

# 25<sup>th</sup> ANNUAL REPORT 2010-2011

## BOARD OF DIRECTORS

Mr. Jayesh R. Mehta

Mrs. Amita J Mehta

Mr. R. C. Garg

Dr. Bharat Bhatia

Mr. V. G. Joshi

## Auditors

Chandan Parmar & Co.  
Chartered Accountants

## Bankers

Union Bank of India  
HDFC Bank Ltd.

## Registered Office

110, T. V. Industrial Estate,  
52, S. K. Ahire Marg,  
Worli, Mumbai - 400 030

## Works

22/1, Village - Ringanwada,  
Daman - 396 210  
(Union Territory)  
Via Vapi (W. Rly)

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## REGISTRAR AND SHARE TRANSFER AGENTS PURVA SHAREGISTRY (INDIA) PVT LTD.

9, Shiv Shakti Industrial Estate, Ground Floor,  
Sitaram Mill Compound, J. R. Boricha Marg,  
Lower Parel, Mumbai - 400 011  
Tel. : 23016761, 23018261  
Email : busicomp@vsnl.com

**NOTICE** is hereby given that the 25<sup>th</sup> Annual General Meeting of the Members of Chandni Textiles Engineering Industries Limited will be held at The Queenie Captain Auditorium C/o the NAB – Workshop for the blind, Dr. Annie Besant Road, Prabhadevi, Mumbai – 400 030 on **Friday the 30<sup>th</sup> day of September, 2011 at 3.00 p.m.** to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet as at and the Profit and Loss Account for the year ended 31<sup>st</sup> March, 2011 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mrs.A.J. Mehta, who retires by rotation and is eligible for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

**SPECIAL BUSINESS:**

4. **Mr. R.C. Garg - Appointment as Director**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an

**Ordinary Resolution:**

“RESOLVED THAT Mr. R.C. Garg, who was appointed as a Director of the Company with effect from 12<sup>th</sup> November, 2010, under section 260 of the Companies Act 1956 and Article 135 of the Articles of Association of the Company and who holds office upto the date of this Annual General Meeting, be and is hereby appointed as a Director of the Company.”

**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. The Register of Members and share transfer books of the Company has been declared to be closed from Tuesday, the 27<sup>th</sup> September, 2011 to Friday, the 30<sup>th</sup> September, 2011 (both days inclusive).
3. **Directors**

Mrs. A.J. Mehta is retiring by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

Mr. R.C. Garg has been appointed as Director of the Company at the Board Meeting held on 12<sup>th</sup> November, 2010. He holds office upto the date of this Annual General Meeting and is proposed to be appointed as Director.

The information/data to be provided for these Directors under the Corporate Governance Code of the Listing Agreement is given in the Corporate Governance Section of this Annual Report.

4. Members are requested to inform immediately any change in their address to the Company's Registrar and Share Transfer Agents M/s. Purva Sharegistry (India) Pvt. Ltd. at Shiv Shakti Industrial Estate, Unit No.9, 7- B, J.R. Boricha Marg, Sitaram Mill Compound, Mumbai – 400 011

**Registered Office :**

110, T.V. Industrial Estate,  
52, S.K. Ahire Marg,  
Worli, Mumbai 400 030.  
Dated : 2<sup>nd</sup>, August, 2011

By Order of the Board

**J.R. Mehta**  
Chairman

**ANNEXURE TO THE NOTICE:**

**EXPLANATORY STATEMENT PURSUANT OT SECTION 173(2) OF THE COMPANIES ACT, 1956**

**Item No. 4**

**Appointment of Mr. R.C.Garg as Director**

Mr. R.C. Garg was appointed by the Board as a Director with effect from 12<sup>th</sup> November, 2010 under Section 260 of the Companies Act, 1956 read with Article 135 of the Articles of Association of the Company. He holds office upto the date of this Annual General Meeting and is eligible for appointment as Director of the Company.

Mr. R.C Garg has his own tax consultancy firm specializing in the field of sale-tax, income-tax, accounts finalization etc.

Further details of Mr. R.C. Garg are given in the Corporate Governance Section of this Annual Report. Mr. R.C. Garg is not on the Board of any other public limited company.

As required under section 257 of the Companies Act, 1956, the Company has received a joint notice alongwith requisite deposit, from some members proposing the candidature of Mr. R.C. Garg as a Director of the Company.

The Board recommends the resolution appearing at Item No. 4 of the accompanying Notice seeking your approval to the appointment of Mr. R.C. Garg as Director of the Company.

As it concerns him, Mr. R.C. Garg is deemed to be concerned and interested in this resolution.

A copy of the Company's Memorandum and Articles of Association is open for inspection at the Registered Office of the Company between 10 a.m. to 6 p.m. on any working day of the Company from Monday to Friday

**Registered Office :**

110, T.V. Industrial Estate,  
52, S.K. Ahire Marg,  
Worli, Mumbai - 400 030.  
Dated : 2<sup>nd</sup>, August, 2011

By Order of the Board

**J.R. Mehta**  
Chairman

## Corporate Governance

### 1. Company's Philosophy on Corporate Governance

The primary objective of Corporate Governance is to create and adhere to a corporate of conscience and consciousness, transparency and openness and to develop capabilities and identify opportunities that best serves the goal of value creation. A Company to succeed on a sustained basis must maintain global standards of corporate conduct towards its employees, stakeholders, and society. The Company believes in attainment of highest levels of transparency in all facets of its operations and has always focused on good corporate governance.

### 2. Board of Directors

The total strength of the Company's Board as of date is 5 comprising, one (1) Executive Director, One (1) Non-Executive Director, and three (3) independent Directors.

The composition of the Board of Directors is given below :-

| Name of Director    | Category                   | Number of directorship held in other public Companies | Number of membership of Board Committees held in other Companies |
|---------------------|----------------------------|---|--|
| Shri. J. R. Mehta   | Promoter, Executive        | Nil   | Nil  |
| Smt. Amita J. Mehta | Promoter, Non-Executive    | Nil   | Nil  |
| Dr. Bharat Bhatia   | Independent, Non-Executive | Nil   | Nil  |
| Shri R. C. Garg*    | Independent, Non-Executive | Nil   | Nil  |
| Shri V.G. Joshi     | Independent, Non-Executive | Nil   | Nil  |

\* Appointed as an additional director w.e.f. 12-11-2010

Shri N.L. Bhatia has ceased to be a Director of the Company w.e.f 27-09-2010

### Board Procedure

The Board meets at least once in each quarter to review the quarterly performance and the financial results. A detailed agenda is sent to each Director in advance of the Board Meeting. To enable the Board to discharge its responsibilities effectively, the members of the Board are briefed at every Board Meeting, on the overall performance of the Company, with presentation by functional heads. The Board's role, functions, responsibility and accountability are clearly defined. In addition to matters statutorily requiring Board's approval, all major decisions involving policy formulation, strategy and business plans, annual operating and capital expenditure budgets, new investments, compliance with statutory/regulatory requirements, major accounting provisions and write-offs are considered by the Board.

**Attendance of Directors at the Board Meetings and the last Annual General Meeting**

The Board of Directors met six (6) times during the financial year on the following dates : 6<sup>th</sup> May, 2010, 28<sup>th</sup> May, 2010 13<sup>th</sup> August, 2010, 13<sup>th</sup> October, 2010, 12<sup>th</sup> November, 2010 and 12<sup>th</sup> February, 2011 The attendance of Directors at Board Meetings and the last Annual General Meeting (AGM) was as under:-

| Name of Director   | Held during the tenure | Attended | A.G.M |
|--------------------|------------------------|----------|-------|
| Mr. J.R.Mehta      | 6                      | 6        | ✓     |
| Mrs. Amita J.Mehta | 6                      | 6        | ✓     |
| Mr. V.G. Joshi     | 6                      | 6        | ✓     |
| Dr. Bharat Bhatia  | 6                      | 6        | ✓     |
| Mr. R. C. Garg*    | 2                      | 2        | N.A   |
| Mr.N.L.Bhatia**    | 3                      | 2        | X     |

\* Appointed as an additional director w.e.f. 12-11-2010

\*\* Mr. N.L. Bhatia has ceased to be a Director of the Company w.e.f 27-09-2010

**Shareholding of Non-executive Directors**

The Individual shareholding of Non-executive Directors (including shareholding as joint holder) as on 31<sup>st</sup> March, 2011 is given below:

| Name of the Directors | No. of Shares held |
|-----------------------|--------------------|
| Mrs. A. J. Mehta      | 19,61,274          |
| Mr. V.G. Joshi        | 10                 |

**3. Audit Committee:**

The Audit Committee comprises of three Independent Directors who possess knowledge of corporate finance, accounts and company law. The Chairman of the Committee is a Non-Executive Director nominated by the Board. The Statutory Auditors are also invited to the Meeting. The constitution of the committee is given below.

| Name of the Director | Category                            |
|----------------------|-------------------------------------|
| Dr. Bharat Bhatia    | Chairman Independent, Non-Executive |
| Mr. V. G. Joshi      | Independent, Non-Executive          |
| Mr. R. C. Garg*      | Independent, Non-Executive          |

\* Appointed as an additional director w.e.f. 12-11-2010

Mr. N.L. Bhatia has ceased to be a Director of the Company w.e.f. 27-09-2010

### Broad terms of reference

The terms of Reference of the Audit Committee includes those specified under Clause 49 of the Listing Agreement and those under Section 292A of the Companies Act, 1956. A few of them are given below:

1. Reviewing of the financial reporting process and the disclosure of the Financial Information
2. Reviewing the Financial statements and Auditors' Report before its submission to the Board,
3. Reviewing the accounting policies and practices followed by the Company
4. Recommending the appointment of Statutory Auditors, fixation of audit fee and also approval for payment of any other services.
5. Reviewing the Annual Financial Statements & also reviewing the applicability of various Accounting Standards (AS) issued by The Institute of Chartered Accountants of India during the year. Compliance of the AS as applicable to the Company has been ensured in the Financial Statements for the year ended March 31, 2011.
6. Reviewing the internal controls, risk management policies and practices and related party transactions and other terms of reference as specified under Clause 49 of the Listing Agreement to the extent they are applicable to the Company.

### Meetings and Attendance

During the financial year ended March 31, 2011, four (4) Audit Committee Meetings were held on 24<sup>th</sup> May, 2010, 13<sup>th</sup> August, 2010, 12<sup>th</sup> November, 2010 and 12<sup>th</sup> February, 2011. The attendance of members of the Audit Committee at the meetings is as under.

| Name of Director  | Held during the tenure | Attended |
|-------------------|------------------------|----------|
| Dr. Bharat Bhatia | 4                      | 4        |
| Mr. V. G. Joshi   | 4                      | 4        |
| Mr. R. C. Garg*   | 2                      | 2        |
| Mr. N.L. Bhatia** | 2                      | 2        |

\* Appointed as an additional director w.e.f. 12-11-2010

\*\* Mr. N.L. Bhatia has ceased to be a Director of the Company w.e.f. 27-09-2010

**Remuneration of Directors**

The Company pays sitting fees to all its independent and Non-executive directors. Except sitting fees no remuneration is paid to Non-Executive/ Independent Directors of the Company. The details of remuneration paid to the directors for the year ended 31<sup>st</sup> March, 2011.

| Directors         | Relationship with other Directors | Business relationship with the Company | Sitting Fees (Rs.) | Salary (Rs.) | Total (Rs.) |
|-------------------|-----------------------------------|--|--------------------|--------------|-------------|
| Jayesh R. Mehta   | Husband of Mrs. Amita J. Mehta    | Promotor and Managing Director         | —                  | 5,47,092     | 5,47,092    |
| Amita J. Mehta    | Wife of Mr. Jayesh R. Mehta       | Promotor Group                         | 30,000             | —            | 30,000      |
| N. L. Bhatia      | None                              | None                                   | 20,000             | —            | 20,000      |
| Dr. Bharat Bhatia | None                              | None                                   | 50,000             | —            | 50,000      |
| V. G. Joshi       | None                              | None                                   | 50,000             | —            | 50,000      |
| R. C. Garg        | None                              | None                                   | 20,000             | —            | 20,000      |

**5. Shareholders / Investors Grievance Committee****Composition**

The Shareholders / Investors Grievance Committee comprise of three Directors and the Chairman of the Committee is an Independent Director:

| Name of the Director | Category                   |
|----------------------|----------------------------|
| Mr. V. G. Joshi      | Independent, Non-Executive |
| Mr. J. R. Mehta      | Promoter, Executive        |
| Dr. Bharat Bhatia    | Independent, Non-Executive |



**FUNCTIONS**

The Committee deals with various matters relating to :

- transfer/transmission of shares;
- issue of duplicate share certificate
- review of shares dematerialized and all other related matter
- investor grievances and redressal mechanism and recommend measures to improve the level of investor services,

Details of shares transfer/transmission, consolidation and dematerialisation approved by the Committee are placed at the Board Meetings from time to time.

