

Simplex Mills Company Limited



**11th
ANNUAL REPORT
2008-2009**

SIMPLEX MILLS COMPANY LIMITED

BOARD OF DIRECTORS

Shri S. M. Soni

Shri R. L. Saboo

Shri O. D. Purohit

Shri K. C. Murarka (Resigned w.e.f. 24.03.2009)

Shri Girish Bagri (Appointed w.e.f. 08.06.2009)

Smt. Sitalaxmi Narayanan (Appointed w.e.f. 08.06.2009)

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. : 2308 2951

SHARE TRANSFER AGENT

Freedom Registry Limited

(Formerly - Amtrac Management Services Limited)

Plot No.101/102, 19th Street,

MIDC, Satpur,

Nashik - 422 007

Tel.: 0253 - 2354032

Email: amtrac_nsk@sancharnet.in

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Annual General Meeting of the Company will be held on Monday, the 10th August, 2009 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 Eleventh Annual General Meeting of the Members of Simplex Mills Company Limited will be held on Monday, the 10th August, 2009 at 12.30 P.M. at M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, Mumbai - 400001 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009 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 S. M. Soni, who retires by rotation and being eligible offers himself for re-appointment.
3. 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:

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

“RESOLVED THAT Shri Girish Bagri, who was appointed as an Additional Director of the Company with effect from 08th June, 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.”

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

“RESOLVED THAT Smt. Sitalaxmi Narayanan, who was appointed as an Additional Director of the Company with effect from 08th June, 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 her 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, June 08, 2009

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

SIMPLEX MILLS COMPANY LIMITED

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.**
 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 Tuesday, 4th August, 2009 to Monday, 10th August, 2009 (both days inclusive).
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Details of the Directors seeking appointment / re-appointment in the forthcoming Annual General Meeting

Name of Director	Shri S. M. Soni	Shri Girish Bagri	Smt. Sitalaxmi Narayanan
Date of Birth	30.04.1933	27.02.1967	14.10.1972
Date of Appointment	01.12.2006	08.06.2009	08.06.2009
Experience in specific functional areas	More than 51 Years of experience in Textile Industry.	20 years of experience in business and Industry.	Experience in marketing field.
Qualifications	M.Com., LLB, LTI	B.Com.	B.Com.
Directorships held in other Companies	Simplex Papers Limited	Simplex Papers Limited	1. Shrinathji Flour Mills Private Limited 2. Simplex Papers Limited
Committee positions held in other Companies	(a) Member of Audit Committee of : - Simplex Papers Limited (b) Member of Investors' Grievance Committee of: - Simplex Papers Limited	Nil	Nil



EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956 AND FORMING PART OF THE NOTICE DATED JUNE 08, 2009

Item No. 4

The Board of Directors of the Company at their Meeting held on June 08, 2009 appointed Shri Girish Bagri 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 Girish Bagri 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 Girish Bagri as a Director of the Company, liable to retire by rotation.

Shri Girish Bagri, is a Commerce Graduate, having 20 years of experience in business and industry. Your Directors are of the view that the Company would be benefited from his knowledge and experience.

None of the Directors except Shri Girish Bagri is concerned or interested in the said Resolution.

The Directors commend the Ordinary Resolution contained at Item no. 4 of the accompanying notice for your approval.

Item No. 5.

The Board of Directors of the Company at their Meeting held on June 08, 2009 appointed Smt. Sitalaxmi Narayanan 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 Smt. Sitalaxmi Narayanan 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 Smt. Sitalaxmi Narayanan as a Director of the Company, liable to retire by rotation.

Smt. Sitalaxmi Narayanan is a Commerce Graduate and has vast experience in the marketing field. Your Directors are of the view that the Company would be benefited from her knowledge and experience.

None of the Directors except Smt. Sitalaxmi Narayanan 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, June 08, 2009

Registered Office:

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

SIMPLEX MILLS COMPANY LIMITED

ELEVENTH 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, 2009.

FINANCIAL RESULTS

	Year ended 31.03.2009 Rs.	Previous Year ended 31.03.2008 Rs.
Profit/(Loss) before Interest, Depreciation and Taxation	(95,04,162)	(66,38,389)
Less: Interest	4,95,298	7,65,336
Less: Depreciation	49,40,685	49,91,425
Profit/(Loss) before Tax	(1,49,40,145)	(1,23,95,150)
Less: Provision for Current Tax	-	-
Provision for Fringe Benefit Tax	74,500	1,06,675
Deferred Tax Liability/(Assets)	21,09,457	(22,92,096)
Profit/(Loss) after Tax	(1,71,24,102)	(1,02,09,729)
Balance brought forward from previous year	(1,30,58,562)	(28,48,833)
Balance carried forward	(3,01,82,664)	(1,30,58,562)

DIVIDEND

In view of losses, your Directors do not recommend any dividend for the year ended 31st March, 2009.

OPERATIONS

During the year, total income of the Company has decreased to Rs. 1,254.07 lacs from Rs. 1,973.31 lacs. Loss after tax for the year is Rs. 171.24 lacs against Rs. 102.09 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 K.C. Murarka resigned from the Directorship of the Company with effect from 24th March, 2009. The Board places on record its appreciation for the valuable services rendered by Shri K.C. Murarka during his tenure as a Director of the Company.

Shri Girish Bagri and Smt. Sitalaxmi Narayanan were appointed as Additional Directors of the Company with effect from 08th June, 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 notices along with requisite deposits from the members of the Company under Section 257 of the Act, proposing their candidature for the office of Directors of the Company.

Under Article 156 of the Articles of Association of the Company, Shri S. M. Soni, Director retires by rotation at the ensuing Annual General Meeting and, is eligible 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.

