

# **Gupta Carpets International Limited**

**28<sup>th</sup>  
Annual Report  
March 2011**

**Ajnala Road, Opp. Petrol Pump, Amritsar – 143 001**

# GUPTA CARPETS INTERNATIONAL LIMITED

Regd. & H.O: - Ajnala Road, Opp. Petrol Pump, Amritsar – 143 001

E-Mail – guptacarpets@in.com / www.guptacarpets.in

Tel.No. 0183 – 2590074, Fax.No. 0183 – 2590074

## NOTICE OF ANNUAL GENERAL MEETING

To  
The Members,

Notice is hereby given that the 28<sup>th</sup> Annual General Meeting of the members of **Gupta Carpets International Limited** will be held at its Registered Office situated at Ajnala Road, Opp. Petrol Pump, Amritsar – 143 001, on Friday, the 30<sup>th</sup> day of September, 2011, at 12.00 Noon to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider, and adopt the Audited Profit & Loss Account for the year ended 31<sup>st</sup> March 2011 and the Balance Sheet as on that date together with the Auditors Report and Directors Report of the Company for the financial year starting April 1<sup>st</sup>, 2010 and ending March 31<sup>st</sup>, 2011.
2. To appoint, Mr. Baldev Singh, director who retires by rotation and is eligible for reappointment.
3. To consider and if thought fit, pass with or without modification(s), the following resolution for appointment and fixation of remuneration of M/s B Aggarwal & Co., Chartered Accountants, New Delhi in place of M/s M.S. SOAND & Co. Chartered Accountants, Jalandhar, as the Statutory Auditors of the company for the financial year 2011-2012 as Ordinary Resolution:-

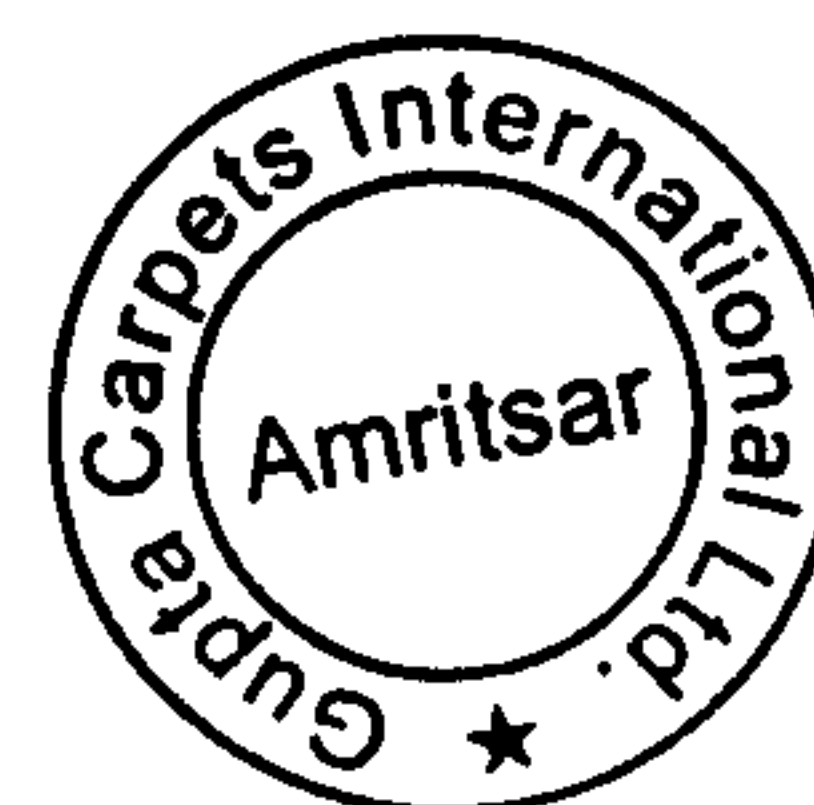
**“RESOLVED THAT** pursuant to the provisions of Section 224 of the Companies Act, 1956, M/s B Aggarwal & Co. Chartered Accountants, New Delhi, be and are hereby appointed as the statutory auditors of the company for audit of accounts for financial year ending 31<sup>st</sup> March, 2012 and to hold office from the conclusion of this annual general meeting till the conclusion of the next annual general meeting of the company on such remuneration as may be decided by the board of directors of the company.”