**Meetings and Attendance**

The number of meetings attended by the members is as under

| Name of the Director | Held during the tenure | Attended |
|----------------------|------------------------|----------|
| Dr. Bharat Bhatia    | 4                      | 4        |
| Mr. V.G. Joshi       | 4                      | 4        |
| Mr. J.R. Mehta       | 4                      | 4        |

**Investor Grievances**

The following are the nature of complaints received during the year ended 31<sup>st</sup> March, 2011.

| Nature of Complaint              | Received during the year | Received during the year 2009-10 |
|----------------------------------|--------------------------|----------------------------------|
| Non-receipt of Share Certificate | Nil                      | 3                                |
| Others                           | Nil                      | Nil                              |
| <b>Total</b>                     | <b>Nil</b>               | <b>3</b>                         |

The Complaints are generally responded within seven days from their lodgment with the Company.

There are no pending complaints as on 31st March, 2011.

The number of share transfers and dematerialisation requests pending as on 31st March, 2011 were Nil.

The Company has designated the email-id 'compliance@cteil.com' exclusively for the purpose of registering complaints by investors electronically.

## 6. Note on Directors Appointment / Re-Appointment

Mr. R.C. Garg has been appointed as an additional Director w.e.f 12<sup>th</sup> November, 2010. He Holds office upto the date of the ensuing AGM and is eligible for re-appointment as Director to the Company.

Brief profile regarding Mr. R.C.Garg and Mrs. Amita Mehta are given below :

### Mr. R. C. Garg

Mr. R.C. Garg, aged 55 years, after graduating from the University of Rajasthan in the year 1975, did his articleship for 3 years from a C.A. firm in Mumbai. After working as a Chief Accountant in a Private Limited Company for 8 years, he started his own tax consultancy firm specializing in the field of sale-tax, income-tax, accounts finalization etc.

He is not a director of any other public limited companies in India.

### Mrs. A. J. Mehta

Mrs. A.J. Mehta is retiring by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

Mrs A.J. Mehta, aged 47 years is a commerce graduate looking after the administration of the Company She is on our Board since the year 1986.

She is not a director of any other public limited companies in India.

## 7. General Body Meetings

Location, day and time, of last three Annual General Meetings held is given below :

| Financial Year | Date                        | Location of the Meeting   | Time     |
|----------------|-----------------------------|---|----------|
| 2007-2008      | Tuesday, September 30, 2008 | The QueenieCaptain Auditorium C/O. the NAB- Workshop for the Blind, Dr. Annie Besant Road, Prabhadevi, Mumbai - 400 030 | 3.00 p.m |
| 2008-2009      | Tuesday, September 30, 2009 |   |          |
| 2009-2010      | Thursday, September 9, 2010 |   |          |

## 8. POSTAL BALLOT

In the month of October 2010, the following special resolutions were passed with overwhelming majority through Postal Ballot :

**Resolution 1 :-** Amendment to Memorandum of Association by inserting new Sub-Clause as sub clause no. 54 in part(C) under Clause III of the Memorandum of Association.

**Resolution 2:-** Commencement of business activities as stated in new Sub-Clause No.54 in Part (C) under Clause III of Memorandum of Association

The results of the Postal Ballot which were announced on 20<sup>th</sup> November, 2010 are given below :

| Particulars  | Votes          |            |              |            |
|--------------|----------------|------------|--------------|------------|
|              | Cast in favour |            | Cast against |            |
|              | No . of votes  | % of votes | No. of votes | % of votes |
| Resolution 1 | 1,11,98,963    | 99.996%    | 403          | 0.004%     |
| Resolution 2 | 1,11,98,963    | 99.996%    | 403          | 0.004%     |

Mr. V.G.Venkataraman, practicing Company Secretary, was appointed as Scrutinizer for conducting the Postal Ballot exercise.

In the month of February 2011, the following resolution was passed by overwhelming requisite majority through Postal Ballot:

Increase in borrowing power u/s 293(1)(d) of the Companies Act, 1956 upto Rs.500 Crores.

The result of the Postal Ballot which was announced on 23<sup>rd</sup> March, 2011 is given below :

| Particulars  | Votes          |            |              |            |
|--------------|----------------|------------|--------------|------------|
|              | Cast in favour |            | Cast against |            |
|              | No . of votes  | % of votes | No. of votes | % of votes |
| Resolution 1 | 66,38,693      | 99.99%     | 154          | 0.01%      |

Mr. Bharat Upadhyay, practicing Company Secretary, was appointed as Scrutinizer for conducting the Postal Ballot exercise.

#### Procedure for Postal Ballot

After receiving the approval of the Board of Directors, the Notice, Explanatory Statement alongwith the Postal Ballot Form and reply paid self addressed envelope, were dispatched to the members to enable them to consider and vote for or against the proposals within a period of 30 days from the date of dispatch. After the last date of receipt of Postal Ballot, the Scrutinizer, after due verification, submitted his report. Thereafter, the results of the Postal Ballot were declared by the Chairman. The same have been published in the newspapers.

**9. Code of Conduct**

The Company has formulated and implemented a Code of Conduct for Board Members and Senior Management of the Company. Requisite annual affirmation of compliance with the respective codes have been made by the Directors and Senior Management of the Company. Declaration signed to this effect by Mr. J.R. Mehta, Managing Director is appended at the end of this report.

**10. Management Discussion & Analysis Report**

The Management Discussion and Analysis Report for the year ended March 31, 2011 is discussed separately and forms part of this Annual Report.

**11. Disclosures**

No transactions of material nature is entered into by the Company with Promoters, Directors or Management, or their relatives etc. that may have a potential conflict with interests of the Company. The register of contracts containing the transactions in which the Directors are interested is placed before the Board regularly. There is no material pecuniary transaction with the independent/non-executive directors. Transactions with related parties are disclosed in Note No. 8 of Schedule 19 to the Accounts in the Annual Report. No penalties, strictures have been imposed on the Company either by SEBI or stock exchange or other statutory body for non-compliance on any matter related to capital market. The funds raised through preferential issue in 2009-10 have been utilised for working capital requirements. The requisite certification from the Chief Financial Officer as required to be given under clause 49(V) has been placed before the Board of directors of the company.

**12. Means of Communication**

(i) The Board of Directors of the Company approves and takes on record the quarterly, half yearly and yearly financial results in the proforma prescribed by Clause 41 of the Listing Agreement.

(ii) The approved financial results are forthwith sent to the BSE and are published in the newspapers.

**13. General Information for Shareholder****a. Annual General Meeting**

- Date and time : September 30, 2011 at 3.00 p.m.

- Venue : The Queenie Captain Auditorium C/o the NAB – Workshop  
for the Blind, Dr. Annie Besant Road, Prabhadevi, Mumbai - 400 030

**b. Financial Calender**

Financial reporting for :

|  |                        |
|--|------------------------|
| Quarter ending June, 2011                                | by 13th August, 2011   |
| Quarter ending September, 2011                           | by 15th November, 2011 |
| Quarter ending December, 2011                            | by 15th February, 2012 |
| Year ending March, 2012                                  | by 30th May, 2012      |
| Annual General Meeting for the year ended March 31, 2011 | In September, 2011     |

**c. Dates of Book Closure** : September 27, 2011 to September 30, 2011 (Both days inclusive)**d. Registered Office** : 110, T.V. Industrial Estate,  
52, S.K.Ahire Marg,  
Worli, Mumbai – 400 030**e. Listing of Equity Shares**  
**Equity Shares** Bombay Stock Exchange Limited  
(Scrip Code:522292)**f. Listing Fees**

Listing Fees to the Bombay Stock Exchange Limited for the year 2011-12 has been paid.

**g. Stock Market Data**

Monthly high &amp; low quotations and volume of shares traded on Bombay Stock Exchange for financial year 2010-11 are :

| Month          | High (Rs) | Low (Rs.) | Volume of Shares traded |
|----------------|-----------|-----------|-------------------------|
| April 2010     | 80.90     | 60.50     | 462524                  |
| May 2010       | 82.00     | 68.80     | 136834                  |
| June 2010      | 80.00     | 70.25     | 252041                  |
| July 2010      | 99.00     | 72.00     | 387538                  |
| August 2010    | 98.95     | 83.00     | 373948                  |
| September 2010 | 109.00    | 96.00     | 362289                  |
| October 2010   | 112.00    | 99.00     | 311663                  |
| November 2010  | 120.00    | 100.00    | 261765                  |
| December 2010  | 128.80    | 113.00    | 274186                  |
| January 2011   | 143.00    | 99.00     | 2291258                 |
| February 2011  | 143.40    | 76.10     | 6869403                 |
| March 2011     | 81.00     | 42.80     | 17404342                |

**h. Registrars and Share Transfer agents :**

PURVA SHAREGISTRY (INDIA) PVT. LTD.  
 Shiv Shakti Industrial Estates, Unit No. 9,  
 7-B, J.R. Boricha Marg, Sitaram Mill Compound,  
 Mumbai – 400 011  
 Tel. : 23016761 / 23018261  
 E-Mail – busicompany@vsnl.com

**i. Share transfer system**

All shares have been transferred and returned in 21 days from the date of receipt, so long as the documents have been clear in all respects.

**J. Distribution of shareholding as at March 31, 2011.**

| Slab of shareholdings<br>No. of Shares | No. of<br>Shareholders | %             | Amount<br>(Rs.)  | %             |
|--|------------------------|---------------|------------------|---------------|
| Upto 5000                              | 2428                   | 87.81         | 3453800          | 2.14          |
| 5001-10000                             | 146                    | 5.28          | 1238930          | 0.77          |
| 10001-20000                            | 69                     | 2.50          | 1052810          | 0.65          |
| 20001-30000                            | 35                     | 1.27          | 892920           | 0.55          |
| 30001-40000                            | 11                     | 0.40          | 395330           | 0.24          |
| 40001-50000                            | 7                      | 0.25          | 338210           | 0.21          |
| 50001-100000                           | 14                     | 0.51          | 1030870          | 0.64          |
| 100001 and above                       | 55                     | 1.99          | 152969760        | 94.79         |
| <b>Total</b>                           | <b>2765</b>            | <b>100.00</b> | <b>161372630</b> | <b>100.00</b> |

## Shareholding Pattern as on March 31, 2011

| Sr. No. | Category of shareholder   | No. of Shareholder | Total number of shares | %             |
|---------|---|--------------------|------------------------|---------------|
| (A)     | Shareholding of Promoter and Promoter Group                             |                    |                        |               |
| -1      | <b>Indian</b>   |                    |                        |               |
| (a)     | Individual/Hindu Undivided Family                                       | 20                 | 6282875                | 38.93         |
| (b)     | Bodies Corporate  | 1                  | 422211                 | 2.62          |
|         | <b>Sub - Total ( A )</b>  | <b>21</b>          | <b>6705086</b>         | <b>41.55</b>  |
| (B)     | <b>Public shareholding</b>  |                    |                        |               |
| -1      | <b>Institutions</b>   |                    |                        |               |
| (a)     | Financial Institutions/Bank   | 1                  | 400                    | 0.00          |
|         | <b>Sub-Total (B)(1)</b>   | <b>1</b>           | <b>400</b>             | <b>0.00</b>   |
| -2      | <b>Non-institutions</b>   | 106                |                        |               |
| (a)     | Bodies Corporate  |                    | 6000455                | 37.19         |
| (b)     | Individuals -   |                    |                        |               |
| i.      | Individual shareholders holding nominal share capital up to Rs. 1 Lakh. | 2591               | 738915                 | 4.58          |
| ii.     | Individual shareholders holding nominal share capital up to Rs. 1 Lakh. | 12                 | 484540                 | 3.00          |
| (c)     | Any Other (Specify) NRI Repat and Non Repat                             | 8                  | 1965                   | 0.01          |
| (d)     | Any Other (Specify) Hindu Undivided Family                              | 16                 | 71187                  | 0.44          |
| (e)     | Any other (specify) Clearing Members                                    | 10                 | 2134715                | 13.23         |
|         | <b>Sub-Total (B) (2)</b>  | <b>2743</b>        | <b>9431777</b>         | <b>58.45</b>  |
|         | <b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>                      | <b>2744</b>        | <b>9432177</b>         | <b>58.45</b>  |
|         | <b>GRANDTOTAL (A)+(B)</b>   | <b>2765</b>        | <b>16137263</b>        | <b>100.00</b> |

**k. Dematerialisation of shares and liquidity**

Trading in the Company's shares is permitted only in dematerialized form as per notifications issued by the Securities and Exchange Board of India. The Company has entered into agreements with National Securities Depository Limited and Central Depository Services (India) Limited, whereby the investors have option to dematerialize their shares with either of the depositories.

