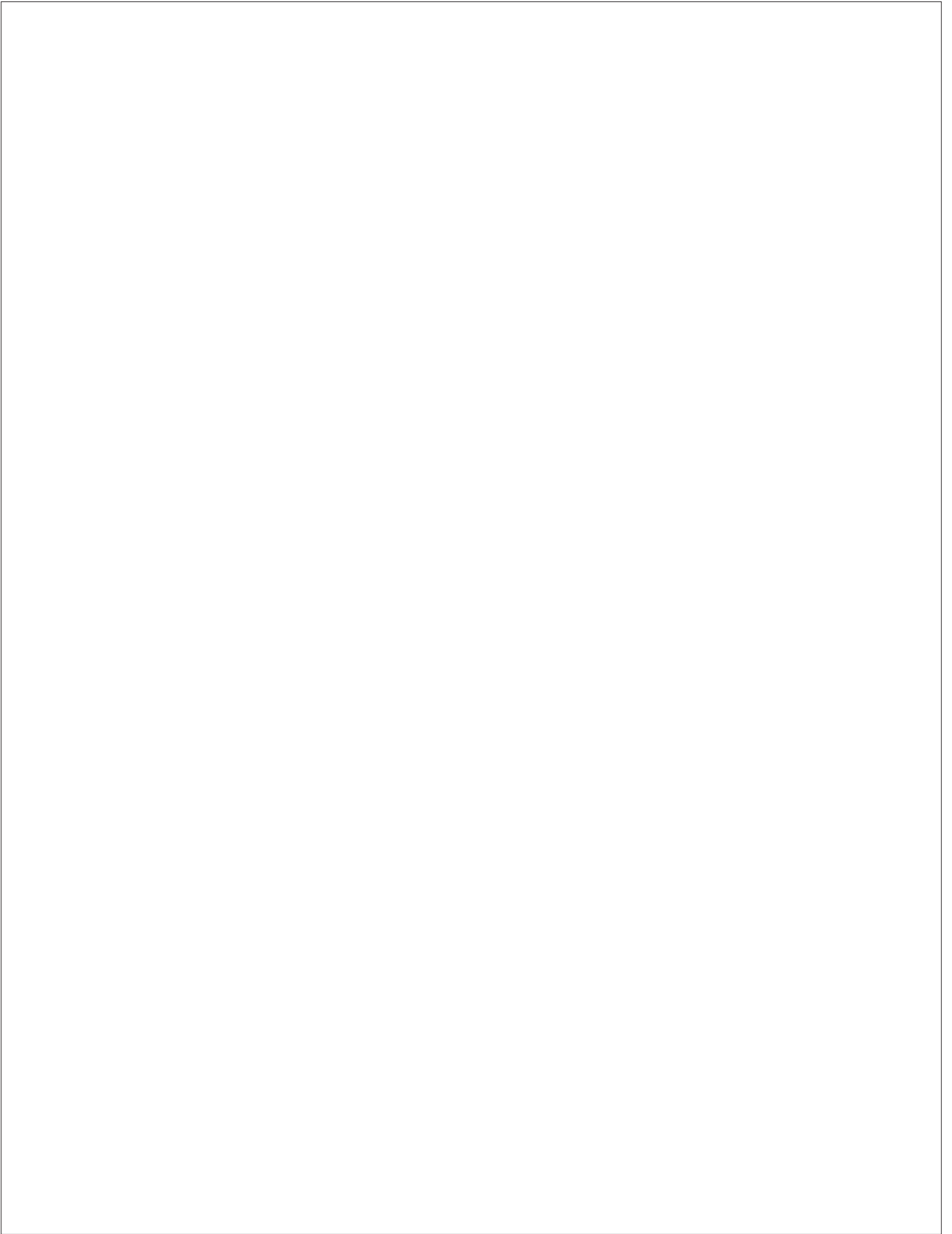
For **Vijay Rungta & Co.**
Chartered Accountants

Ajay Rungta
Partner
Membership No. F - 40333
Mumbai, June 19, 2008

For and on behalf of the Board

S. M. Soni
R. L. Saboo
O. D. Purohit
Directors

Mumbai, June 19, 2008





SIMPLEX MILLS COMPANY LIMITED

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

ATTENDANCE SLIP

I hereby record my presence at the 10th ANNUAL GENERAL MEETING held at M.C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, Mumbai-400001, at 12.30 P. M. on Thursday, the 28th August, 2008.