### SPECIAL BUSINESS

4. To consider, and if thought fit, to pass with or without modification the following resolution as ordinary resolution:

**“RESOLVE THAT** Mr. Ankush Aggarwal, who was appointed as an additional director of the company pursuant to Section 260 of the Companies Act, 1956 and hold office up to the date of this Annual General Meeting, and in respect of whom the company has received a notice under Section 257 of the Companies Act, 1956, in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company subject to retirement by rotation under the Articles of Association of the Company.”

By order of the Board of Directors  
For Gupta Carpets International Ltd



*Rajesh Gupta*

**Rajesh Gupta**  
Director  
DIN: 02622671

Date: 05/09/2011  
Place: Amritsar

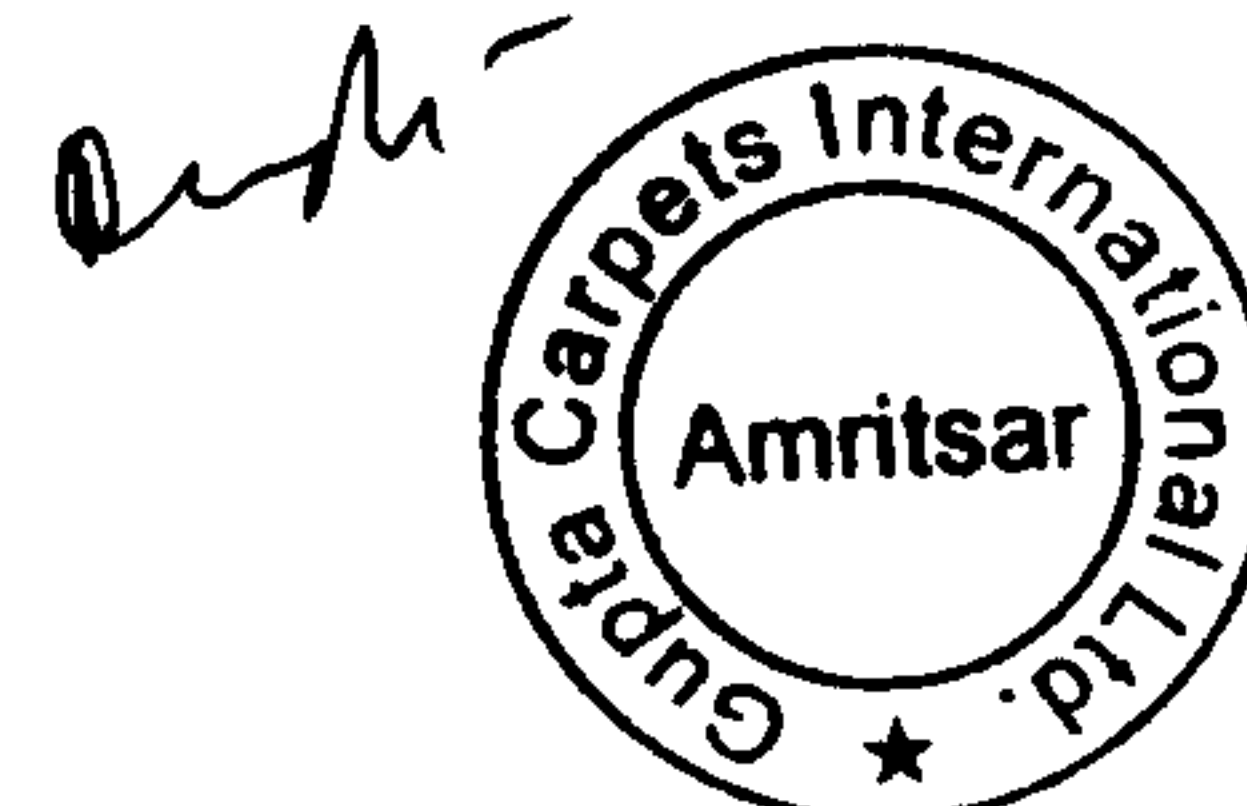
## NOTES:-

1. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business, as set out above is annexure hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN HIS PLACE AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The instrument appointing a proxy should however be deposited at the registered office of the company not later than 48 hours before the time for holding the meeting. The proxy form is enclosed with this report.
3. The register of members and the share transfer books of the company will be closed from 29<sup>th</sup> September 2011 to 30<sup>th</sup> September 2011 both days inclusive.
4. All documents referred to in the notice are open for inspection by the members at the registered office of the company during business hours on all working days up to the date of annual general meeting.
5. The Members are requested to: -
  - a. Intimate changes, if any, in their address to the Company or to the Registrar and Share Transfer Agent of the Company.
  - b. Quote Folio number in all their correspondence with the Company.
  - c. Bring their copies of annual report including attendance slip at the venue for the AGM.
6. You are requested to write at least 07 days prior to the date of annual general meeting, any information that you may desire for including in the annual accounts of the company, to enable the management to keep the information ready.
7. Members holding shares in physical form are requested to lodge share transfer, transmission quoting their folio number(s) to company's share transfer agent.
8. The Company is concerned about the environment and utilizes natural resources in a sustainable way. Recently, the Ministry of Corporate Affairs (MCA), Government of India, through its Circular Nos. 17 / 2011 and 18 / 2011, dated April 21, 2011 and April 29, 2011 respectively, has allowed companies to send official documents to their shareholders electronically as part of its green initiatives in corporate governance.

Recognizing the spirit of the circular issued by the MCA, the Company henceforth propose to send documents like the Notice convening the general meetings, Financial Statements, Directors' Report, Auditors' Report, etc to the email address provided by you with your depositories or company or to the Registrar and Share Transfer Agent of the Company.