**Status of Dematerialisation of Shares**

| PARTICULARS                                  | NO OF SHARES    | % TO TOTAL CAPITAL |
|--|-----------------|--------------------|
| National Securities Depository Limited       | 4599192         | 28.50              |
| Central Depository Services (India) Limited, | 10332105        | 64.03              |
| <b>TOTAL DEMATERIALISED</b>                  | <b>14931297</b> | <b>92.53</b>       |
| Physical                                     | 1205966         | 7.47               |
| <b>GRANDTOTAL</b>                            | <b>16137263</b> | <b>100.00</b>      |

**I. Investors correspondence :****(i) Shailesh Sankav – Compliance Officer**

110, T.V. Industrial Estate, 52, S.K. Ahire Marg,  
Worli, Mumbai – 400 030  
Tel No.: 91-22-24966911 Fax : 91-22-24950328  
E-mail: compliance@cteil.com

**(ii) Share Registrars and Transfer agent**

Purva Shareregistry (India) Pvt. Ltd.  
Shiv Shakti Estates, Unit No.9, 7-B, J.R. Boricha Marg,  
Sitaram Mill Compound, Mumbai – 400 011  
Tel. No. : 23016761 / 23018261 Fax No. : 23012518  
E-mail : busicomp@vsnl.com

**m. Address of (i) Factory : 22/1, Village – Ringanwada,**

Daman – 396210 (Union Territory) Via Vapi (W.Rly)  
Tel No. 0260 3295015 , 0260 2240360 Fax No:0260 2240360

**(ii) Godown** : Survey No. 38/6, 39/6 & 39/7, Village Varkund,  
Near IPCL Godown, Nani Daman - 396210

**Certification under clause 49 (1) (D) of the Listing Agreement**

All the Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct for Chandni Textiles Engineering Industries Ltd for the financial year ended 31<sup>st</sup> March, 2011.

**For Chandni Textiles Engineering Industries Ltd**

Mumbai

26<sup>th</sup> May, 2011

**J.R. Mehta**  
Managing Director



## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF FINANCIAL OPERATIONS

### Business Overview

We are presently engaged in assembling TFO twisting machines and selling under the brand name "Prerna". We are also engaged in sourcing of all types of used machinery and equipment. The Company continues to outsource the textile division products.

### Factors affecting results of our operations

Our result of operations could potentially be affected by the following factors:

- Dependence on few products and customers;
- Ability to maintain product quality consistently and offer same at competitive pricing to face stiff competition;
- Volatility in the prices of raw materials;
- Government policy including taxes and duties;
- Timely execution of projects;
- Timely payment from customers;
- Slow down in the world economy

### Analysis on results of financial operations

#### Sales

Our total sales increased to Rs. 7236.65 lakhs in fiscal 2011 from Rs. 4228.65 lakhs in fiscal 2010 registering a growth of 71.13%. The primary reason for this increase was on account of increase in income from products outsourced by our Company.

#### Other Income

Other income increased to Rs. 106.76 lakhs in fiscal 2011 from Rs. 74.05 lakhs in fiscal 2010. The increase in other income was mainly due to increase in amount of interest on deposits with bank to Rs. 45.60 lakhs in fiscal 2011 from Rs. 20.48 lakhs in fiscal 2010.

#### Raw materials consumed

The consumption of raw materials decreased to Rs. 78.19 lakhs in fiscal 2011 from Rs. 93.08 lakhs in fiscal 2010. As a percentage of income from products manufactured by our Company, our material consumption was 38.97% during fiscal 2011 as against 69.74% during fiscal 2010.

**Cost of traded goods**

Cost of traded goods increased to Rs. 6329.79 lakhs in fiscal 2011 from Rs. 3823.36 lakhs in fiscal 2008. As a percentage of income from products traded by our Company, our cost of traded goods was 90.52% during fiscal 2011 as against 89.99% during fiscal 2010.

**Other manufacturing expenses**

Other manufacturing expenses increased to Rs. 145.17 lakhs in fiscal 2011 from Rs. 88.98 lakhs in fiscal 2010. The increase was mainly on account of increase in labour & processing charges which increased to Rs. 66.40 lakhs in fiscal 2011 from Rs. 9.03 lakhs in fiscal 2010 on account of assignment of various works to job-workers which was earlier procured directly from suppliers and included under cost of the raw material.

**Employee cost**

The employee cost increased to Rs. 34.94 lakhs in the fiscal 2011 from Rs. 30.15 lakhs in the Fiscal 2010, which increased on account of normal annual increments.

**Administrative, selling and distribution expenses**

Our administrative, selling and distribution expenses increased to Rs. 178.40 lakhs in fiscal 2011 from Rs. 96.52 lakhs in fiscal 2010. This increase was mainly because of increase in exhibition expenses, sales-tax expenses, rent, rates & taxes expenses and professional fees.

**Interest and financial charges**

Our interest and financial charges decreased to Rs. 5.25 lakhs in fiscal 2011 from Rs. 10.16 lakhs in fiscal 2010. The decrease was due to repayment of term loans.

**Depreciation**

Depreciation increased to Rs. 13.64 lakhs in fiscal 2011 from Rs. 12.66 lakhs in fiscal 2010. The increase in depreciation was mainly due to acquisition of assets during the fiscal 2011.

**Profit before tax:**

Profits before tax increased to Rs. 605.01 lakhs in fiscal 2011 from Rs. 203.92 in fiscal 2010.

**Business Strategy**

In order to insulate ourselves completely from any future ad-hoc Government Policy Changes, we have completely outsourced TFO twisting machines manufacturing activity to a competent set of vendors trained and developed by us. We get TFO twisting machines manufactured against firm orders only. This outsourcing as well as out sourcing of textile products also enables us to focus completely on emerging and rapidly growing machinery and equipments sourcing activity

**Market opportunities**

Today in this cost conscious globalised economy, there are lot of small, mid sized & even large companies who are unable to afford the latest technology brand new machines due to their very high cost, making costing of the final product uncompetitive. These companies are looking for used machines in good condition at a reasonable cost. On the other hand, alongwith the speedy growth in economy, there is a huge growth in distressed assets and distressed companies in India and overseas which provides a supply base for a wide spectrum of machinery and equipments across all industrial sectors. Our infrastructure sector is booming. There is a big boom in construction business. There are a lot of equipments like forklifts, seizure lifts, dumpers, excavators, cranes etc., available all over the world at reasonable cost ready to be picked up. We can source all these at reasonable cost for oil rigging companies, offshore companies, ports and construction companies. There is requirement of all types of latest technology machinery however at a reasonable cost. As India is becoming cost conscious and globalised, there is a continuous pressure to look for equipments just as good as new but at a reasonable cost. The cost of brand new machinery is prohibitively high.

We are ready to benefit from this emerging business opportunity due to our ready platform like database of prospective customers, contacts with agents all over the world, registration with auctioneer companies all over the world, vast business contacts and relationships, across various business sectors, extensive manufacturing and engineering experience, compentance, to repair, recondition, refurbish machinery supply spare parts not readily available and have a competent execution team of professionals.

**Outlook on threats, risks and Concerns**

We can track whatever our global competitors can do in terms of locating machinery, equipments as well as prospective customers. However, we enjoy several advantages over global competitors such as economical specialized manpower costs, infrastructure and logistics cost, warehousing cost. We can also offer after sales maintenance and long-term service contract and supply critical spare parts. Domestic used machinery suppliers restrict themselves to only one industry or on product group. Domestic competitors can supply only machineries available in India and do not have network or reach to access overseas equipments.

**Internal Control systems and adequacy**

The Company's internal control systems are commensurate with the size of the Company and nature of its business and has policies and procedures ensuring that all assets are safeguarded and protected against loss from unauthorized use or disposition, reducing wastages and maintenance of proper accounting records for ensuring adequacy and reliability of its financial information. Internal control improvements are continuous process and are always being upgraded to strengthen the process and to make the same commensurate with the size and nature of the business.

**Human Resource Development**

Your Company believes that skill development is a vital component for Human Resource Development. The Company continues to lay emphasis in nurturing and strengthening the overall development of the Human Resources and has always been recognizing the manpower as a vital tool in the Company's growth. The Human resource of the Company is characterized by its loyalty and long-term association.

**AUDITOR'S CERTIFICATE ON COMPLIANCE OF CONDITIONS  
OF CORPORATE GOVERNANCE**

**TO  
THE MEMBERS OF  
CHANDNI TEXTILES ENGINEERING INDUSTRIES LIMITED**

We have examined the compliance of conditions of Corporate Governance by **Chandni Textiles Engineering Industries Limited** for the year ended 31<sup>st</sup> March, 2011, as stipulated in Clause 49 of the Listing Agreement of the said company with the stock exchange.

The compliance of conditions of Corporate Governance is the responsibility of the company's management. Our examination was limited to review of procedures and implementation thereof adopted by the company for ensuring the compliances of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us and representations made to us by the Directors and the management, 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 CHANDAN PARMAR & CO.  
Chartered Accountants  
ICAI FRN No. 101662W**

**(Deepak H. Padachh)**

**Place : Mumbai**

**Partner**

**Date : 26-05-2011**

**Membership No. 45741**

**Director's Report**

Dear Shareholders,

Your Directors have pleasure in presenting the 25<sup>th</sup> Annual Report together with Audited Statement of Accounts for the year ended 31st March, 2011.

**Performance Highlights :****( Rs. in Lacs )**

|  | <b>2010-2011</b> | <b>2009-2010</b> |
|--|------------------|------------------|
| Sales & other income                             | 7343.41          | 4302.70          |
| Profit before depreciation, interest & tax       | 630.40           | 221.52           |
| <b>Less : Depreciation</b>                       | 13.64            | 12.66            |
| Interest   | 5.25             | 10.16            |
| <b>Profit before tax &amp; exceptional items</b> | <b>611.51</b>    | <b>198.70</b>    |
| <b>Less :Exceptional items</b>                   | 6.50             | (5.22)           |
| <b>Profit after tax &amp; exceptional items</b>  | <b>605.01</b>    | <b>203.92</b>    |
| <b>Provision for tax</b>                         |                  |                  |
| Current tax                                      | 149.00           | 13.10            |
| Deferred tax Liability / (asset)                 | 57.33            | 79.24            |
| Fringe Benefit tax                               | 0.00             | (0.03)           |
| Short/(Excess) provision for tax                 | 0.85             | -                |
| <b>Profit after tax</b>                          | <b>397.83</b>    | <b>111.62</b>    |
| Balance brought forward from previous year       | (426.52)         | (538.13)         |
| Balance carried to balance sheet                 | (28.69)          | (426.52)         |

**Dividend**

In view of the accumulated losses, your Directors do not recommend any dividend.

**Operations Review**

During the year, your Company has achieved sales of Rs.7236.65 lacs, as against Rs.4228.65 lacs in the previous year. Sales from Engineering Division was Rs.1851.27 lacs against Rs.550.14 Lacs in the previous year. Sales from Textile Division was Rs.5385.37 lacs against Rs.3676.30 Lacs in the previous year.

**Insurance**

The Company has made necessary arrangement for adequately insuring its insurable assets.

**Conservation of Energy, Technology Absorption, Foreign Exchange Earning and outgo :****A) Conservation of Energy:**

- i) In spite of not being power intensive, your Company enforces strict discipline in reducing power consumption even for its auxiliary services.
- ii) Idle running of machinery consuming high power is restricted to the loading and unloading cycles of the respective machines.