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 & Company, Cost Accountants, have been appointed as Cost Auditor to conduct the cost audit of the product of the Company for the year ended 31st March, 2009 and Cost Audit Report will be submitted to the concerned authorities.

LISTING AT STOCK EXCHANGE

The Equity shares of the Company are listed on the Bombay Stock Exchange Limited w.e.f. 23rd September, 2008. The annual listing fee for the year 2009-10 has been paid to the exchange.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, Management Discussion and Analysis, Corporate Governance Report and Auditors Certificate regarding compliance of conditions of Corporate Governance are forming 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 2008-09 is annexed and forming part of this Annual 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 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, 2009 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 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

S. M. Soni
R. L. Saboo
Directors

Mumbai, June 08, 2009

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

SIMPLEX MILLS COMPANY LIMITED

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, 2009.

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.

A) Power and Fuel Consumption

	2008-09	2007-08
1. Electricity		
(a) Purchased		
Units (in thousands)	3,328	6,048
Total Amount (Rs. in lacs)	139.42	239.69
Rate per unit Rs.	4.19	3.96
(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, 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

	2008-09	2007-08
Foreign Exchange Earning	55.89	55.08
Foreign Exchange Outgo	Nil	0.10

For and on behalf of the Board of Directors

S. M. Soni
R. L. Saboo
Directors

Mumbai, June 08, 2009



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 2009 (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 2009, 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 19th June 2008, 26th July 2008, 28th August 2008, 22nd October 2008 and 31st January 2009 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 Minutes Book maintained for the purpose.
5. The Company was not required to close its Register of Members and Share Transfer Register during the year.
6. The Annual General Meeting for the financial year ended **31st March 2008** was held on **28th August 2008** 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 there at 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 Section 295 of the Act.

SIMPLEX MILLS COMPANY LIMITED

9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company is not required to make 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 has:
 - i) 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) not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
 - iii) not been required to post any dividend warrants to the members of the Company as no dividend was declared during the financial year.
 - iv) not been 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. The appointment of Directors retiring by rotation was duly made. There was no appointment of additional director, alternate director and director to fill casual vacancies during the financial year.
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 2009. 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 2009 is within the borrowing limits of the Company.



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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.

Place : Mumbai
Date : 8th June, 2009

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 Meetings 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 2009:

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 appointment of Shri Viral G. Somani as Company Secretary of the Company w.e.f. 28.08.2008.	04.09.2008	Yes	N.A.
2.	CAR	233B	Filing of Cost Audit Report for the year ended 31 st March 2008.	27.09.2008	N.A.	N.A.
3.	23	192	Particulars of Special Resolution passed under section 224A of the Companies Act, 1956 for the appointment of the Statutory Auditors of the Company at Annual General Meeting held on 28 th August 2008.	04.10.2008	No	Yes
4.	23AC/ 23ACA	220(1)	Schedule – VI (Annual Accounts) for the financial year ended 31 st March 2008.	16.10.2008	No	Yes
5.	32	303(2)	Particulars of resignation of Shri Viral G. Somani as Company Secretary w.e.f. 25.09.2008.	18.10.2008	Yes	N.A.
6.	20B	159	Schedule – V (Annual Return) for the Annual General Meeting held on 28 th August 2008.	01.11.2008	No	Yes
7.	21	394(1)	Filing of copy of order of Hon'ble High Court of judicature at Bombay passed in the matter of Scheme of Arrangement between The Simplex Mills Company Ltd. (now known as Simplex Realty Ltd.), Simplex Paper & Pulp Ltd. (now known as Simplex Papers Ltd.) and Gaalaxy Garments Ltd. (now known as Simplex Mills Company Ltd.)	30.12.2008	N.A.	N.A.

B) With the Office of the Regional Director, Mumbai Bench at Mumbai during the financial year ended on 31st March 2009: Nil

C) With the Office of the Ministry of Corporate affairs (Central Government) at Delhi during the financial year ended on 31st March 2009:

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 appointment of M/s R. Nanabhoy & Co., Cost Accountants, as Cost Auditors of the Company for the year ended 31.03.2009	15.07.2008	Yes	N.A.

D) With any other Authorities as prescribed under the Act, during the financial year ended on 31st March 2009: Nil



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENT

The Indian Textile Industry is one of the oldest and most significant industry in the country. This is evident from the fact that the textile industry accounts for around 4 per cent of the gross domestic product (GDP), 14 per cent of industrial production and 16 per cent of the country's total export earnings. In fact, it is the largest foreign exchange earning sector in the country. Moreover, it provides employment to over 35 million people. The Indian textile industry is estimated to be around US\$ 52 billion and is likely to reach US\$ 115 billion by the year 2012. The domestic market is likely to increase from US\$ 34.6 billion to US\$ 60 billion by the year 2012.

The economic meltdown in the major export markets of Europe and USA has led to a substantial fall in foreign orders and could be the final nail in the coffin for many of India's small- and medium-sized textile houses.

PERFORMANCE

During the year under review, the Company has reported total income of Rs.1,254.07 lacs as compared to Rs.1,973.31 lacs in the previous year. The Company has registered a net loss of Rs.171.24 lacs as against a net loss of Rs.102.09 lacs in the previous year. During the year under review, production of yarn decreased by 53% and prices of cotton were also higher because of minimum support prices (MSP), which have affected the total income and resulted higher losses for the year.

RISKS AND CONCERNS

International and Indian cotton prices have been on a sharply increasing trend during the year.

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

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has proper and adequate Internal Control system to ensure maintenance of proper accounting records, their accuracy and that all the assets are safeguarded from loss or damage.

CAUTIONARY STATEMENT

Statement in this report on Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable laws or regulations. 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, 2009, the Board comprises of three 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, the Board of Directors met 5 (five) times viz. 19th June, 2008, 26th July, 2008, 28th August, 2008, 22nd October, 2008, and 31st January, 2009.