We request you to update your email address with your depository participant or Registrar and Share Transfer Agent of the company to ensure that the annual report and other documents reach you on your preferred email.

9. The communication address of our Registrar and Share Transfer Agent (RTA) 'Beetal Financial and Computer Services Private Limited' is 'Beetal House, 3<sup>rd</sup> Floor, 99 Madangir, Behind Local Shopping Complex, New Delhi 110062'.



10. At the ensuing Annual General Meeting, Mr. Baldev Singh, Director of the Company, who retire by rotation and being eligible, offer himself for re-appointment. The information or details to be provided under Corporate Governance Code is as under:

Name	Sh. Baldev Singh
Date of Birth	12 <sup>th</sup> January 1972
Qualification	Graduate
Experience	10 years
Expertise	He is an expert in internal administration of the company.
Directorship in other companies	Nil

11. Appointment of Auditors.

At the ensuring Annual General Meeting M/S M.S SONAD & Co. Chartered Accountants, Jalandhar, the retiring auditors expressed their unwillingness to continue as auditors of the company.

A consent letter has been received from M/s B Aggarwal & Co., Chartered Accountants, Delhi, for its appointment as statutory auditors of the company for the financial year 2011-2012.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956**

**Item No. 4:**

The Board of Directors of the Company made appointment of Mr. Ankush Aggarwal as additional director of the Company on 3<sup>rd</sup> June, 2011 and he holds office up to the conclusion of this annual general meeting and keeping in view of his valuable services to the Company, the Board recommends his appointment by members of the Company. A notice to the effect has been received under Section 257 of the Companies Act, 1956.

The brief particulars of Mr. Ankush Aggarwal are as under:

Name	Mr. Ankush Aggarwal
Date of Birth	20 <sup>th</sup> June 1982
Qualification	Graduate
Experience	8 years
Expertise	He has wide knowledge in the area of marketing and implementing marketing strategies
Directorship in other companies	Nil

The Resolution as set out in Item No. 4 of the notice will be placed before the meeting for the approval of the members.





Your Directors recommend the approval of proposed resolution by the Members.

None of the Directors of the Company is interested except Mr. Ankush Aggarwal, in the resolution.

**By order of the Board of Directors  
For Gupta Carpets International Ltd**

Date: 05/09/2011  
Place: Amritsar



*Rajesh Gupta*  
**Rajesh Gupta  
Director  
DIN: 02622671**

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## DIRECTOR'S REPORT

To  
The Members

Your Directors presents the Annual Report of your Company together with the audited Statement of Accounts for the financial year ended on 31<sup>st</sup> March, 2011.