**B) Technology Absorption:**

Your Company has not imported any technology for manufacture of machinery

| <b>C) Foreign Exchange Earnings and out go :</b> | <b>2010-11<br/>Rs.</b> | <b>2009-10<br/>Rs.</b> |
|--|------------------------|------------------------|
| Total Foreign Exchange used                      | 7,25,19,241            | 5,03,21,962            |
| Total Foreign Exchange earned (FOB)              | 23,01,408              | 51,74,313              |

**Employee**

There is no employee in receipt of the remuneration exceeding the limit prescribed under section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975

**Directors' Responsibility Statement**

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that in the preparation of the Annual Accounts :

- a) The applicable accounting standards have been followed and wherever required, proper explanations relating to material departures have been given ;
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2011 and its profit for that year;

c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing detecting fraud and other irregularities;

d) The accounts have been prepared on a going concern basis;

#### **Directors**

Mrs. A.J. Mehta, Director of the Company retires by rotation and is eligible for reappointment.

Mr. R.C. Garg who was appointed as additional director w.e.f 12<sup>th</sup> November, 2010, holds office upto the date of the ensuing Annual General Meeting. Your approval is sought for his appointment vide resolution set out in the accompanying AGM notice.

#### **Corporate Governance**

Our Company has complied with the applicable provisions of Corporate Governance as prescribed in the revised clause 49 of the Listing Agreement with the Stock Exchanges. A separate report on Corporate Governance is included as a part of the Annual Report alongwith certificate from Chandan Parmar & Co, Auditors of the Company.

#### **Auditors**

The Auditors M/s. Chandan Parmar & Co retire at the ensuing Annual General Meeting and are eligible for re-appointment.

#### **Acknowledgement**

Your Directors thank the Shareholders, EDC Ltd., Company's Bankers HDFC Bank Ltd, Union Bank of India and Bank of India, ICICI Bank Ltd. suppliers, valued customers and employees at all levels for their continued co-operation and assistance during the year.

On behalf of the Board

Place : Mumbai

Date : 26<sup>th</sup> May, 2011

Chairman  
J. R. Mehta



**AUDITOR'S REPORT**

**TO  
THE MEMBERS OF  
CHANDNI TEXTILES ENGINEERING INDUSTRIES LIMITED**

1. We have audited the attached Balance Sheet of **CHANDNI TEXTILES ENGINEERING INDUSTRIES LIMITED** as at 31<sup>st</sup> March, 2011 and the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. 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 have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order to the extent applicable to the company.
4. Further to our comments in the Annexure referred to above, we report that:
  - i) 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;
  - ii) 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;
  - iii) the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - iv) In our opinion, the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

- v) on the basis of written representations received from the directors as on 31st March, 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- a) in case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
  - b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
  - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For CHANDAN PARMAR & CO.**  
**Chartered Accountants**  
**ICAI FRN No. 101662W**

Place : Mumbai  
Date : 26-05-2011

(Deepak H. Padachh)  
Partner  
Membership No. 45741

**CHANDNI TEXTILES ENGINEERING INDUSTRIES LIMITED**

**ANNEXURE TO THE AUDITOR'S REPORT**

*(Referred to in paragraph (3) of our report of even date)*

- [i] (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) These fixed assets have been physically verified by the management at reasonable intervals during the year and no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of audit procedures performed by us, in our opinion, the company has not disposed off substantial part of its fixed assets.
- [ii] (a) As informed to us, the inventory in the company's possession has been physically verified at reasonable intervals during the year by the management. In respect of inventory lying with the third parties, the same have substantially been confirmed by them at reasonable intervals during the year.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion, the company is maintaining proper records of inventory. The discrepancies noticed on verification between physical stock and book records were not material.
- [iii] (a) The company has not granted any loans, secured or unsecured, to the companies, firms or other parties covered in the register maintained u/s.301 of the Companies Act, 1956.
- (b) The company had taken, in past, interest free unsecured loan from a company covered in the register maintained under section 301 of the Companies Act, 1956 which was repaid during the year. The maximum amount outstanding at any time during the year of such loan was Rs.65,80,919/-.
- (c) In our opinion, the other terms and conditions of such loan taken by the company were prima facie not prejudicial to the interest of the company.
- (d) The terms of payment of principal amount of such loan were not stipulated and hence no comments regarding regularity of payment of principal amount.

- [iv] In our opinion and according to the information and explanations given to us, 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 and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- [v] (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, there were no transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of each party during the year except interest-free unsecured loan from a company as reported in clause [iii] hereinabove.
- [vi] The company has not accepted any deposits from the public.
- [vii] In our opinion, the internal audit system of the company is commensurate with the size and nature of its business.
- [viii] As informed to us, maintenance of cost records has not been prescribed by the Central Government u/s. 209(1)(d) of the Companies Act, 1956 for any of the product of the Company.
- [ix] (a) In our opinion and according to the information and explanations given to us, the company has generally been regular in depositing with the appropriate authorities the undisputed statutory dues applicable to it. There were no arrears of outstanding undisputed statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of income tax, sales tax, custom duty, wealth tax, service tax, excise duty, cess tax which have not been deposited on account of any dispute.
- [x] The company's accumulated loss as at 31st March, 2011 is less than fifty per cent of its net worth and it has not incurred cash loss during the year ended on that date. Further, it has not incurred cash losses in the immediately preceding financial year.
- [xi] According to the information and explanations provided to us, the company has been regular in making repayment of dues to the banks and the financial institution.

- [xii] According to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4(xii) of the Order is not applicable.
- [xiii] The company is not a chit fund or a nidhi/mutual benefit fund or a society. Accordingly, clause 4(xiii) of the Order is not applicable.
- [xiv] According to the information and explanations given to us, in our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, clause 4(xiv) of the Order is not applicable.
- [xv] According to the information and explanations given to us, the company has not provided any guarantees for loans taken by others from banks. Accordingly, clause 4(xv) of the order is not applicable.
- [xvi] According to the information and explanations given to us, the company has not obtained any term loans during the year.
- [xvii] According to the information and explanation given to us and on an overall examination of the balance sheet of the company, in our opinion, the funds raised on short term basis have not been used for long term investments.
- xviii] The company has not made any preferential allotment of shares during the year. Accordingly, Clause 4(xviii) of the Order is not applicable.
- [xix] The company has not issued any debentures. Accordingly, clause 4(xix) of the Order is not applicable.
- [xx] The company has not raised any money by public issues during the year. Accordingly, clause 4(xx) of the Order is not applicable.
- [xxi] According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

**For CHANDAN PARMAR & CO.**  
**Chartered Accountants**  
**ICAI FRN No. 101662W**

**(Deepak H. Padachh)**

**Partner**

**Membership No. 45741**

**Place : Mumbai**

**Date : 26-05-2011**

**BALANCE SHEET AS AT 31<sup>st</sup> March, 2011**

|   | Schedule No. | (Rupees)                 | AS AT 31/03/2011 (Rupees) | AS AT 31/03/2010 (Rupees) |
|---|--------------|--------------------------|---------------------------|---------------------------|
| <b>SOURCES OF FUNDS :</b>   |              |                          |                           |                           |
| <b>Shareholders' Funds :</b>  |              |                          |                           |                           |
| Share Capital   | 1            | 161,372,630              |                           | 161,372,630               |
| Reserve & Surplus   | 2            | <u>55,740,000</u>        |                           | <u>55,740,000</u>         |
|   |              |                          | 217,112,630               | 217,112,630               |
| <b>Loan Funds :</b>   |              |                          |                           |                           |
| Secured Loans   | 3            | 4,264,079                |                           | 5,428,129                 |
| Unsecured Loan  | 4            | <u>-</u>                 |                           | <u>6,691,641</u>          |
|   |              |                          | 4,264,079                 | 12,119,770                |
|   |              | <b>Total</b>             | <u><u>221,376,709</u></u> | <u><u>229,232,400</u></u> |
| <b>APPLICATION OF FUNDS :</b>   |              |                          |                           |                           |
| <b>Fixed Assets :</b>   |              |                          |                           |                           |
| Gross Block   | 5            | 45,173,354               |                           | 48,995,171                |
| Less : Depreciaton  |              | <u>21,156,537</u>        |                           | <u>19,822,395</u>         |
| Net Block   |              |                          | 24,016,817                | 29,172,776                |
| <b>Investment</b>   | 6            |                          | 1,106,000                 | 1,106,00                  |
| <b>Current Asset, Loans &amp; Advances</b>                                      |              |                          |                           |                           |
| Inventories   | 7            | 31,471,696               |                           | 35,595,308                |
| Sundry Debtors  | 8            | 76,019,347               |                           | 51,930,492                |
| Cash & Bank Balance   | 9            | 78,727,182               |                           | 81,134,230                |
| Other Current Assets  | 10           | 2,363,003                |                           | 3,469,531                 |
| Loan & Advances   | 11           | <u>13,994,174</u>        |                           | <u>9,957,795</u>          |
|   |              | <b>202,575,403</b>       |                           | <b>182,087,356</b>        |
| <b>Less : Current Liabilities &amp; Provision</b>                               | 12           |                          |                           |                           |
| Current Liabilities   |              | 10,843,347               |                           | 33,314,814                |
| Provision   |              | <u>225,746</u>           |                           | <u>374,771</u>            |
| <b>Net Current Assets</b>   |              | <u><u>11,069,093</u></u> | 191,506,310               | <u><u>33,689,585</u></u>  |
|   |              |                          |                           | 148,397,771               |
| <b>Miscellaneous Expenditure</b><br>(To the extent not written off or adjusted) | 13           |                          | 87,360                    | 379,659                   |
| <b>Deferred Tax Asset (Net)</b>   |              |                          | 1,791,842                 | 7,524,504                 |
| <b>Profit &amp; Loss Account</b>  |              |                          | <u>2,868,380</u>          | <u>42,651,689</u>         |
|   |              | <b>Total</b>             | <u><u>221,376,709</u></u> | <u><u>229,232,400</u></u> |
| <b>Accounting Policies and Notes on Accounts</b>                                |              |                          |                           |                           |
| Schedules referred above form part of Accounts                                  | 19           |                          |                           |                           |

As per our Report of even date  
For CHANDAN PARMAR & CO.  
(Chartered Accountants)

Deepak H. Padachh  
Partner  
Membership No.45741

Place :MUMBAI  
Date : 26<sup>th</sup> May, 2011

On behalf of the Board

J. R. Mehta  
Managing Director

A. J. Mehta  
Director

Place : MUMBAI  
Date : 26<sup>th</sup> May, 2011

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2011**

|  | Schedule<br>No   | 2010-11<br>(Rupees) | 2009-10<br>(Rupees) |
|--|------------------|---------------------|---------------------|
| <b>Income :</b>  |                  |                     |                     |
| Sales & Services   | 14               | 723,664,522         | 422,864,914         |
| Other Income   | 15               | 10,676,379          | 7,404,996           |
|  | <b>Total (A)</b> | <b>734,340,901</b>  | <b>430,269,910</b>  |
| <b>Expenditure :</b>   |                  |                     |                     |
| Decrease/(Increase ) in Finished & Process Stocks                      | 16               | 2,178,425           | (2,178,425)         |
| Material Costs   | 17               | 632,979,217         | 382,335,564         |
| Manufacturing & Other Expenses   | 18               | 35,851,501          | 21,564,732          |
| Interest   |                  | 525,164             | 1,016,369           |
| Depreciation   |                  | 1,363,962           | 1,265,559           |
| Baddebts / Provision for Doubtful debts                                |                  | -                   | 770,172             |
| Share issue related expenses   |                  | -                   | 1,917,146           |
| Preliminary / Amalgamation Expenses W/off                              |                  | 292,299             | 292,299             |
| Prior period adjustment  |                  | -                   | 3,416,763           |
|  | <b>Total (B)</b> | <b>673,190,568</b>  | <b>410,400,179</b>  |
|  | <b>(A) - (B)</b> | <b>61,150,333</b>   | <b>19,869,731</b>   |
| <b>Add : Exceptional Items</b>   |                  |                     |                     |
| Customs duty for non-fulfilment of export obligation under EPCG Scheme | 649,797          | -                   | -                   |
| Profit on sale / disposal of Fixed Asset (Net)                         | -                | -                   | (522,602)           |
|  |                  | 649,797             | (522,602)           |
|  |                  | <b>60,500,536</b>   | <b>20,392,333</b>   |
| <b>Profit (Loss) for the year</b>                                      |                  |                     |                     |
| <b>Less : Tax Expenses</b>   |                  |                     |                     |
| Current Tax  | 14,900,000       |                     | 1,310,000           |
| Short/(Excess) Provision of Tax  | 84,565           |                     | -                   |
| Deferred Tax   | 5,732,662        |                     | 7,923,651           |
| Fringe Benefit Tax   | -                |                     | (3,020)             |
|  |                  | 20,717,226          | 9,230,631           |
| <b>Profit after Tax</b>  |                  | <b>39,783,309</b>   | <b>11,161,701</b>   |
| Add : Balance brought forward  |                  | (42,651,689)        | (53,813,390)        |
| Balance carried to the Balance Sheet                                   |                  | <b>(2,868,380)</b>  | <b>(42,651,689)</b> |
| Earning Per Share - Annualised   |                  | 2.47                | 0.90                |
| <b>Accounting Policies and Notes on Accounts</b>                       |                  |                     |                     |
| Schedules referred above form part of Accounts                         | 19               |                     |                     |