Details of composition and category of Directors, their attendance at each Board meeting held during the financial year 2008-2009 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 28 th August, 2008
		Held	Attended	Director	Chairman	Member	
Shri S. M. Soni	Independent	5	5	1	-	4	Yes
Shri R. L. Saboo	Independent	5	5	1	-	4	Yes
Shri O. D. Purohit	Independent	5	5	3	4	-	Yes
Shri K. C. Murarka (upto 24.03.2009)	Independent	5	5	2	-	4	No

Note: Shri Girish Bagri and Smt. Sitalaxmi Narayanan were appointed as Additional Directors of the Company w.e.f. 8th June, 2009.

3. AUDIT COMMITTEE

The Committee comprises solely of Independent Directors having good knowledge of Finance, Accounts and Company Laws.

The Audit Committee met (4) four times viz. 19th June, 2008, 28th August, 2008, 22nd October, 2008 and 31st January, 2009 during the year under review. The composition of the Audit Committee and the number of



meetings attended by each member during the year ended 31st March, 2009 is as follows :

Name of the Member	Designation	No. of Meetings attended
Shri O. D. Purohit	Chairman	4
Shri K. C. Murarka (upto 24.03.2009)	Member	4
Shri R. L. Saboo	Member	4
Shri S. M. Soni (w.e.f. 24.03.2009)	Member	-

The Company Secretary acts as the secretary to the Committee.

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.

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.

SIMPLEX MILLS COMPANY LIMITED

Details of remuneration paid to Directors during the year ended 31.03.2009

(Amount in Rs.)

Name	Salary, Perquisites & Allowances	Commission	Stock option	Sitting fees
Shri S. M. Soni	Nil	Nil	Nil	1,250
Shri R. L. Saboo	Nil	Nil	Nil	1,250
Shri O. D. Purohit	Nil	Nil	Nil	1,250
Shri K. C. Murarka	Nil	Nil	Nil	1,250

5. INVESTORS' GRIEVANCE COMMITTEE

The composition of the Investors' Grievance Committee is as follows:

Name of the Member	Designation
Shri O. D. Purohit	Chairman
Shri K. C. Murarka (upto 24.03.2009)	Member
Shri R. L. Saboo	Member
Shri S. M. Soni (w.e.f. 24.03.2009)	Member

The Company Secretary acts as the secretary to the Committee.

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

The Committee is also empowered to consider and approve the physical transfers, transmissions, transposition, issue of duplicate certificates, consolidation/split renewal of share certificates etc.

Shri S. M. Soni is compliance officer of the Company.

Since the date of listing (i.e. 23rd September, 2008) 18 (eighteen) investor service requests/complaints were received and all have been resolved to the satisfaction of the shareholders and no complaint is pending at the end of the year.

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
2005 – 2006	26.09.2006	12.30 P.M.	M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, K. D. Marg, Mumbai – 400 001
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

Special Resolutions

AGM held on 26.09.2006: No Special Resolution was passed.

AGM held on 25.09.2007: No Special Resolution was passed.

AGM held on 28.08.2008: For appointment of M/s.Vijay Rungta & Co., Chartered Accountants, as Statutory Auditors of the Company.

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



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, Senior Management and Employees 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 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 initiated the risk assessment and minimization procedure.

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 the year ended 31st March, 2009 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, 2009 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 The Free Press Journal (English edition) and Navshakti (Regional edition).
- b) The Company has its own website 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.

SIMPLEX MILLS COMPANY LIMITED

- d) At present, the Company does not make presentation to Institutional Investors and Analysts.
 e) The Management Discussion and Analysis is given separately in this Annual Report.

9. GENERAL INFORMATION FOR SHAREHOLDERS

- i. Date, time and venue of ensuing Annual General Meeting**
 Date : Monday, 10th August, 2009
 Time : 12.30 P.M.
 Venue : M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, Mumbai- 400 001
- ii. Financial Calendar (2009-2010)**
 i) First Quarterly Results - Upto the end of July, 2009
 ii) Second Quarterly Results - Upto the end of October, 2009
 iii) Third Quarterly Results - Upto the end of January, 2010
 iv) Annual Results - Upto the end of June, 2010
- iii. Date of Book Closure**
 From Tuesday, 4th August, 2009 to Monday, 10th August, 2009 (both days inclusive)
- iv. Dividend payment date**
 N.A.
- v. Listing on Stock Exchange**
 Bombay Stock Exchange Limited
 P. J. Towers, Dalal Street, Fort, Mumbai 400 001
- vi. Stock Code**
 533018
ISIN
 INE457H01019
- vii. Market Price Data**
 The equity shares of the Company are listed on the Bombay Stock Exchange Limited (BSE) w.e.f. 23rd September, 2008. The monthly high and low quotations of shares traded on the BSE from September, 2008 to March, 2009 are as follows:

Month	Volume (No. of shares)	Price (Rs.)		BSE Sensex	
		High	Low	High	Low
September, 2008	1,06,674	79.00	18.70	15,107.01	12,153.55
October, 2008	5,418	21.75	11.65	13,203.86	7,697.39
November, 2008	2,267	12.75	6.85	10,945.41	8,316.39
December, 2008	1,050	8.26	6.50	10,188.54	8,467.43
January, 2009	1,337	9.10	8.23	10,469.72	8,631.60
February, 2009	500	8.71	7.90	9,724.87	8,619.22
March, 2009	1,583	9.00	7.51	10,127.09	8,047.17

viii. Registrar and Share Transfer Agent

Freedom Registry Limited
 (Formerly-Amtrac Management Services Limited)
 Plot No. 101/102, 19th Street,
 MIDC, Satpur, Nashik-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. Category wise distribution of Equity shareholding as at 31st March, 2009