### Financial Results

	2010-11	2009-10
Sales & other Income	--	762,384.00
Loss before depreciation and tax	146,110.00	26,307.00
Depreciation	NIL	NIL
Profit / (Loss) after tax, depreciation & Extraordinary Item	(146,110.00)	21,123.00
Loss brought forward	91,034,859.14	91,055,982.14
Balance carried to Balance Sheet	91,180,969.14	91,034,859.14

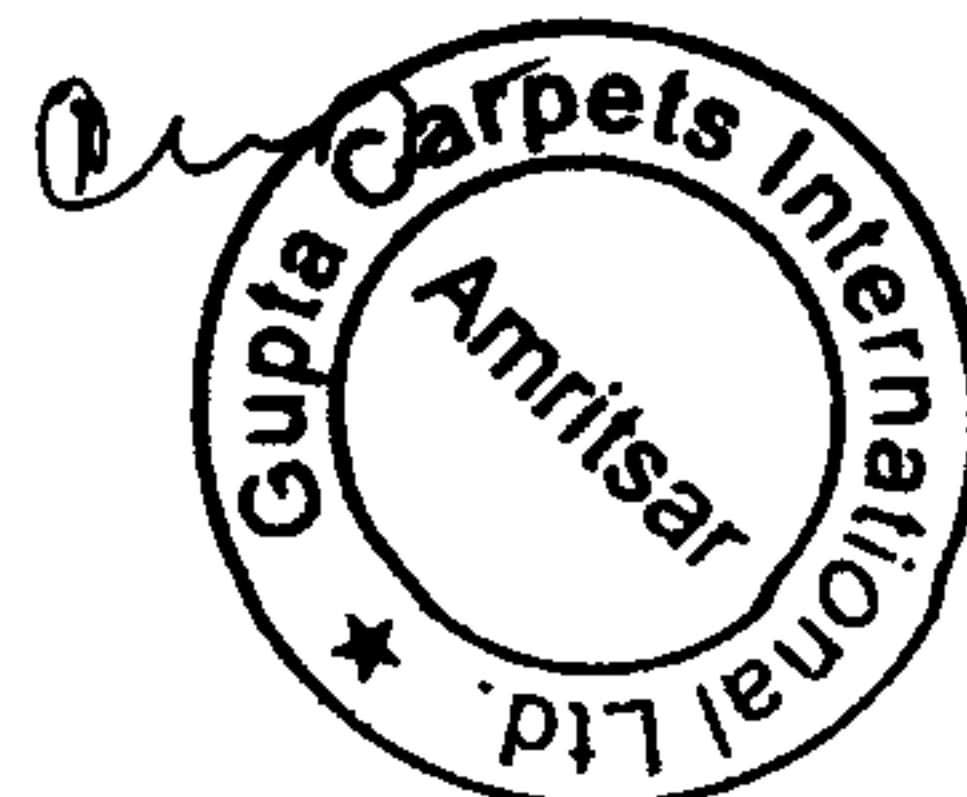
### Current Business Operations & Future Outlook

Your directors state that, your Company is in the process of preparing necessary business plans & strategies for re-initiating its operations in the field of textile and carpet industry, on a large scale basis in the near future. Your directors expect to start its business activities with a reasonable growth in the near future.

### Directors

During the year, no directors were appointed. At the close of this financial year, Mr. Baldev Singh being director liable to retire by rotation, being eligible is proposed to be reappointed in this Annual General Meeting of the Company.

Mr. Ankush Aggarwal has been appointed as Additional Director in the Board of Directors of the company to hold office up to the ensuing Annual General Meeting. Your directors recommends his appointment as director before the shareholders in their Annual General Meeting.



### **Dividend**

There being no profits, your directors regret their inability to recommend any dividend for the Financial Year ending on 31<sup>st</sup> March 2011.

### **Directors' Responsibility Statement**

As per the requirement of Section 217 (2AA) of the Companies Act 1956, your directors hereby make the following statement:

1. That in the preparation of the accounts for the financial year ended 31<sup>st</sup> March, 2011 the applicable Accounting Standards have been followed along with proper explanations relating to material departures;
2. That the Directors have selected such accounting policies & applied them consistently & made judgments & estimates that are reasonable & prudent so as to give a true & fair view of the state of affairs of the Company at the end of the financial year;
3. That the Directors have taken proper & sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing & detecting fraud & other irregularities;
4. That the Directors have prepared the accounts of the Company for the Financial Year ended 31<sup>st</sup> March, 2011 on a going concern basis.