As per our Report of even date  
For CHANDAN PARMAR & CO.  
(Chartered Accountants)

Deepak H. Padachh  
Partner  
Membership No.45741

Place : MUMBAI  
Date : 26<sup>th</sup> May, 2011

On behalf of the Board

J. R. Mehta  
Managing Director

A. J. Mehta  
Director

Place : MUMBAI  
Date : 26<sup>th</sup> May, 2011

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2011

| Particulars   | 31/03/2011        |                   | 31/03/2010        |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | Rupees<br>in '000 | Rupees<br>in '000 | Rupees<br>in '000 | Rupees<br>in '000 |
| <b>A. Cash flow from operating activities:</b>                |                   |                   |                   |                   |
| Profit/(Loss) before Tax                                      |                   | 60,501            |                   | 20,392            |
| Adjustments for :   |                   |                   |                   |                   |
| Depreciation  | 1,364             |                   | 1,266             |                   |
| Interest paid   | 525               |                   | 1,016             |                   |
| Preliminary & Amalgamation expenses w/off                     | 292               |                   | 292               |                   |
| Share issue related expenses                                  | -                 |                   | 1,917             |                   |
| Loss of fixed assets by theft                                 | -                 |                   | 7                 |                   |
| Loss/(Profit) on disposal of Fixed Assets                     | 112               | 2,294             | 2,872             | 7,369             |
| Operating profit before working capital changes               |                   | 62,794            |                   | 27,762            |
| Adjustments for:  |                   |                   |                   |                   |
| (Increase)/Decrease in Trade and other receivables            | (27,075)          |                   | (31,341)          |                   |
| (Increase)/Decrease in Inventories                            | 4,124             |                   | (35,193)          |                   |
| Increase/(Decrease) in Trade payables                         | (22,471)          | (45,421)          | 20,544            | (45,990)          |
|   |                   | 17,372            |                   | (18,228)          |
| Direct taxes paid   |                   | (15,078)          |                   | (1,065)           |
| <b>Net Cash flow from operating activities</b>                |                   | <b>2,294</b>      |                   | <b>(19,293)</b>   |
| <b>B. Cash flow from investing activities:</b>                |                   |                   |                   |                   |
| Purchase of fixed assets                                      | (1,615)           |                   | (1,067)           |                   |
| Sale of fixed assets  | 5,295             |                   | 650               |                   |
| <b>Net cash flow from investing activities</b>                |                   | <b>3,680</b>      |                   | <b>(417)</b>      |
| <b>C. Cash flow from financing activities</b>                 |                   |                   |                   |                   |
| Proceeds from issue of shares at premium                      | -                 |                   | 100,000           |                   |
| Share issue related expenses                                  | -                 |                   | (1,060)           |                   |
| Proceeds from long term borrowings                            | (7,856)           |                   | (7,137)           |                   |
| Interest paid   | (525)             |                   | (1,016)           |                   |
| <b>Net cash flow from financing activities</b>                |                   | <b>(8,380)</b>    |                   | <b>90,787</b>     |
| <b>Net increase /(decrease) in cash and cash equivalents</b>  |                   | <b>(2,407)</b>    |                   | <b>71,077</b>     |
| <b>Cash and cash equivalents at the beginning of the year</b> |                   | <b>81,134</b>     |                   | <b>10,057</b>     |
| <b>Cash and cash equivalents at the end of the year</b>       |                   | <b>78,727</b>     |                   | <b>81,134</b>     |

As per our report of even date  
For CHANDAN PARMAR & CO.,  
Chartered Accountants

(Deepak H. Padachh)  
Partner  
Membership No.45741

Place :Mumbai  
Date : 26-05-2011

On behalf of the Board

J.R. Mehta  
Managing Director

A.J. Mehta  
Director

Place :Mumbai  
Date : 26-05-2011



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**SCHEDULES FORMING PART OF ACCOUNTS**


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|   | AS AT<br>31/03/2011<br>(Rupees) | AS AT<br>31/03/2010<br>(Rupees) |
|---|---------------------------------|---------------------------------|
| <b>Schedule - 1</b>   |                                 |                                 |
| <b>SHARE CAPITAL</b>  |                                 |                                 |
| <b>AUTHORISED :</b>   |                                 |                                 |
| 2,00,00,000 Equity Share of Rs. 10/-each  | 200,000,000                     | 200,000,000                     |
|   | <u>200,000,000</u>              | <u>200,000,000</u>              |
| <b>ISSUED &amp; SUBSCRIBED :</b>  |                                 |                                 |
| 1,61,37,263 Equity Shares of Rs.10/- each fully paid-up   | 161,372,630                     | 98,872,630                      |
|   | <u>161,372,630</u>              | <u>98,872,630</u>               |
| <b>Schedule - 2</b>   |                                 |                                 |
| <b>RESERVE AND SURPLUS</b>  |                                 |                                 |
| <b>Share Premium Accounts :</b>   |                                 |                                 |
| Balance as per last Balance Sheet   | 55,740,000                      | 18,240,000                      |
| Add : Received during the year  | -                               | 37,500,000                      |
|   | <u>55,740,000</u>               | <u>55,740,000</u>               |
|   | <u>55,740,000</u>               | <u>55,740,000</u>               |
| <b>Schedule -3</b>  |                                 |                                 |
| <b>SECURED LOANS</b>  |                                 |                                 |
| <b>From Financial Institutions :</b>  |                                 |                                 |
| EDC Ltd.  | -                               | 7,415                           |
| <b>From Bank :</b>  |                                 |                                 |
| Term Loans  | 4,264,079                       | 5,392,703                       |
| (Secured by way of Equitable Mortgage of immoveable property of the Company & Directors and personal guarantees of the directors) |                                 |                                 |
| Interest accrued and due on Term Loans  | -                               | 28,011                          |
|   | <u>4,264,079</u>                | <u>5,428,129</u>                |
|   | <u>4,264,079</u>                | <u>5,428,129</u>                |
| <b>Schedule - 4</b>   |                                 |                                 |
| <b>UNSECURED LOANS</b>  |                                 |                                 |
| From Banks  | -                               | 110,722                         |
| Inter Corporate Deposit   | -                               | 6,580,919                       |
|   | <u>-</u>                        | <u>6,691,641</u>                |
|   | <u>-</u>                        | <u>6,691,641</u>                |

## Schedule - 5

## FIXED ASSETS :

| Particulars                | GROSS BLOCK       |                  |                            |                   | DEPRECIATION      |                  |                            |                   | NET BLOCK         |                   |
|----------------------------|-------------------|------------------|----------------------------|-------------------|-------------------|------------------|----------------------------|-------------------|-------------------|-------------------|
|                            | As at<br>01/04/10 | Additions        | Deductions/<br>Adjustments | As at<br>31/03/11 | Upto<br>31/03/10  | For the<br>Year  | Deductions/<br>Adjustments | Upto<br>31/03/11  | As at<br>31/03/11 | As at<br>31/03/10 |
|                            | Freehold Land     | 960,000          | -                          | -                 | 960,000           | -                | -                          | -                 | -                 | 960,000           |
| Factory Building           | 234,914           | -                | -                          | 234,914           | 14,510            | 7,846            | -                          | 22,356            | 212,558           | 220,404           |
| Flats                      | 7,431,240         | -                | -                          | 7,431,240         | 1,742,798         | 120,983          | -                          | 1,863,781         | 5,567,459         | 5,688,442         |
| Office Premises            | 6,497,050         | -                | -                          | 6,497,050         | 1,989,761         | 105,902          | -                          | 2,095,663         | 4,401,387         | 4,507,289         |
| Plant & Machinery          | 12,695,615        | -                | -                          | 12,695,615        | 4,102,940         | 603,042          | -                          | 4,705,982         | 7,989,633         | 8,592,675         |
| Furniture & Fixtures       | 3,728,460         | 196,311          | -                          | 3,924,771         | 2,594,157         | 169,011          | -                          | 2,763,168         | 1,161,603         | 1,134,303         |
| Equipments                 | 6,893,051         | 357,702          | -                          | 7,250,753         | 5,246,535         | 201,340          | -                          | 5,447,875         | 1,802,878         | 1,646,516         |
| Vehicles                   | 903,098           | 972,000          | -                          | 1,875,098         | 640,897           | 95,928           | -                          | 736,825           | 1,138,273         | 262,201           |
| Dyes, Patterns & Tools     | 3,039,280         | -                | -                          | 3,039,280         | 2,770,475         | 681              | -                          | 2,771,156         | 268,124           | 268,805           |
| Air Conditioners           | 1,059,957         | 78,900           | 197,089                    | 941,768           | 541,543           | 45,012           | 29,820                     | 556,735           | 385,033           | 518,414           |
| Electrical Fittings        | 312,842           | 10,024           | -                          | 322,866           | 178,779           | 14,217           | -                          | 192,996           | 129,870           | 134,063           |
| Capital Work-in-progress   | 5,239,665         | -                | 5,239,665                  | -                 | -                 | -                | -                          | -                 | -                 | 5,239,665         |
| <b>Total Current Year</b>  | <b>48,995,171</b> | <b>1,614,937</b> | <b>5,436,754</b>           | <b>45,173,354</b> | <b>19,822,395</b> | <b>1,363,962</b> | <b>29,820</b>              | <b>21,156,537</b> | <b>24,016,817</b> | <b>29,172,776</b> |
| <b>Total Previous Year</b> | <b>54,194,630</b> | <b>1,066,882</b> | <b>6,266,341</b>           | <b>48,995,171</b> | <b>21,294,387</b> | <b>1,265,559</b> | <b>2,737,551</b>           | <b>19,822,395</b> | <b>29,172,776</b> | <b>32,900,243</b> |

## SCHEDULES FORMING PART OF ACCOUNTS

|  | AS AT<br>31/03/2011<br>(Rupees) | AS AT<br>31/03/2010<br>(Rupees) |
|--|---------------------------------|---------------------------------|
| <b>Schedule - 6</b>  |                                 |                                 |
| <b>INVESTMENT (AT COST)</b>  |                                 |                                 |
| Trade - ( Unquoted )   |                                 |                                 |
| 3200 Shares of Memon Co-op- Bank Ltd. of Rs. 25/- each   | 80,000                          | 80,000                          |
| <b>QUOTED</b>  |                                 |                                 |
| Bhilwara Spinners Ltd.   | 60,000                          | 60,000                          |
| 3,000 Equity Shares of Rs. 10/- each   |                                 |                                 |
| Shree Rajasthan Syntex Ltd.  | 966,000                         | 966,000                         |
| 32,200 Equity Shares of Rs. 10/- each  |                                 |                                 |
|  | <u>1,106,000</u>                | <u>1,106,000</u>                |
| Market Value of Quoted Investments   | <u>615,600</u>                  | <u>502,700</u>                  |
| <b>Schedule - 7</b>  |                                 |                                 |
| <b>INVENTORIES</b>   |                                 |                                 |
| (As taken, valued and certified by the management)   |                                 |                                 |
| Raw Material   | 1,865,205                       | -                               |
| Stock - in - trade   |                                 |                                 |
| - Finished goods / Trade Goods   | <u>29,606,491</u>               | <u>35,595,308</u>               |
|  | <u>31,471,696</u>               | <u>35,595,308</u>               |
| <b>Schedule - 8</b>  |                                 |                                 |
| <b>SUNDRY DEBTORS</b>  |                                 |                                 |
| Dents outstanding for a good exceeding six months  | 4,359,274                       | 1,086,858                       |
| Other debts  | <u>71,660,073</u>               | <u>50,843,634</u>               |
|  | <u>76,019,347</u>               | <u>51,930,492</u>               |
| <b>Schedule - 9</b>  |                                 |                                 |
| <b>CASH &amp; BANK BALANCES</b>  |                                 |                                 |
| Cash on hand   | 1,018,371                       | 2,447,376                       |
| Balances with Scheduled Bank :   |                                 |                                 |
| In Current Accounts  | 3,447,240                       | 3,447,240                       |
| In Fixed Deposits Accounts [ Including pledge against bank guarantee<br>Rs, 17,00,300/- (previous year Rs. 21,91,200/-)] | 73,963,551                      | 75,239,614                      |
| Remittance in transit  | <u>1,332,300</u>                | <u>-</u>                        |
|  | <u>78,727,182</u>               | <u>81,134,230</u>               |
| <b>Schedule - 10</b>   |                                 |                                 |
| <b>OTHER CURRENT ASSETS :</b>  |                                 |                                 |
| Interest Accrued but not due   | 788,589                         | 848,284                         |
| Claims and other receivable  | <u>1,574,414</u>                | <u>2,621,246</u>                |
|  | <u>2,363,003</u>                | <u>3,469,531</u>                |
| <b>Schedule - 11</b>   |                                 |                                 |
| <b>LOANS AND ADVANCES :</b>  |                                 |                                 |
| (Unsecured, considered good)   |                                 |                                 |
| Loans to Employee  | 138,000                         | 12,000                          |
| Advances Recoverable in cash or in kind<br>or for value to be received   | <u>7,171,202</u>                | <u>4,827,401</u>                |
| Deposits with Govt. Authority  | 141,494                         | 135,256                         |
| Deposit with others  | 2,563,642                       | 947,455                         |
| Income Tax ( less provision)   | <u>3,979,836</u>                | <u>4,035,683</u>                |
|  | <u>13,994,174</u>               | <u>9,957,795</u>                |