Category	Number of shares held	Percentage of Shareholding (%)
(A) Shareholding of Promoter and Promoter Group	21,61,077	72.02
(B) Public shareholding		
(1) Institutions		
(a) Mutual Funds/ UTI	361	0.01
(b) Financial Institutions/ Banks	4,843	0.16
(c) Insurance Companies	4,71,632	15.72
(2) Non-Institutions		
(a) Bodies Corporate	9,674	0.32
(b) Individuals -		
i. holding nominal share capital up to Rs.1 lac.	3,42,345	11.41
ii. holding nominal share capital in excess of Rs.1 lac.	-	-
(c) Any other (specify)		
i. Non Residents	7,126	0.24
ii. Directors and their Relatives	3,417	0.11
Total Public Shareholding (B)= (B)(1)+(B)(2)	8,39,398	27.98
TOTAL (A)+(B)	30,00,475	100.00

Distribution of shareholding as on 31st March, 2009

Category	Number of shareholders	% of total number of shareholders	Total Number of Shares	% of Total Number of Shares
1 to 500	5,957	98.13	2,55,681	8.52
501 to 1,000	62	1.02	42,646	1.42
1,001 to 5,000	38	0.63	76,355	2.54
5,001 to 10,000	1	0.02	5,858	0.20
10,001 & above	12	0.20	26,19,935	87.32
Total	6,070	100.00	30,00,475	100.00

xi. Dematerialization of shares and Liquidity

About 90.87% shares have been dematerialized as on 31st March, 2009. The Equity shares of the Company are traded on the Bombay Stock Exchange Limited.

The Company has paid the Listing fees for the year 2009-2010 to the Bombay Stock Exchange Ltd. on which its shares are listed.

SIMPLEX MILLS COMPANY LIMITED

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) 2308 2951
Fax : (022) 2307 2773
e-mail: investors@simplex-group.com
Website : www.simplex-group.com

OR Freedom Registry Limited
(Formerly -Amtrac Management Services Limited)

Nashik Processing Unit
Plot No. 101/102, 19th Street,
MIDC, Satpur, Nashik-422 007
Phone : (0253) 2354032
Fax : (0253) 2351126
e-mail: amtrac_nsk@sancharnet.in

Mumbai Administration office
005, Peninsula Centre,
Dr. S.S. Rao Road, Lalbaug, Lower Parel,
Mumbai-400 012
Tel. (022) 24105685
e-mail: vidula@bom3.vsnl.net.in

DECLARATION

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, 2009.

For **Simplex Mills Company Limited**

Mumbai, June 08, 2009

S. M. Soni
Director



CERTIFICATE OF COMPLIANCE FROM THE AUDITORS

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, 2009 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

Ajay Rungta
Partner

Membership No: F-40333

Mumbai, June 08, 2009

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, 2009 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, 2009 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, 2009;
 - 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 08, 2009



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, 2009]

- (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

- (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. 552.62 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
Assessment Year 2005-06	Commissioner of Income Tax	1.19
	Total	552.62

- (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 of Rs. 100.74 lacs during the year under report. It has incurred cash losses in the preceding financial year of Rs. 75.10 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.



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- (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 08, 2009

SIMPLEX MILLS COMPANY LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2009

	Schedule No.	31.03.2009		31.03.2008	
		Rs.	Rs.	Rs.	Rs.
I SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Share Capital	(1)	3,00,04,750		3,00,04,750	
Reserves and Surplus	(2)	10,01,76,424		11,73,00,526	
			13,01,81,174		14,73,05,276
LOAN FUNDS					
Secured Loans	(3)	27,84,391		53,87,340	
			27,84,391		53,87,340
DEFERRED TAX LIABILITY (Net)			92,97,279		71,87,822
TOTAL			14,22,62,844		15,98,80,438
II APPLICATION OF FUNDS					
FIXED ASSETS	(4)				
Gross Block		15,80,46,861		15,81,08,099	
Less : Depreciation		2,08,35,770		1,59,49,206	
		13,72,11,091		14,21,58,893	
Capital Work in Progress and Advances for Capital Expenditure		20,77,797		20,18,092	
			13,92,88,888		14,41,76,985
CURRENT ASSETS, LOANS AND ADVANCES					
Inventories	(5)	80,37,538		2,30,81,055	
Sundry Debtors	(6)	44,20,040		96,30,919	
Cash and Bank Balances	(7)	19,92,206		38,08,404	
Other Current Assets	(8)	23,62,308		23,68,308	
Loans and Advances	(9)	55,79,518		73,84,715	
		2,23,91,610		4,62,73,401	
LESS: CURRENT LIABILITIES AND PROVISIONS	(10)				
CURRENT LIABILITIES		1,00,93,154		2,36,31,422	
PROVISIONS		1,32,21,165		1,14,43,630	
		2,33,14,319	(9,22,709)	3,50,75,052	1,11,98,349
MISCELLANEOUS EXPENDITURE	(11)		38,96,665		45,05,104
(To the extent not written off or adjusted)					
TOTAL			14,22,62,844		15,98,80,438
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, June 08,2009