### **Deposits**

Your Company has not accepted any deposits during the period under review within the meaning of Section 58A of the Companies Act, 1956 read with 'Companies (Acceptance of Deposit) Rules 1975'.

### **Particulars of Employees**

During the year, there was no employee covered under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

### **Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo**

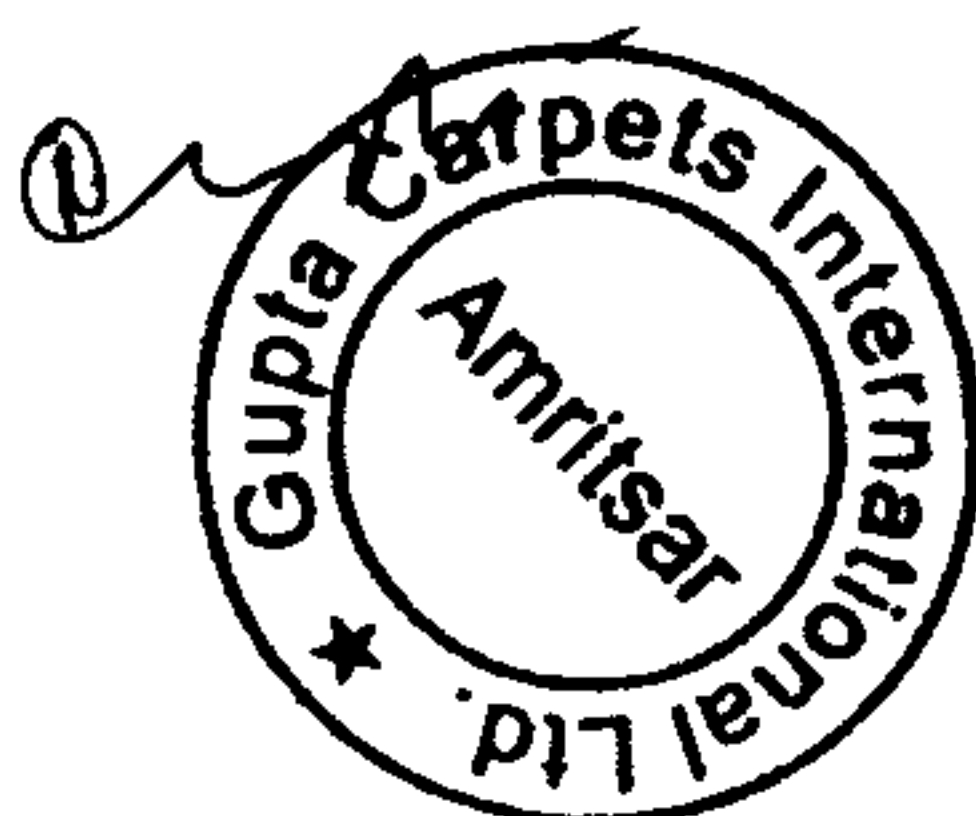
**Information required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988**

#### **Conservation of Energy**

Presently there being no operations involving energy consumption, thus the provisions with respect to conservation of energy does not apply.

**Form of Disclosure of Particulars with respect to Absorption of Technology, Research & Development.**

#### **Research & Development**





There was no research and development activity carried out during the financial year.

#### **Technology Absorption, Adaptation and Innovation**

No technology was absorbed, adapted or innovated during the financial year.

#### **Foreign Exchange-Earning /Outgo**

There was no transaction made by the Company involving Foreign Exchange.

#### **Statutory Auditors**

The Statutory Auditors of the Company, 'M/s M.S. Soand & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and express their unwillingness to continue as auditors of the company.

A consent letter has been received from M/s. B Aggarwal & Co., Chartered Accountants, New Delhi, for their appointment as statutory auditors of the company for the financial year 2011-2012. The auditors have furnished a certificate to this effect that the proposed appointment, if made, will be in accordance with Section 224(1B) of the Companies Act 1956.

Your directors recommend the appointment of the M/s. B Aggarwal & Co., Chartered Accountants as Statutory Auditors till the conclusion of next Annual General Meeting for audit of accounts for the financial year 2011-12.