## SCHEDULES FORMING PART OF ACCOUNTS

|  | AS AT<br>31/03/2011<br>(Rupees) | AS AT<br>31/03/2010<br>(Rupees) |
|--|---------------------------------|---------------------------------|
| <b>Schedule - 12</b>   |                                 |                                 |
| <b>CURRENT LIABILITIES &amp; PROVISIONS :</b>                  |                                 |                                 |
| <b>(A) CURRENT LIABILITIES</b>                                 |                                 |                                 |
| Interest accrued but not due                                   | 27,790                          | 36,748                          |
| Advances against orders  | 4,837,136                       | 21,489,437                      |
| Sundry Creditors   | 4,608,373                       | 8,664,261                       |
| Other Liabilities  | 1,370,048                       | 3,120,048                       |
| From Banks ( as per books )                                    | -                               | 4,320                           |
| <b>(A)</b>   | <b>10,843,347</b>               | <b>33,314,814</b>               |
| <b>(B) PROVISIONS :</b>  |                                 |                                 |
| For Income Tax (less tax paid)                                 | 225,746                         | 374,771                         |
| <b>(B)</b>   | <b>225,746</b>                  | <b>374,771</b>                  |
| <b>(A) + (B)</b>   | <b>11,069,093</b>               | <b>33,689,585</b>               |
| <b>Schedule -13</b>  |                                 |                                 |
| <b>MISCELLANEOUS EXPENDITURE :</b>                             |                                 |                                 |
| (To the extent not written off or adjusted)                    |                                 |                                 |
| <b>(i) Preliminary Expenses</b>                                |                                 |                                 |
| As per last Balance Sheet                                      | 36,862                          | 57,224                          |
| Less : 1/10th Written off during the year                      | 20,362                          | 20,362                          |
|  | 16,500                          | 36,862                          |
| <b>(ii) Deferred Revenue Expenditure</b>                       |                                 |                                 |
| As per last Balance Sheet                                      | 342,797                         | 614,734                         |
| Less : 1/5th Written off during the year                       | 271,937                         | 271,937                         |
|  | 70,860                          | 342,797                         |
|  | <b>87,360</b>                   | <b>379,659</b>                  |
| <b>Schedule - 14</b>   |                                 |                                 |
| <b>SALES &amp; SERVICES :</b>                                  |                                 |                                 |
| Sales & Services   | 723,664,522                     | 422,864,914                     |
|  | <b>723,664,522</b>              | <b>422,864,914</b>              |
| <b>Schedule - 15</b>   |                                 |                                 |
| <b>OTHER INCOME :</b>  |                                 |                                 |
| Rent ( Gross )   | 4,691,560                       | 4,456,551                       |
| (Tax deducted : Rs.1,42,912/-; Previous year Rs.7,40,798/-)    |                                 |                                 |
| Interest on Banks Deposits (Gross) :                           | 4,560,479                       | 2,048,091                       |
| (Tax deducted : Rs.4,56,930/-; Previous year Rs. 2,12,041/-)   |                                 |                                 |
| Interest from Others   | 261,575                         | -                               |
| Commission   | 157,675                         | 271,620                         |
| Foreign Exchange gain (Net)                                    | 327,011                         | 628,734                         |
| Miscellaneous income   | 161,826                         | -                               |
| Sundry Balance W/off / Provision no longer required            | 516,254                         | -                               |
|  | <b>10,676,379</b>               | <b>7,404,996</b>                |
| <b>Schedule - 16</b>   |                                 |                                 |
| <b>( INCREASE) DECREASE IN FINISHED &amp; PROCESS STOCKS :</b> |                                 |                                 |
| <b>Opening Stock :</b>   |                                 |                                 |
| Finished Goods   | 2,178,425                       | -                               |
| Work in Process  | -                               | -                               |
|  | 2,178,425                       | -                               |
| <b>Closing Stocks :</b>  |                                 |                                 |
| Finished Goods   | -                               | 2,178,425                       |
| Work in Process  | -                               | -                               |
|  | -                               | 2,178,425                       |
|  | <b>2,178,425</b>                | <b>(2,178,425)</b>              |

## SCHEDULES FORMING PART OF ACCOUNTS

|  | (Rupees)           | AS AT<br>31/03/2011<br>(Rupees) | AS AT<br>31/03/2010<br>(Rupees) |
|--|--------------------|---------------------------------|---------------------------------|
| <b>Schedule - 17</b>                                   |                    |                                 |                                 |
| <b><u>MATERIAL COSTS :</u></b>                         |                    |                                 |                                 |
| <b>A) Raw Materials consumed :</b>                     |                    |                                 |                                 |
| Opening Stock  | -                  | -                               | -                               |
| Purchases  | 9,684,039          | 9,684,039                       | 9,308,073                       |
|  | <u>9,684,039</u>   | <u>9,684,039</u>                | <u>9,308,073</u>                |
| Add : Closing Stock                                    | 1,865,205          | -                               | -                               |
|  | <u>1,865,205</u>   | 7,818,834                       | <u>9,308,073</u>                |
| <b>B) Cost of Traded Goods :</b>                       |                    |                                 |                                 |
| Opening Stock  | 33,416,883         | 33,416,883                      | 39,132                          |
| Purchases  | 616,110,326        | 616,110,326                     | 406,405,243                     |
|  | <u>649,527,209</u> | <u>649,527,209</u>              | <u>406,444,375</u>              |
| Add :- Trf from Capital WIP                            | 5,239,665          | -                               | -                               |
|  | <u>654,766,874</u> | 625,160,383                     | <u>406,444,375</u>              |
| Less : Closing Stock                                   | 29,606,491         | -                               | 33,416,883                      |
|  | <u>29,606,491</u>  | <u>625,160,383</u>              | <u>373,027,492</u>              |
|  |                    | <u><u>632,979,217</u></u>       | <u><u>382,335,564</u></u>       |
| <b>Schedule - 18</b>                                   |                    |                                 |                                 |
| <b><u>MANUFACTURING &amp; OTHER EXPENSES :</u></b>     |                    |                                 |                                 |
| <b>A) Manufacturing Expenses :</b>                     |                    |                                 |                                 |
| Stores, Spares and Packing Materials                   |                    | 59,075                          | 548,587                         |
| Labour & Processing Charges                            |                    | 6,640,708                       | 903,285                         |
| Central Excise Duty                                    |                    | 6,693,815                       | 6,812,812                       |
| Power & Fuel   |                    | 5,626                           | 11,915                          |
| Transportation Charges                                 |                    | 869,535                         | 354,037                         |
| Other Manufacturing Expenses                           |                    | 248,721                         | 267,077                         |
|  | (A)                | <u><u>14,517,480</u></u>        | <u><u>8,897,713</u></u>         |
| <b>B) Employees' Costs &amp; Benefits :</b>            |                    |                                 |                                 |
| Salaries, Wages and Bonus Etc.                         |                    | 3,329,434                       | 2,871,243                       |
| Contribution to Provident Fund, Gratuity Scheme etc.   |                    | 80,990                          | 92,597                          |
| Employees Welfare Expenses                             |                    | 83,449                          | 51,355                          |
|  | (B)                | <u><u>3,493,873</u></u>         | <u><u>3,015,195</u></u>         |
| <b>C) ADMINISTRATIVE, SELLING AND OTHER EXPENSES :</b> |                    |                                 |                                 |
| Bank Charges   |                    | 144,419                         | 175,728                         |
| Clearing, Forwarding & Freight                         |                    | 226,895                         | 433,635                         |
| Commission   |                    | 434,903                         | 32,237                          |
| Travelling & Conveyance                                |                    | 1,546,791                       | 820,377                         |
| Telephone, Postage & Telegram                          |                    | 846,440                         | 945,397                         |
| Electricity Charges                                    |                    | 240,508                         | 150,938                         |
| Directors Remuneration                                 |                    | 547,092                         | 547,092                         |
| Exhibition Expenses                                    |                    | 782,828                         | 48,655                          |
| Sampling, Sales Promotion & Advertisement              |                    | 521,627                         | 277,750                         |
| Insurance  |                    | 576,133                         | 119,051                         |
| Legal & Professional Charges                           |                    | 1,555,090                       | 395,213                         |
| Rent, Rates & Taxes                                    |                    | 3,086,133                       | 1,104,243                       |
| Repairs - Others                                       |                    | 436,162                         | 363,777                         |
| General Expenses                                       |                    | 1,267,401                       | 1,592,347                       |
| Sales-tax & Cess-tax                                   |                    | 5,324,459                       | 2,075,377                       |
| Loss on sale of Fixed Assets                           |                    | 112,268                         | -                               |
| Remuneration to Auditor :                              |                    |                                 |                                 |
| - For Audit Fees                                       | 100,000            |                                 | 82,725                          |
| - For Tax Audit Fees                                   | 25,000             |                                 | 27,575                          |
| - For Other matters                                    | 66,000             |                                 | 124,337                         |
|  | <u>191,000</u>     | 191,000                         | <u>234,637</u>                  |
| Sundry Balances w/off.                                 |                    | -                               | 335,370                         |
|  | (C)                | <u><u>17,840,148</u></u>        | <u><u>9,651,824</u></u>         |
| Total  | (A)+(B)+(C)        | <u><u>35,851,501</u></u>        | <u><u>21,564,732</u></u>        |

**SCHEDULE – 19****ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****(A) Significant Accounting Policies :****(1) Basis of Accounting**

The financial statements are prepared on historical cost convention on accrual basis in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.

**(2) Revenue Recognition**

Revenue is recognized to the extent it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

**(i) Sale of goods**

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales revenue is net of sales return, discounts and rebates.

**(ii) Interest**

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

**(iii) Rent**

Revenue is recognized on accrual basis.

**(3) Fixed Assets**

Fixed Assets are stated at cost (net of modvat and VAT wherever applicable) less accumulated depreciation. All costs including financing costs till commencement of commercial production are capitalised.

**(4) Depreciation**

Depreciation on Fixed Assets (other than Freehold land on which no depreciation is charged) is provided on straight line basis at the rates prescribed under schedule XIV to the Companies Act, 1956. Depreciation on additions/deductions during the year is provided on pro-rata basis.

**(5) Investments**

Long term investments are stated at cost.

**(6) Inventories**

Stock of materials, traded goods and packing materials are valued at cost. Stock of finished goods is valued at cost or market value whichever is lower. Stores and spares are valued at cost. The cost of finished goods includes materials costs, conversion costs and other costs incurred in bringing the goods to the present location and condition.

**(7) Transactions in Foreign Currency**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. Premium on forward cover contracts, if any, in respect of imports is charged to profit & loss account over the period of contract. All monetary assets and liabilities as at the Balance sheet date, not covered by forward contracts are reinstated at the applicable exchange rates prevailing on that date. All exchange differences arising on transactions, not covered by forward contracts, are charged to Profit & Loss Account.

**(8) Employee Benefits****(i) Short Term Employee Benefits:**

Short Term Employee Benefits in the form of bonus is recognized as an expense in the Profit & Loss Account of the year in which the related services is rendered.