S. M. Soni

R. L. Saboo

Directors

Mumbai, June 08,2009



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009

	Schedule No.	2008 - 09 Rs.	2007 - 08 Rs.
INCOME			
Sale of Products		13,22,52,161	19,43,08,832
Less:Excise Duty Recovered		11,80,643	17,91,350
Net Sales		13,10,71,518	19,25,17,482
Other Income	(12)	22,19,577	20,35,298
(Decrease)/Increase in Process Stocks and Finished Goods	(13)	(78,83,596)	27,78,576
		12,54,07,499	19,73,31,356
EXPENDITURE			
Manufacturing and other Expenses	(14)	13,49,11,661	20,39,69,745
Depreciation		49,40,685	49,91,425
Interest	(15)	4,95,298	7,65,336
		14,03,47,644	20,97,26,506
Profit/(Loss) before Tax		(1,49,40,145)	(1,23,95,150)
Provision for Taxes:			
Deferred Tax Liability/(Assets) (Net)		21,09,457	(22,92,096)
Provision for Fringe Benefit Tax		74,500	1,06,675
Profit/(Loss) for the year		(1,71,24,102)	(1,02,09,729)
Balance brought forward		(1,30,58,562)	(28,48,833)
Balance carried to Balance Sheet		(3,01,82,664)	(1,30,58,562)
Basic and diluted earnings per share of Rs.10 each		(5.71)	(3.40)
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS (16)			

As per our report of even date attached

For **Vijay Rungta & Co.**
Chartered Accountants
Ajay Rungta
Partner
Membership No. F- 40333
Mumbai, June 08,2009

For and on behalf of the Board

S. M. Soni
R. L. Saboo
Directors

Mumbai, June 08,2009

SIMPLEX MILLS COMPANY LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

	2008 - 09	2007 - 08
	Rs.	Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT/(LOSS) BEFORE TAX AND EXTRAORDINARY ITEMS	(1,49,40,145)	(1,23,95,150)
Adjustment for :		
Depreciation	49,40,685	49,91,425
Interest expense (gross)	4,95,298	7,65,336
Interest income	(2,47,119)	(9,22,391)
Amortisation of Voluntary Retirement Scheme/ Preliminary Exp. w/off	7,32,223	7,19,980
Bad Debts	74,320	-
Payment for Voluntary Retirement Scheme	(1,23,784)	(5,18,551)
Loss on Sale of Fixed Assets	18,695	26,91,905
	58,90,318	77,27,704
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(90,49,827)	(46,67,446)
(Increase)/ Decrease in working capital :		
Trade and other receivables	72,20,660	35,43,049
Inventories	1,50,43,517	(29,38,886)
Trade and other Payables	(1,18,35,233)	70,37,029
	1,04,28,944	76,41,192
CASH GENERATED FROM OPERATIONS	13,79,117	29,73,746
Direct Taxes (Paid)/ Received including Fringe Benefit Tax	(1,87,618)	(6,66,341)
NET CASH GENERATED FROM OPERATING ACTIVITIES	(A) 11,91,499	23,07,405
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets/Capital Advances paid	(98,506)	(47,25,360)
Sale of Investments	-	1,42,00,000
Sale of Fixed Assets	27,222	16,34,000
Interest received	1,61,834	8,37,106
NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES	(B) 90,550	1,19,45,746



	2008 - 09 Rs.	2007 - 08 Rs.
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Net change in borrowings	(26,02,949)	(1,10,87,459)
Interest paid	(4,95,298)	(7,65,336)
NET CASH USED IN FINANCING ACTIVITIES (C)	<u>(30,98,247)</u>	<u>(1,18,52,795)</u>
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(18,16,198)	24,00,356
CASH AND CASH EQUIVALENTS - AT START OF THE YEAR	38,08,404	14,08,048
CASH AND CASH EQUIVALENTS - AT END OF THE YEAR	19,92,206	38,08,404
Cash and cash equivalents comprise of :	As on 31.03.2009	As on 31.03.2008
Cash on hand	46,898	41,075
Balances with Scheduled Banks :		
- in Current accounts	6,05,565	25,13,120
- in Deposit accounts as margin money	13,39,743	12,54,209
	<u>19,92,206</u>	<u>38,08,404</u>
NOTES TO THE ACCOUNTS - SCHEDULE 16		

As per our report of even date attached

For **Vijay Rungta & Co.**
Chartered Accountants
Ajay Rungta
Partner
Membership No. F- 40333
Mumbai, June 08,2009

For and on behalf of the Board

S. M. Soni
R. L. Saboo
Directors

Mumbai, June 08,2009

SIMPLEX MILLS COMPANY LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET

	31.03.2009	31.03.2008
	Rs.	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 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>
	<u>3,00,04,750</u>	<u>3,00,04,750</u>

	31.03.2009	31.03.2008
	Rs.	Rs.
SCHEDULE 2		
RESERVES AND SURPLUS		
CAPITAL RESERVE (Backward Area Incentive) As per last balance sheet	25,00,000	25,00,000
GENERAL RESERVE As per last balance sheet	12,78,59,088	12,78,59,088
Less: Debit Balance of Profit & Loss Account	<u>3,01,82,664</u>	<u>1,30,58,562</u>
	<u>9,76,76,424</u>	<u>11,48,00,526</u>
	<u>10,01,76,424</u>	<u>11,73,00,526</u>

	31.03.2009	31.03.2008
	Rs.	Rs.
SCHEDULE 3		
SECURED LOANS		
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.	<u>27,84,391</u>	<u>53,87,340</u>
	<u>27,84,391</u>	<u>53,87,340</u>