#### **Secretarial Compliance Certificate**

The Secretarial Compliance Certificate for the financial year ending on 31<sup>st</sup> March 2011 is attached hereto and forms part of this Report. The Board took note of the same.

#### **Book Closure**

The transfer books of the company will be closed from 29<sup>th</sup> September 2011 till 30<sup>th</sup> September 2011 for purpose of Annual General Meeting dated 30<sup>th</sup> September 2011.

#### **Management Discussion And Analysis Report**

A report on industry analysis is attached hereto and forms part of the Directors Report.

#### **Corporate Governance**

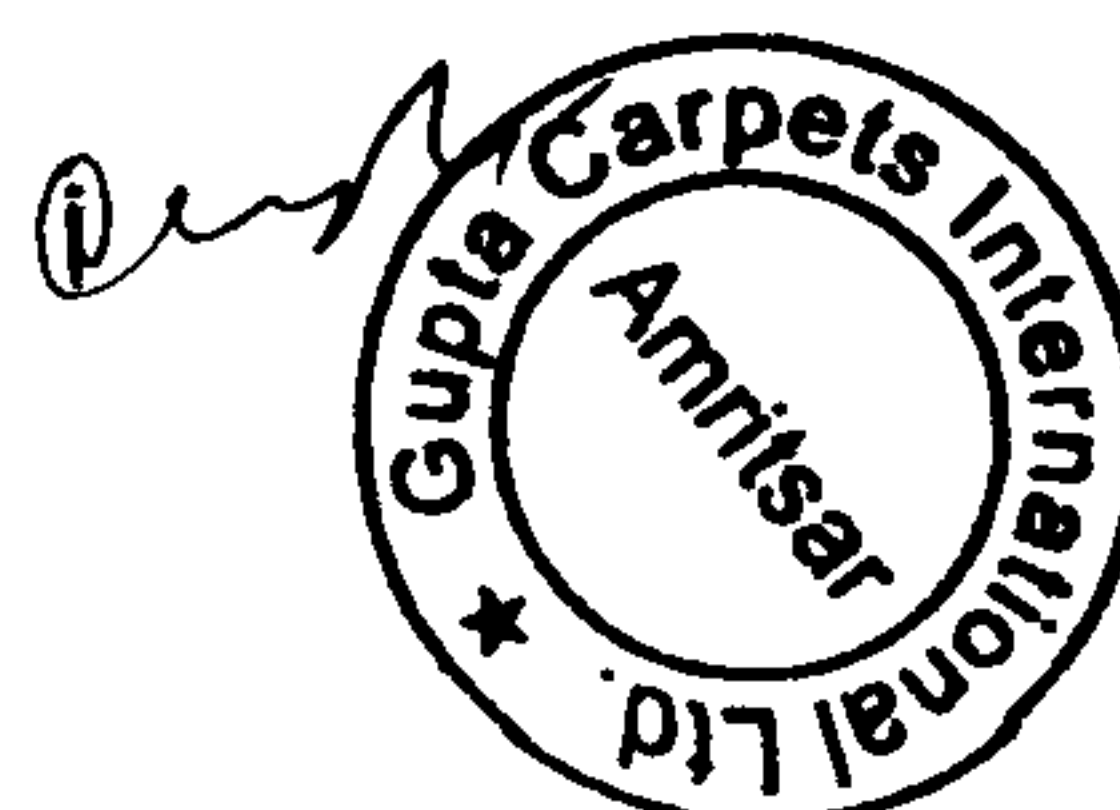
A separate section on Corporate Governance is attached hereto and forms part of this report.

#### **Material Changes**

#### **In Principle Approval for Revocation of Suspension**

The shares of the company suspended from trading from Bombay Stock Exchange have been provided In Principle Approval vide letter dated 1<sup>st</sup> August 2011 for admission to the dealings by the exchange subject to adherence of certain compliances and submission of requisite information.