**(ii) Long Term Employee Benefits:-****(a) Defined Contribution Plan**

The Company has Defined Contribution plans for post employment benefits in the form of Provident Fund and Pension Scheme administered through the Government of India.

Under the Provident Fund Plan and Pension Scheme, the Company contributes to a Government administered provident fund on behalf of its employees and has no further obligation beyond making its contribution.

The Company's contributions to the above funds are charged to revenue every year.

**(b) Defined Benefit Plan**

The Company has a Defined Benefit plan namely Gratuity for all its employees. Liability for Defined Benefit Plan is provided on the basis of valuation, actuarially determined, by an independent agency namely, Life Insurance Corporation of India. Liability for Defined Benefit Plan is recognized as an expense in the Profit & Loss Account for the year in which employee has rendered services. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques.

**(9) Borrowing Costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as a part of the cost of that asset. Other borrowing costs are recognized as an expense in the year in which they are incurred.

**(10) Taxation**

Tax expenses comprises current tax and deferred tax charge/credit. The deferred tax charge / credit is recognised using current tax rates. Deferred tax assets/ liabilities are reviewed as at each Balance Sheet date.

**11) Provisions, Contingent Liabilities And Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

**(12) Miscellaneous Expenditure**

Preliminary expenses are amortised over a period of 10 years. Amalgamation expenses are amortised over a period of 5 years.

**(13) Impairment Of Assets**

The Company assesses at each Balance Sheet date whether there is any indication that any assets may be impaired. If any such indication exists, the Company estimates the recoverable amount of the assets. If such recoverable amount of the assets or the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. If at the Balance Sheet there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

**(B) Notes To Accounts :-**

- (1) Contingent liability outstanding at the year end and not provided for in respect of :
  - (a) Counter guarantees given to the Company's bankers for the guarantees issued by them on behalf of the Company - Rs. 17,00,300/- (Previous Year Rs.21,91,200/-) .
  - (b) Claims against the Company not acknowledged as debts represent suits filed by parties and disputed by the Company Rs.25,45,133/- (Previous Year Rs.25,45,133/-)



## (2) Micro, Small and Medium Enterprises

Micro, Small and Medium Enterprise under Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information available with the Company and the required disclosure are given below :-

|  | 31-3-2011 | 31-3-2010 |
|--|-----------|-----------|
| i) Principal amount remaining unpaid on Nil  | Nil       | Nil       |
| ii) Interest due thereon as on   | Nil       | Nil       |
| iii) Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, alongwith the amount of the payment made to the supplier beyond the appointed day during the year.                  | Nil       | Nil       |
| iv) Interest due and payable for the period of delay in making payment (which have been paid but beyond the day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006. | Nil       | Nil       |
| v) Interest accrued and remaining unpaid as at   | Nil       | Nil       |
| vi) Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise   | Nil       | Nil       |

(3) In the opinion of the Board, sundry debtors, loans and advances and other current assets are approximately of the value stated if realized in the ordinary course of business. The provisions for all known liabilities is adequate and not in excess of the amount reasonably necessary.

## (4) Employee Benefits

## (i) Short Term Employee Benefits

The Company has provided for an annual bonus amounting to Rs. 1,37,702/- (Previous year Rs. 42,250/-) for all its employees under the Payment of Bonus Act, which has been recognized in the Profit & Loss Account for the year.

**(ii) Long Term Employee Benefits**

The Company has classified the various Long Term Employee Benefits as under :-

**I) Defined Contribution Plans**

- a) Employers' Contribution to Provident Fund
- b) Employers' Contribution to Pension Scheme

During the year, the Company has recognized the following amounts as expenses in the Profit and Loss Account –

|   | 2010-11<br>Rs. | 2009-10<br>Rs. |
|---|----------------|----------------|
| - Employers' Contribution to Provident Fund | 55,764         | 63,974         |
| - Employers' Contribution to Pension Scheme | 49,624         | 51,794         |

\* Included in Contribution to Provident Fund, Gratuity etc. (Refer Schedule 18)

**II) Defined Benefit Plan**

The employees Gratuity Fund Scheme managed by Life Insurance Corporation of India is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the projected unit credit method. which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

Valuation in respect of gratuity have been carried out by an independent actuary as the Balance sheet, based on the following assumptions:-

| 1. | Assumption   | 31/03/2011 |
|----|--|------------|
|    | Discount Rate  | 8 %        |
|    | Salary Escalation                                    | 5%         |
| 2. | Changes in the Present Value of Obligation           |            |
|    | Present value of obligations as at beginning of year | 1,66,671   |
|    | Interest cost  | 13,334     |
|    | Current Service Cost                                 | 15,708     |
|    | Benefits Paid  | 0          |
|    | Actuarial (gain)/ loss on obligations                | (10,670)   |
|    | Present Value of Obligations as at end Year and      | 1,85,043   |

|           |   |            |
|-----------|---|------------|
| <b>3.</b> | <b>Changes in the Fair Value Plan Assets</b>                                    |            |
|           | Fair Value of plan assets at beginning of year                                  | 4,30,157   |
|           | Expected return on plan assets  | 38,715     |
|           | Contributions   | 8.00       |
|           | Benefits Paid   | 0          |
|           | Actuarial gain/(loss) on Plan assets  | NIL        |
|           | Fair Value of Plan Assets at Year end   | 4,68,880   |
| <b>4.</b> | <b>Fair value of Plan Assets</b>  |            |
|           | Fair Value of plan assets at beginning of year                                  | 4,30,157   |
|           | Actual return on plan assets  | 38,715     |
|           | Contributions   | 8          |
|           | Benefits Paid   | 0          |
|           | Fair value of plan assets at the end of year                                    | 4,68,880   |
|           | Funded status   | 2,83,837   |
|           | Excess of Actual over estimated return on plan assets                           | NIL        |
|           | Actual rate of return = Estimated rate of return as<br>ARD falls on 31st March) |            |
| <b>5.</b> | <b>Actuarial Gain / Loss recognised as on 31/03/2011</b>                        |            |
|           | Actuarial (gain)/loss on obligations  | 10,670     |
|           | Actuarial (gain)/loss for the year - plan assets                                | NIL        |
|           | Total (gain)/loss for the year  | (10670)    |
|           | Actuarial (gain)/loss recognised in the year                                    | (10670)    |
| <b>6.</b> | <b>Amounts Recognised in the Balance Sheet</b>                                  |            |
|           | Present value of obligations as at the end of year                              | 1,85,043   |
|           | Fair value of plan assets as at the end of the year                             | 4,68,880   |
|           | Funded status   | 2,83,837   |
|           | Net asset / (liability) recognised in balance sheet                             | (2,83,837) |
| <b>7.</b> | <b>Expenses Recognised in the Profit and Loss Account</b>                       |            |
|           | Current Service cost  | 15,708     |
|           | Interest Cost   | 13,334     |
|           | Expected return on plan assets  | (38,715)   |
|           | Net Actuarial (gain)/ loss recognised in the year                               | (10,670)   |
|           | Expenses recongised in statement of Profit and loss                             | (20,343)   |

(5) Additional information pursuant to the provision of paragraphs 3,4,4C and 4D of II of Schedule VI of Companies Act, 1956 (As certified by the Management)

**A) CAPACITY & PRODUCTION :-**

|                       | UNIT | INSTALLED CAPACITY |               | PRODUCTION   |               |
|-----------------------|------|--------------------|---------------|--------------|---------------|
|                       |      | CURRENT YEAR       | PREVIOUS YEAR | CURRENT YEAR | PREVIOUS YEAR |
| (a) CHENILLE YARN     | Kgs. | 3,00,000           | 3,00,000      | Nil          | Nil           |
| (b) TEXTILE MACHINERY | Nos. | 100                | 100           | 7            | 3             |

The Company's products are exempt from licensing requirement as per statement of Industrial Policy dated 24th July 1991, read with notification No.S.O.477(E) dated 25-07-91

**B) SALES AND TURNOVER :-**

|                         | UNIT  | CURRENT YEAR |                     | PREVIOUS YEAR |                     |
|-------------------------|-------|--------------|---------------------|---------------|---------------------|
|                         |       | Qty          | Value (Rs.)         | Qty           | Value (Rs.)         |
| (a) Woven Pile Fabric   | Mtrs. | 107          | 39,304              | 556           | 86,853              |
| (b) Machines            | Nos.  | 141          | 17,95,96,127        | 31            | 5,34,40,684         |
| (c) Fancy Shirting      | Kgs.  | 71,49,740    | 53,84,98,076        | 43,95,196     | 36,75,43,162        |
| (d) Components & Spares | Nos.  | -            | 12,00,371           | -             | 15,73,615           |
| (e) Erection Charges    |       |              | 43,30,644           |               | 2,20,600            |
|                         |       |              | <b>72,36,64,522</b> |               | <b>42,28,64,914</b> |

**C) STOCK**

**(a) OPENING STOCK :-**

|                       | UNIT  | CURRENT YEAR |                    | PREVIOUS YEAR |               |
|-----------------------|-------|--------------|--------------------|---------------|---------------|
|                       |       | Qty          | Value (Rs.)        | Qty           | Value (Rs.)   |
| i) Woven Pile Fabrics | Mtrs. | 347          | 38,698             | 353           | 39,132        |
| ii) Machines          | Nos.  | 65           | 3,54,10,577        | Nil           | Nil           |
| iii) Spares (Trading) | Nos.  | -            | 1,46,033           | Nil           | Nil           |
|                       |       |              | <b>3,55,95,308</b> |               | <b>39,132</b> |

**(b) CLOSING STOCK :-**

|                       | UNIT  | CURRENT YEAR |                    | PREVIOUS YEAR |                    |
|-----------------------|-------|--------------|--------------------|---------------|--------------------|
|                       |       | Qty          | Value (Rs.)        | Qty           | Value (Rs.)        |
| i) Woven Pile Fabrics | Mtrs. | 347          | 38,698             | 347           | 38,698             |
| ii) Machines          | Nos.  | 126          | 2,94,34,260        | 65            | 3,54,10,577        |
| iii) Spares (Trading) |       | -            | 1,33,533           |               | 1,46,033           |
|                       |       |              | <b>2,96,06,491</b> |               | <b>3,55,95,308</b> |

**(D) PURCHASES :-**

|                       | UNIT  | CURRENT YEAR |                     | PREVIOUS YEAR |                     |
|-----------------------|-------|--------------|---------------------|---------------|---------------------|
|                       |       | Qty          | Value (Rs.)         | Qty           | Value (Rs.)         |
| i) Woven Pile Fabrics | Mtrs. | 107          | 31,215              | 550           | 62,705              |
| ii) Machines          | Nos.  | 195          | 9,82,63,551         | 93            | 5,82,56,661         |
| iii) Fancy Shirting   | Kgs.  | 71,49,740    | 51,72,85,880        | 43,95,195     | 34,69,57,911        |
| iii) Spares (Trading) |       |              | 5,29,680            |               | 11,27,967           |
|                       |       |              | <b>61,61,10,326</b> |               | <b>40,64,05,244</b> |

**(E) MATERIALS CONSUMED :-**

|            | UNIT | CURRENT YEAR |                  | PREVIOUS YEAR |                  |
|------------|------|--------------|------------------|---------------|------------------|
|            |      | Qty          | Value (Rs.)      | Qty           | Value (Rs.)      |
| Components |      |              | 78,18,834        |               | 93,08,021        |
|            |      |              | <b>78,18,834</b> |               | <b>93,08,021</b> |

**F) VALUE OF MATERIALS AND STORES & SPARES CONSUMED :-**

|               | CURRENT YEAR     |               | PREVIOUS YEAR    |               |
|---------------|------------------|---------------|------------------|---------------|
|               | Value (Rs.)      | Percentage    | Value (Rs.)      | Percentage    |
| (i) Materials |                  |               |                  |               |
| Imported      | 0.00             | 0.00          | 3,48,551         | 3.74          |
| Indigenous    | 78,18,834        | 100.00        | 89,59,522        | 96.26         |
|               | <b>78,18,834</b> | <b>100.00</b> | <b>93,08,021</b> | <b>100.00</b> |

| Consumable Stores and Spares & Packing Material |               |               |                 |               |
|---|---------------|---------------|-----------------|---------------|
| Imported  | 0.00          | 0.00          | 0.00            | 0.00          |
| Indigenous                                      | 59,075        | 100.00        | 5,48,587        | 100.00        |
|   | <b>59,075</b> | <b>100.00</b> | <b>5,48,587</b> | <b>100.00</b> |