DP. ID. No. _____

Client I. D. No. _____

Folio. No. _____

Full Name of Shareholder

Signature

Full Name of Proxy (in Block Capital)

Signature

Shareholders/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.



SIMPLEX MILLS COMPANY LIMITED

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

PROXY FORM

I / We _____

of _____ in the district of _____

_____ being 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 and to vote for me/us on my/our behalf at the 10th ANNUAL GENERAL MEETING of the Company to be held on Thursday, the 28th August, 2008 at 12.30 P.M. at M.C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, Mumbai- 400001.

Signed this _____ day of _____ 2008

Signed by the said,

DP. ID. No. _____

Client I. D. No. _____

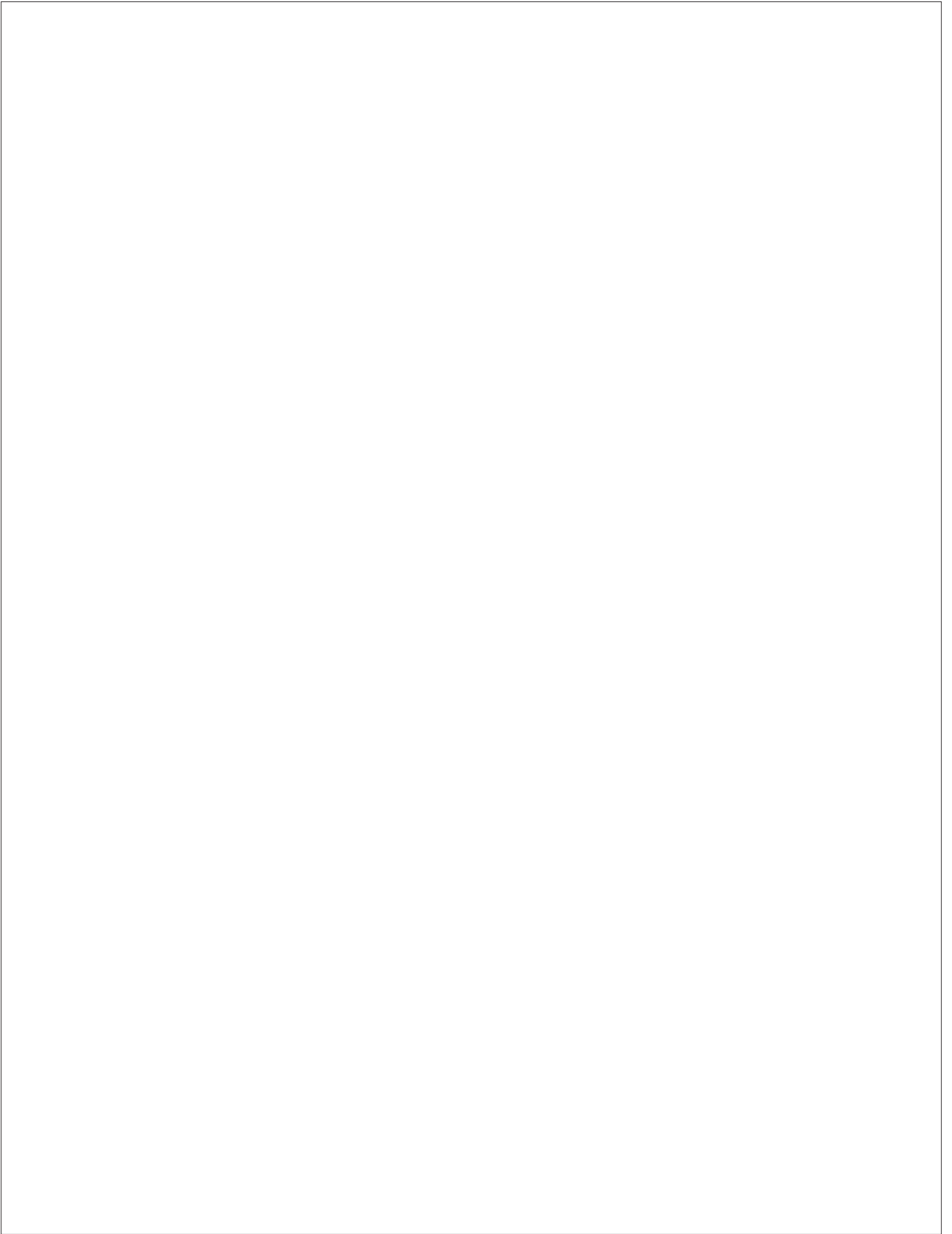
Regd Folio. No. _____

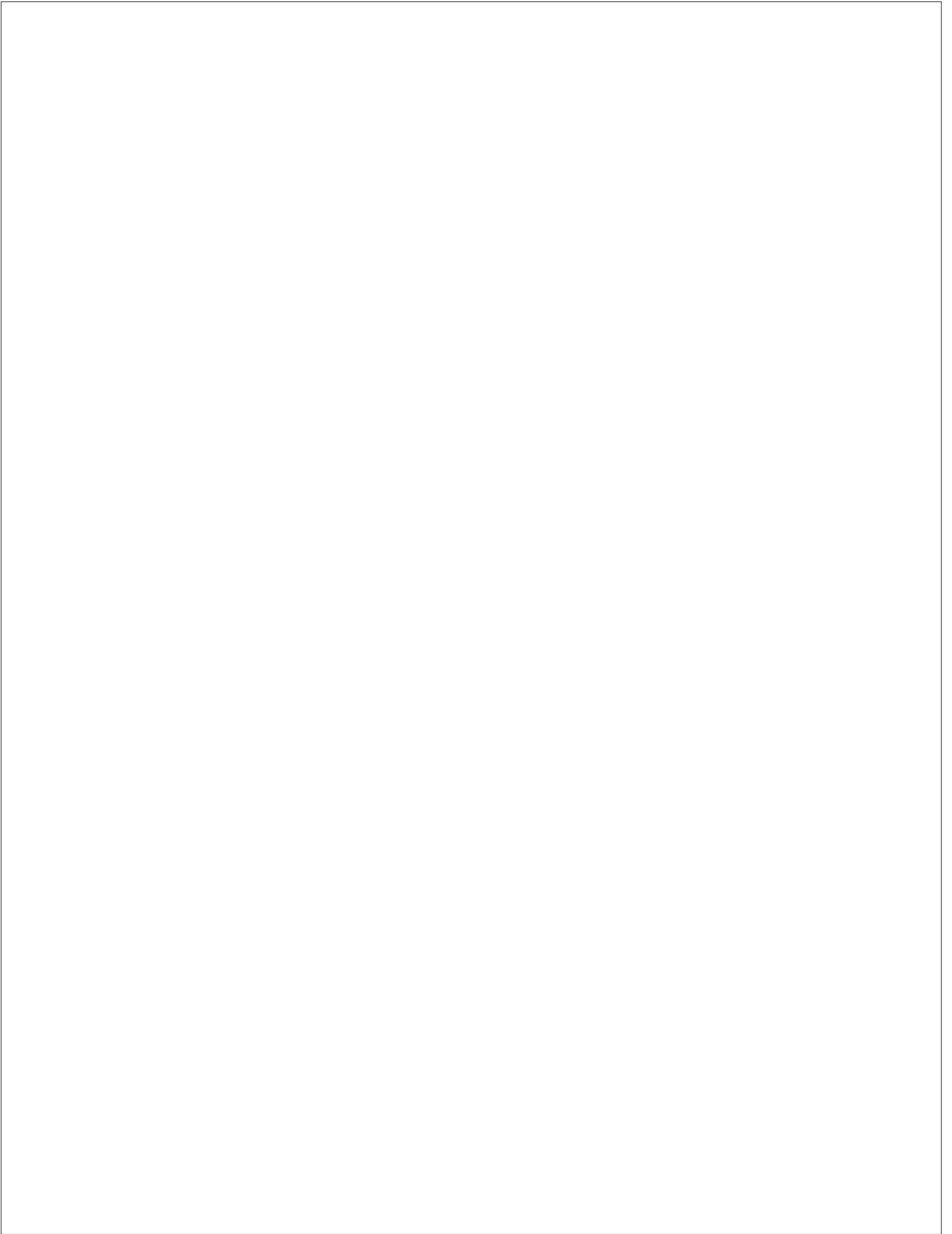
No. of Shares held _____

Notes:

1. The Proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting.
2. The Proxy need not be a Member.

Affix
Re. 1.00
Revenue Stamp
(Signature)





Book - Post

If undelivered, please return to:

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