#### **Auditors Report & Notes on Accounts**



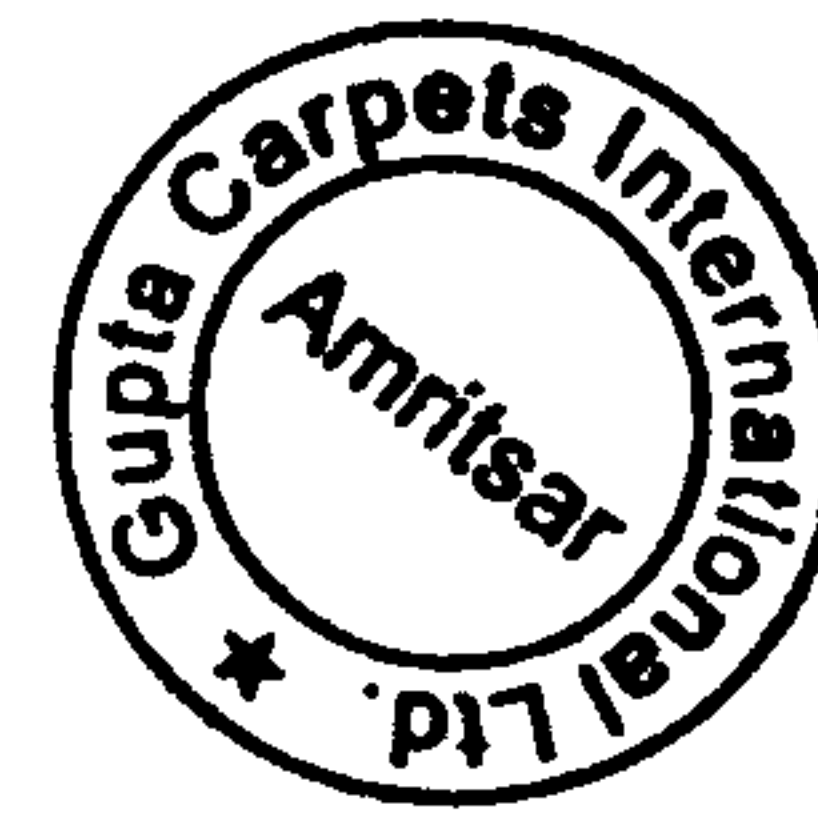


The observations of the Auditor and Notes on Account and the management's reply with respect to the auditor's remark have been separately attached along with as addendum to the director's report.

**Acknowledgement**

Your Directors would like to express their gratitude for timely assistance and co operation received from Government Authorities, Investors, Advisors, Bankers and all other concerns.

**By order of the Board of Directors  
For Gupta Carpets International Limited**



*Rajesh Gupta*

Date: 05.09.2011  
Place: Amritsar

**Rajesh Gupta  
Director  
DIN: 02622671**

**ADDENDUM TO DIRECTOR'S REPORT**  
(Under Section 217(3) & 227(2) of the Companies Act, 1956)

S. No.	Auditor's Remark	Response of the Company
1.	<p><b>Para 4(f) of the Audit Report:</b> In our opinion, to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon and <b>subject to Notes No. 3 in Financial Note No. 13 regarding 'Going Concern', Note No. 6 in Financial Note No. 13 regarding 'Accounting for Retirement Benefits', Note No. 8 in Financial Note No. 13 regarding 'Non-confirmation of Balances', and Note No. 9a in Financial Note No. 13 regarding non-provision of interest on credit facility from the Bankers</b>, give the information required by the Companies Act, 1956 in manner so required and give a true and fair view</p> <p>i. In case of Balance Sheet of the State of Affairs of the company as on 31<sup>st</sup> March, 2011</p> <p>ii. In case of Profit and Loss account of the Loss for the year ended on that date.</p> <p>iii. In case of the Cash Flow Statement of the Cash Flow for the year ended on that date</p> <p><b>Note No. 3 of Financial Note No. 13</b> Despite huge loss resulted in complete erosion of net worth of the company, resulting in business of the company having suffered irreparably, the accounts for the year have been prepared on the assumption of "Going Concern". This reflects adversely upon the true &amp; fair view of the accounts. The Company did not have any involvement in the operations of its main object i.e. manufacturing of Carpets. No other significant business activity was carried out during the year.</p> <p><b>Note No. 6 of Financial Note No. 13</b> Gratuity and other post Employment Benefit Plans (AS-15): According to the information and explanation given to us, the company did not employ any worker/ staff during the year under consideration. Hence, the company made no provision for the gratuity and other retirement expenses on actuarial basis as required under Section 211(3A), 211(3B) and 211(3C) of the Companies Act read with Accounting standards issued by the ICAI.</p> <p><b>Note No. 8 of Financial Note No. 13</b> In view of the administrative and functional constraints confirmation of Balances are not obtained from creditors. In the opinion of Board of Directors "Current Assets, Loans and Advances" have been valued on realization in</p>	<p>The observation of the Auditor is explanatory in nature and does not require any clarification.</p> <p>The Company is taking steps for its revival and soon be starting its operations as a going concern. The In-principle approval from Bombay Stock Exchange has also been received for revocation of its suspension from trading.</p> <p>Since the company has no employee on its rolls, no provision has been made for gratuity and other retirement benefits. The observation in the note is self explanatory in nature.</p> <p>The observation in the note is self explanatory in nature.</p>