SCHEDULE FORMING PART OF THE BALANCE SHEET

SCHEDULE 4 FIXED ASSETS

	Amount in Rs.											
	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As at 1st April 2008	Additions during the year	Deductions during the year	As at 31st March 2009	Upto 31st March 2008	Provided during the year	On Deductions	Upto 31st March 2009	As at 31st March 2009	As at 31st March 2008		
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	45,39,298	12,94,370	-	58,33,668	3,84,00,244	3,96,94,614		
Plant and Machinery	6,50,09,538	24,000	54,645	6,49,78,893	90,02,782	29,32,744	9,624	1,19,25,902	5,30,52,991	5,60,06,756		
Electrical Installations	40,00,000	-	-	40,00,000	6,35,719	1,80,500	-	8,16,219	31,83,781	33,64,281		
Humidifiers	35,71,839	-	-	35,71,839	5,60,885	1,61,179	-	7,22,064	28,49,775	30,10,954		
Fire Services and Sprinkler Installations	4,41,282	-	-	4,41,282	1,41,952	43,347	-	1,85,299	2,55,983	2,99,330		
Furniture and Office Equipments	13,15,301	14,800	45,393	12,84,708	5,45,741	1,40,180	44,497	6,41,424	6,43,284	7,69,560		
Vehicles	15,06,589	-	-	15,06,589	4,25,659	52,395	-	4,78,054	10,28,535	10,80,930		
Computer EDP	3,40,236	-	-	3,40,236	97,170	1,35,970	-	2,33,140	1,07,096	2,43,066		
Previous Year	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	13,72,11,091	14,21,58,893		
Capital work-in-progress & Advances for Capital Expenditure	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		
Total									20,77,797	20,18,092		
									13,92,88,888	14,41,76,985		



SIMPLEX MILLS COMPANY LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 5	31.03.2009		31.03.2008	
	Rs.	Rs.	Rs.	Rs.
INVENTORIES				
(As valued and certified by the management)				
(i) Stores and Spare Parts - at cost		13,02,547		19,28,701
(ii) Stock in Trade				
(a) Raw Materials - at cost or market rate whichever is lower	14,50,668		79,84,435	
(b) Process Stock - at estimated cost	43,23,449		74,70,775	
(c) Finished Goods (including waste) - at cost or market rate whichever is lower	9,60,874		56,97,144	
		67,34,991		2,11,52,354
		80,37,538		2,30,81,055

SCHEDULE 6	31.03.2009		31.03.2008	
		Rs.		Rs.
SUNDRY DEBTORS (Unsecured, considered good)				
(a) Debts outstanding for a period exceeding six months		62,589		1,81,038
(b) Other debts		43,57,451		94,49,881
		44,20,040		96,30,919

SCHEDULE 7	31.03.2009		31.03.2008	
	Rs.	Rs.	Rs.	Rs.
CASH AND BANK BALANCES				
Cash on hand		46,898		41,075
With Scheduled Banks				
- in Current Accounts	6,05,565		25,13,120	
- in Deposit Accounts as Margin Money	13,39,743		12,54,209	
		19,45,308		37,67,329
		19,92,206		38,08,404

SCHEDULE 8	31.03.2009		31.03.2008	
		Rs.		Rs.
OTHER CURRENT ASSETS				
Sundry Deposits		23,62,308		23,68,308
		23,62,308		23,68,308



SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 9	31.03.2009	31.03.2008
	Rs.	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	23,66,707	21,79,089
Balances with Excise Authorities	1,82,476	4,22,636
Other Advances	30,30,335	47,82,990
	<u>55,79,518</u>	<u>73,84,715</u>

SCHEDULE 10	31.03.2009	31.03.2008
	Rs.	Rs.
CURRENT LIABILITIES AND PROVISIONS		
A. Current Liabilities		
Sundry Creditors	29,07,178	1,40,05,641
(Refer note 3 of Schedule 16)		
Other Liabilities	71,85,976	96,25,781
	1,00,93,154	2,36,31,422
B. Provisions		
Provision for Gratuity	1,03,90,113	89,66,700
Provision for Leave Benefits	5,04,786	2,25,164
Provision for Fringe Benefit Tax	3,31,989	2,57,489
Provision for Current Tax	19,94,277	19,94,277
	1,32,21,165	1,14,43,630
	<u>2,33,14,319</u>	<u>3,50,75,052</u>

SCHEDULE 11	31.03.2009	31.03.2008
	Rs.	Rs.
MISCELLANEOUS EXPENDITURE		
(to the extent not written off or adjusted)		
Preliminary Expenses	271	677
Less : Written off during the year	271	406
	-	271
Expenses on Voluntary Retirement Scheme		
Balance as per last balance sheet	45,04,833	47,05,856
Add: Payments made during the year	1,23,784	5,18,551
	46,28,617	52,24,407
Less: Amortised during the year	7,31,952	7,19,574
	38,96,665	45,04,833
	<u>38,96,665</u>	<u>45,05,104</u>

SIMPLEX MILLS COMPANY LIMITED

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE 12	2008-09 Rs.	2007-08 Rs.
OTHER INCOME		
Insurance Claims	45,108	1,61,842
Interest Received	2,47,119	9,22,391
Miscellaneous Income	18,87,412	5,93,831
Job Work- Conversion Charges	39,938	3,57,234
	<u>22,19,577</u>	<u>20,35,298</u>

SCHEDULE 13	Rs.	2008-09 Rs.	Rs.	2007-08 Rs.
(DECREASE)/INCREASE IN PROCESS STOCKS AND FINISHED GOODS				
Closing Stock				
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
Less:				
Opening 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
(Decrease) / Increase in Stock		<u>(78,83,596)</u>		<u>27,78,576</u>

SCHEDULE 14	Rs.	2008-09 Rs.	Rs.	2007-08 Rs.
MANUFACTURING AND OTHER EXPENSES				
1. Raw Materials Consumed		7,80,08,835		12,34,92,260
2. Purchase of Semi-finished Products		67,20,227		80,45,712
3. Payments to and provisions for Employees :				
Salaries,Wages,Bonus and Ex-gratia	1,65,50,755		2,20,95,018	
Gratuity	16,68,490		21,27,074	
Leave Benefit	8,81,539		4,88,780	
Contribution to Provident and Other Funds	16,01,304		18,99,743	
Welfare Expenses (Net)	<u>7,31,575</u>		<u>8,60,095</u>	
		2,14,33,663		2,74,70,710



SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE 14 (Contd.)	Rs.	2008-09 Rs.	Rs.	2007-08 Rs.
4. Operating and Other Expenses :				
Stores and Spare Parts Consumed	37,07,558		67,92,255	
Printing, Processing and Conversion Charges	9,39,011		14,62,431	
Power and Fuel	1,39,41,824		2,39,68,755	
Water Charges	10,049		19,636	
Excise Duty [net of recovery of Rs.11.81 Lacs (Previous year Rs. 17.91 Lacs)]	(43,652)		(45,251)	
Repairs to				
Buildings	67,614		1,88,112	
Machinery	5,08,339		13,61,400	
Insurance	2,51,062		3,58,150	
Rent	98,600		1,04,400	
Rates and Taxes	3,89,905		1,99,098	
Travelling and Conveyance Expenses	4,92,514		6,30,032	
Advertisements	1,55,100		34,075	
Postage, Telegrams, Stationary and Printing	3,00,064		3,76,913	
Bank Charges/Commission	3,94,190		8,32,854	
Motor Maintenance	5,06,055		5,19,999	
Professional Fees	12,16,390		14,71,215	
Loss on Sale of Fixed Assets (Net)	18,695		26,91,905	
Sundry Expenses	8,15,464		14,24,725	
Bad Debts	74,320		-	
Amortisation of Voluntary Retirement Scheme Expenditure	7,31,952		7,19,574	
Stamp Duty and other charges (Refer note 4 of Schedule 16)	26,63,027		-	
Preliminary expenses w/off	271		406	
		2,72,38,352		4,31,10,684
5. Payments to Auditors :				
Audit Fees	80,000		1,00,000	
Tax Audit	25,000		25,000	
In Other Capacity	20,000		-	
Reimbursement of Expenses and Service Tax	13,287		15,599	
		1,38,287		1,40,599
6. Director's Sitting Fees	5,000		-	
7. Freight and other charges	4,357		4,907	
8. Discount, Commission and Brokerage on Sales	13,62,940		17,04,873	
		13,49,11,661		20,39,69,745

SCHEDULE 15	2008-09 Rs.	2007-08 Rs.
INTEREST		
On Working Capital	4,95,298	7,65,336
	4,95,298	7,65,336

SIMPLEX MILLS COMPANY LIMITED

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.

(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/VAT.

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



SCHEDULE 16 (Contd.)

(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 a period of 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 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.

(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.

II. NOTES TO THE ACCOUNTS

1. Contingent liabilities not provided for:

	<u>31-03-09</u>	(Rs. in Lacs) <u>31-03-08</u>
a) Appeals filed in respect of disputed demands:		
i) Central Excise	551.43	551.43
ii) Income Tax-Where Company is in appeal	1.19	-
iii) Labour Matters	3.84	3.84
b) Bills discounted and Bank Guarantee	49.17	49.93

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. 286.38 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.

SIMPLEX MILLS COMPANY LIMITED

SCHEDULE 16 (Contd.)

4. During the year the company has paid Rs. 26.63 Lacs of stamp duty (including interest) on account of demerger of Textile division from "The Simplex Mills Co. Ltd." (Now known as Simplex Realty Ltd.), and vested with the company as per the Scheme of Arrangement u/s 391 to 394 of the Companies Act, 1956 sanctioned by the Honorable High Court of Bombay vide their order dated 01 July, 2005.

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:

	2008 - 09	(In Rupees) <u>2007 - 08</u>
Provident Fund	5,35,995	6,18,515
Superannuation Fund	30,000	30,000
Pension Fund	10,35,309	12,51,228

II) Defined Benefits 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:

	2008-09	2007-08
Actuarial Assumptions		
Discount Rate	7.00%	7.50%
Salary Escalation Rate	5.00%	5.00%
Attrition Rate	2.05%	1.50%
Gratuity		
A. Changes in value of obligations	Rs. in Lacs	
Liability at the beginning of the year	89.67	73.23
Interest Cost	6.63	5.31
Current Service Cost	7.28	5.19
Benefit Paid	(2.45)	(4.83)
Actuarial (Gain)/Loss on Obligations	2.77	10.77
Liability at the end of the year	103.90	89.67
B. Amount recognized in the Balance Sheet		
Present Value of Defined Benefit Obligation as at the year end	103.90	89.67
Fair Value of Plan Assets as at the year end	-	-
Liability/ (Net Asset) recognized in the Balance Sheet	**103.90	89.67
**Included in Provisions (Refer Schedule 10)		



SCHEDULE 16 (Contd.)

	2008-09	2007-08
C. Expenses recognized in the Profit & Loss account	Rs. in Lacs	
Interest Cost	6.63	5.31
Current Service Cost	7.28	5.19
Net Actuarial (Gain)/Loss recognized	2.77	10.77
Expenses recognized in Profit & Loss account	16.68	21.27
Leave Encashment		
A. Changes in value of obligations		
Liability at the beginning of the year	2.25	5.00
Interest Cost	(0.05)	0.09
Current Service Cost	4.92	-
Benefit Paid	(6.02)	(7.71)
Actuarial (Gain)/Loss on Obligations	3.95	4.80
Liability at the end of the year	5.05	2.25
B. Amount recognized in the Balance Sheet		
Present Value of Defined Benefit Obligation as at the year end	5.05	2.25
Fair Value of Plan Assets as at the year end	-	-
Liability/ (Net Asset) recognized in the Balance Sheet	**5.05	2.25
**Included in Provisions (Refer Schedule 10)		
C. Expenses recognized in the Profit & Loss account		
Interest Cost	(0.05)	0.09
Current Service Cost	4.92	-
Actuarial (Gain)/Loss recognized	3.95	4.80
Expenses recognized in Profit & Loss account	8.82	4.89

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

Deferred Tax effect of	31-Mar-09 Deferred Tax Asset/ (Liability)	31-Mar-08 Deferred Tax Asset/ (Liability)
1 Related to Fixed assets	(126.64)	(103.12)
2 Provision for Gratuity	32.11	30.48
3 Provision for Leave Encashment	1.56	0.77
* Deferred tax liability - net	(92.97)	(71.87)

7. Earnings per Share:	2008-09	2007-08
(a) Numerator used for calculating basic and diluted earnings per share – Profit/(Loss) after Tax - Rs.	(1,71,24,102)	(1,02,09,729)
(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.	(5.71)	(3.40)

SIMPLEX MILLS COMPANY LIMITED

SCHEDULE 16 (Contd.)