**G) VALUE OF IMPORTS ON CIF BASIS :-**

|                  | Rs.         | Rs.         |
|------------------|-------------|-------------|
| Machines         | 6,89,91,197 | 4,91,86,511 |
| Components       | Nil         | 3,05,889    |
| Spares (Trading) | 48,668      | 4,19,515    |

**H) EXPENDITURE IN FOREIGN CURRENCY (on accrual basis) :-**

|                           | Rs.       | Rs.      |
|---------------------------|-----------|----------|
| (i) Foreign Travelling    | 34,24,371 | 4,10,047 |
| (ii) Commission           | 45,396    | Nil      |
| (iii) Fees & Subscription | 9,609     | Nil      |

**I) EARNING IN FOREIGN CURRENCY :-**

|                             | Rs.       | Rs.       |
|-----------------------------|-----------|-----------|
| Export Sales (F.O.B. basis) | 21,43,733 | 49,02,693 |
| Commission                  | 1,57,675  | 2,71,620  |

**(6) The break-up of deferred tax (liability) / assets into major components is as under:-**

| Deferred Tax Assets / (Liability) :-               | 31.3.2011        | 31.3.2010        |
|--|------------------|------------------|
|  | Rs.              | Rs.              |
| Timing difference on account of Depreciation       | 17,46,100        | 24,10,866        |
| Expenses allowable on payment basis under Tax Laws | 45,742           | 6,07,642         |
| Business Loss/Unabsorbed Depreciation-             | —                | 45,05,995        |
| Net Deferred Tax Assets                            | <b>17,91,842</b> | <b>75,24,504</b> |

**(7) Segment Reporting**

The Company has disclosed and reported Business Segment as the primary segment. Segments have been identified taking into account the nature of the products, the differing risks and returns, the organisational structure and internal reporting system. Accordingly the company has identified Engineering Division and Textile Division as the main business segments as per the Accounting Standard on "Segment Reporting" (AS-17) issued by The Institute of Chartered Accountants of India.

The Company has disclosed and reported Geographical Segment as the secondary segment on the basis of location of its customers within India and outside India.

Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each of the segments as also amounts allocated on a reasonable basis. The income & expenses, which are not directly relatable to the business segment, are shown as unallocated corporate costs net of unallocable income. Similarly Assets and Liabilities that cannot be allocated between segments are shown as unallocated corporate assets and liabilities respectively.

**a) Information about Primary Segments : ( Business Segments )**

(in Rupees)

|    |  | Year ended<br>31-3-2011 | Year ended<br>31-3-2010 |
|----|--|-------------------------|-------------------------|
| 1  | Segment Revenue  |                         |                         |
| a. | Engineering Division   | 18,51,27,142            | 5,52,34,899             |
| b. | Textile Division   | 53,85,37,380            | 36,76,30,015            |
|    | <b>Total</b>   | <b>72,36,64,522</b>     | <b>42,28,64,914</b>     |
|    | <b>Less : Inter Segment Revenue</b>                                | -                       | -                       |
|    | Net Sales/Income from Operations                                   | 72,36,64,522            | 42,28,64,914            |
| 2  | Segment Results  |                         |                         |
|    | Profit / (Loss) before tax and interest                            |                         |                         |
| a. | Engineering Division   | 4,36,17,472             | 97,72,647               |
| b. | Textile Division   | 1,96,47,117             | 1,46,36,114             |
|    | <b>Total</b>   | <b>6,32,64,589</b>      | <b>2,44,08,761</b>      |
|    | <b>Less : (i) Interest</b>   | 5,25,164                | 6,66,314                |
|    | (ii) Other un-allocable expenditure<br>net off un-allocable income | 22,38,889               | 33,50,113               |
|    | <b>Total Profit / (Loss) Before Tax</b>                            | <b>6,05,00,536</b>      | <b>2,03,92,333</b>      |
| 3  | Capital Employed   |                         |                         |
|    | (Segment Assets - Segment Liabilities)                             |                         |                         |
| a. | Engineering Division   | 5,80,01,491             | 6,52,84,451             |
| b. | Textile Division   | 6,05,58,057             | 1,90,47,310             |
|    | <b>Add /(Less):- Unallocable Assets less Liabilities</b>           | 9,56,84,702             | 9,01,29,181             |
|    | <b>Total Capital Employed in the Company</b>                       | <b>21,42,44,250</b>     | <b>17,44,60,941</b>     |

**b) Information about Geographical Segments :**

(in Rupees)

|                            | Year ended<br>31-3-2011 | Year ended<br>31-3-2010 |
|----------------------------|-------------------------|-------------------------|
| <b>Revenue</b>             |                         |                         |
| India                      | 72,13,63,114            | 41,77,41,621            |
| Outside India              | 23,01,408               | 49,02,693               |
|                            | <b>72,36,64,522</b>     | <b>42,26,44,314</b>     |
| <b>Assets</b>              |                         |                         |
| India                      | 22,65,61,221            | 21,60,97,012            |
| Outside India              | 30,50,373               | 41,73,285               |
|                            | <b>22,96,11,594</b>     | <b>22,02,70,297</b>     |
| <b>Capital Expenditure</b> |                         |                         |
| India                      | 16,14,937               | 10,66,882               |
| Outside India              | -                       | -                       |
|                            | <b>16,14,937</b>        | <b>10,66,882</b>        |

(8) Information on Related Party transactions as required by the Accounting Standard 18 "Related Party Disclosure" are given below :

1) Name of related parties and description of relationships :-

**a) Key Management Personnel**

- i) Jayesh R.Mehta - Managing Director  
ii) Amita.J.Mehta - Director

**b) Associate Companies**

- i) Kareshma Dentals Private Limited.  
ii) J.R. Texmachtrade Private Limited.

2) Transactions during the year and Balances outstanding at the year end with the related parties are as follows:-

(in Rupees)

| Nature of Transaction             | Key Management Personnel |           | Associate Companies |           |
|-----------------------------------|--------------------------|-----------|---------------------|-----------|
|                                   | 2010-11                  | 2009-10   | 2010-11             | 2009-10   |
| Directors Remuneration            | 5,47,092                 | 5,47,092  | -                   | -         |
| Loans taken / repaid              | Nil                      | 50,00,000 | 65,80,919           | -         |
| <b>Outstandings at year end :</b> |                          |           |                     |           |
| Sundry Creditors                  | 35,709                   | 52,437    | -                   | 24,77,663 |
| Loans taken                       | -                        | -         | -                   | 65,80,919 |

(9) Earnings per Share :-

|   |      | Current Year | Previous Year |
|---|------|--------------|---------------|
| a) Profit after tax                                     | Rs.  | 3,97,83,309  | 1,11,61,701   |
| b) Weighted average number of Equity shares outstanding | Nos. | 1,61,37,263  | 1,24,04,386   |
| c) The nominal value per Equity Share                   | Rs.  | 10/-         | 10/-          |
| d) Earnings per Share –Annualised                       | Rs.  | 2.47         | 0.90          |

(10) Previous year's figures are grouped / regrouped or arranged / rearranged wherever necessary to make them comparable with the current years figures.

**Signature to Schedules 1 to 19**

As per our report of even date

**For CHANDAN PARMAR & CO.**  
Chartered accountants

**On Behalf of the Board**

(Deepak H. Padachh)  
Partner  
Membership No.45741

**Managing Director**  
J. R. Mehta

**Director**  
A. J. Mehta

PLACE : MUMBAI  
DATE : 26<sup>th</sup> May, 2011



**ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956  
BALANCE SHEET ABSTRACT AND COMPANY'S BUSINESS PROFILE**

**I. REGISTRATION DETAILS**

|                    |            |            |    |
|--------------------|------------|------------|----|
| Registration No. : | 40119      | State Code | 11 |
| Balance Sheet Date | 31.03.2011 |            |    |

**II. CAPITAL RAISED DURING THE PERIOD (AMOUNT IN Rs. THOUSAND)**

|              |     |                   |     |
|--------------|-----|-------------------|-----|
| Public Issue | NIL | Right Issue       | NIL |
| Bonus Issue  | NIL | Private Placement | NIL |

**III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN Rs. THOUSAND)**

|                   |         |              |         |
|-------------------|---------|--------------|---------|
| Total Liabilities | 221,377 | Total Assets | 221,377 |
|-------------------|---------|--------------|---------|

**SOURCES OF FUNDS**

|                        |         |                    |        |
|------------------------|---------|--------------------|--------|
| Paid up Capital        | 161,373 | Reserves & Surplus | 55,740 |
| Secured Loans          | 4,264   | Unsecured Loans    | NIL    |
| Deferred Tax Liability | NIL     |                    |        |

**APPLICATION OF FUNDS**

|                    |         |                           |       |
|--------------------|---------|---------------------------|-------|
| Net Fixed Assets   | 24,017  | Investments               | 1,106 |
| Net Current Assets | 191,506 | Miscellaneous Expenditure | 87    |
| Accumulated Losses | 2,868   | Deferred Tax Assets       | 1,792 |

**IV. PERFORMANCE OF COMPANY (AMOUNT IN Rs. THOUSAND)**

|                            |         |                   |         |
|----------------------------|---------|-------------------|---------|
| Turnover                   | 734,341 | Total Expenditure | 673,840 |
| Profit Before Tax          | 60,501  | Profit After Tax  | 39,783  |
| Earning per Share (Rupees) | 2.47    | Dividend Rate %   | NIL     |

**V. GENERIC NAMES OF PRINCIPAL PRODUCTS OF COMPANY**

|                          |                   |                          |                            |
|--------------------------|-------------------|--------------------------|----------------------------|
| Item Code No. (ITC Code) | 580134.01         | Item Code No. (ITC Code) | 847710.00                  |
| Product Description      | Velvet Fabrics    | Product Description      | Injection Moulding Machine |
| Item Code No. (ITC Code) | 560600.09         |                          |                            |
| Product Description      | Chenille Yarn     |                          |                            |
| Item Code No. (ITC Code) | 844530.90         |                          |                            |
| Product Description      | Textile Machinery |                          |                            |

On behalf of the Board

**Managaing Director  
J. R, Mehta**

Place : Mumbai  
Date : 26<sup>th</sup> May, 2011

**Director  
A. J. Mehta**

# 25<sup>th</sup> ANNUAL REPORT 2010- 2011

## CHANDNI TEXTILES ENGINEERING INDUSTRIES LTD.

Registered Office : 110, T. V. Industrial Estate, 52 S. K. Ahire Marg, Worli, Mumbai - 400 030

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

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

of \_\_\_\_\_

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

\_\_\_\_\_ being a member/members of the above named Company hereby appoint

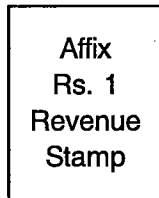
of \_\_\_\_\_

\_\_\_\_\_ or failing him \_\_\_\_\_

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

as my/our proxy to vote for me/our behalf at the 25<sup>th</sup> ANNUAL GENERAL MEETING of the Company to be held on Friday the 30<sup>th</sup> September 2011 at 3.00 p.m. at THE QUEENIE CAPTAIN AUDITORUIM C/O THE NAB WORKSHOP FOR THE BLIND, Dr. ANNIE BESANT ROAD, WORLI, MUMBAI - 30 and at any adjournment there of.

Signed this \_\_\_\_\_ day



\_\_\_\_\_ 2011

Signature

Note : This form in order to be effective should be duly stamped completed and signed and must be deposited at the Registered Office of the company, not less than 48 hours before the meeting.

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## CHANDNI TEXTILES ENGINEERING INDUSTRIES LTD.

Registered Office : 110, T. V. Industrial Estate, 52 S. K. Ahire Marg, Worli, Mumbai - 400 030

### ATTENDANCE SLIP

#### TWENTY FIFTH ANNUAL GENERAL MEETING - 2011

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

I certify that I am a registered shareholder / proxy for the registered shareholder of the company.

I hereby record my presence at the 25<sup>th</sup> Annual General Meeting on Friday 30<sup>th</sup> September 2011 at 3.00 p.m. at THE QUEENIE CAPTAIN AUDITORUIM C/O THE NAB WORKSHOP FOR THE BLIND, DR ANNIE BESANT ROAD, WORLI, MUMBAI - 30,

\_\_\_\_\_  
Member's / Proxy's name in block letters

\_\_\_\_\_  
Member's / Proxy's Signature

**Note:** Please fill in this Attendance Slip and hand it over at the ENTRANCE OF THE MEETING PLACE