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.

9. Related Party Disclosure (As identified by the Management):

(a) Related Party Relationship during the year

Controlling Company

Simplex Realty Limited

(b) Transactions with Related Party

(Rs. in lacs)

Type of Related Party	Description of the nature of the transactions	Volume of transactions during 2008-09	Volume of transactions during 2007-08	As on 31-Mar-09 Receivable/ (Payable)	As on 31-Mar-08 Receivable/ (Payable)
Controlling Company	Advances	18.60	35.52	19.95	38.55

10. 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	01.04.2008 to 31.03.2009		01.04.2007 to 31.03.2008	
		Quantity	Value Rs.	Quantity	Value Rs.
(a) Turnover*:					
Cloth	Meters	5,33,616	5,17,72,106	5,92,837	5,63,44,972
Yarn	Kgs.	7,87,181	7,78,29,823	15,50,537	13,41,00,040
Waste	Kgs.	1,70,589	26,50,232	3,10,869	38,63,820
			<u>13,22,52,161</u>		<u>19,43,08,832</u>
* including excise duty					
(b) Raw Materials Consumed :					
Cotton	M.Tonnes	1,167	7,48,42,573	2,163	11,77,37,839
Fibre	M.Tonnes	-	-	6	3,78,835
Yarn	M.Tonnes	41	31,66,262	81	53,75,586
			<u>7,80,08,835</u>		<u>12,34,92,260</u>
(c) Purchase of Finished/Semi Finished Goods:					
Cloth	Meters	2,07,566	67,20,227	2,50,373	80,45,712
(d) (i) Opening stock of Finished Goods					
Cloth	Meters	41,800	1,827,491	57,961	29,93,412
Yarn	Kgs.	41,567	3,808,095	5,101	3,69,867
Waste	Kgs.	5,123	61,558	13,284	3,06,706
			<u>5,697,144</u>		<u>36,69,985</u>
(ii) Closing stock of Finished Goods:					
Cloth	Meters	9,053	694,831	41,800	18,27,491
Yarn	Kgs.	1,898	190,301	41,567	38,08,095
Waste	Kgs.	4,372	75,742	5,123	61,558
			<u>960,874</u>		<u>56,97,144</u>



SCHEDULE 16 (Contd.)

	01.04.2008 to 31.03.2009		01.04.2007 to 31.03.2008	
	Value Rs.	% of Total Consumption	Value Rs.	% of Total Consumption
(e) (i) Value of Raw Materials consumed:				
(a) Directly imported	-	-	-	-
(b) Indigenously obtained	7,80,08,835	100	12,34,92,260	100
	7,80,08,835	100	12,34,92,260	100
(ii) Value of Stores, Spare Parts and Components consumed:				
(a) Directly imported	-	-	2,74,231	4.04
(b) Indigenously obtained	37,07,558	100	65,18,024	95.96
	37,07,558	100	67,92,255	100

(f) Earnings in Foreign Exchange on account of Export of goods on F.O.B. basis :		
	Rs.	Rs.
Direct Exports	35,69,961	49,62,318
Through Merchant Exporters	20,19,300	5,46,096

		01.04.2008 to 31.03.2009		01.04.2007 to 31.03.2008	
		Licensed	Installed	Licensed	Installed
(i) Capacity:	Unit				
(a) Spindles	Nos.	55,000	14,272	55,000	14,272
(b) Looms	Nos.	423	17	423	17
(ii) Packed Production :					
(a) Cloth	Meters		2,90,794		3,25,589
(b) Saleable Yarn	Kgs.		7,47,512		15,87,003
(c) Saleable Waste	Kgs.		1,69,838		3,02,708

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 and on behalf of the Board

For **Vijay Rungta & Co.**
Chartered Accountants
Ajay Rungta
Partner
Membership No. F- 40333
Mumbai, June 08,2009

S. M. Soni
R. L. Saboo
Directors

Mumbai, June 08,2009

SIMPLEX MILLS COMPANY LIMITED

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, 2009

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	1,42,263	Total Assets	1,42,263
Sources of Funds			
Paid-up Capital	30,005	Reserves & Surplus	1,00,177
Secured Loans	2,784	Deferred Tax Liability (Net)	9,297
Application of Funds			
Net Fixed Assets	1,39,289	Net Current Assets	(923)
Misc. Expenditure	3,897		

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

Turnover & Other Income	1,25,407	Total Expenditure	1,40,347
Profit Before Tax	(14,940)	Profit After Tax	(17,124)
Earnings per share	(5.71)	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	5406 & 5509 to 5514
Cotton Yarn & Cotton Fabrics	5205 to 5209

For **Vijay Rungta & Co.**
Chartered Accountants
Ajay Rungta
Partner
Membership No. F- 40333
Mumbai, June 08,2009

For and on behalf of the Board
S. M. Soni
R. L. Saboo
Directors

Mumbai, June 08,2009



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 11th ANNUAL GENERAL MEETING held on Monday, the 10th August, 2009 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.



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 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 11th ANNUAL GENERAL MEETING of the Company to be held on Monday, the 10th August, 2009 at 12.30 P.M. At M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, Mumbai-400 001.

Signed this _____ day of _____ 2009

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.