	<p>ordinary course of business, at least, equal to the amount at which they have been stated in the Balance Sheet.</p> <p><b>Note No. 9(a) of Financial Note No. 13</b> Interest up to the financial year ended 31.03.2011 (from 01.04.1997) remains un provided for and unchanged in respect of the credit facilities availed from Bank of Maharashtra, Amritsar on account of the fact the account has been classified as NPA by the Bank. The amount of interest not so provided by the Company remains unascertained. The Bankers have initiated legal proceedings against the company but efforts are being made to arrive at a Settlement with the Bankers.</p>	<p>The Company has entered into 'One Time Settlement' (OTS) with the Bank of Maharashtra and 'No Dues Certificate' from the Bank has been received.</p>
2.	<p><b>Para (i) of Annexure to the Auditor's Report</b> Company is maintaining proper records showing full particulars including quantitative and situation of fixed assets. As explained to us, Management has physically verified them at reasonable intervals and no material discrepancies were noticed on such verification. <b>The Company has already disposed off all the fixed assets and, in our opinion, the going concern status of the company is affected as the company is neither carrying any manufacturing activity not doing any substantial trading business as in the earlier years.</b></p>	<p>The observation of the auditor is self explanatory in nature and on other hand; the Company is taking steps for its revival and soon be starting its operations as a going concern. The In-principle approval from Bombay Stock Exchange has also been received for revocation of its suspension from trading.</p>
3.	<p><b>Para (x) of Annexure to the Auditor's Report</b> Accumulated Losses at the end of the immediately preceding financial year have exceeded the net worth of the company. Further the company has also incurred cash losses during the financial year covered by our audit and as well in the immediately preceding financial year.</p>	<p>The Company was non-functional from several years and the cash losses have been incurred due the routine expenses incurred. Now the company is in the process of reviving its operations. The Company has entered into One Time Settlement with Bank of Maharashtra and also has obtained In-Principle approval from Bombay Stock Exchange for revocation of suspension from trading.</p>
4.	<p><b>Para (xi) of Annexure to the Auditor's Report</b> In our opinion and according to the information and explanation given to us, the company has defaulted in repayment of dues of Bank of Maharashtra. The default in respect of the repayment of the outstanding Principal amount of Rs. 4.20 Crores plus interest thereon which remains unascertained as the same stood un provided for in the books of accounts since 01.04.1997. The company is defaulter of the Bank since 1996. The proceedings of the Bank for the recovery against the Company are under process.</p>	<p>The Company has entered into 'One Time Settlement' (OTS) with the Bank of Maharashtra and 'No Dues Certificate' from the Bank has been received.</p>



# **GUPTA CARPETS INTERNATIONAL LIMITED**

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## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The Indian Carpet Industry is one of the major industry prevalent in India employing thousands of people and artisans, and makes a two level impact on the Indian Economy by making a substantial contribution to the Balance of Payments and exerts a pressure on wages in economically backward regions of the country. However, there is a consensus that increasing competition from the major supplier countries would constitute a significant constraint in realizing the growth potential.

Though floor coverings in India are one of the most ancient crafts followed till date the typical piled carpet more commonly known as the Kashmiri carpet in India and oriental carpet internationally reached here in the 14th century. Since then the carpet industry has developed leaps and bound in terms in production, styles and patterns and so in the markets.

There are 1215 carpet manufacturing units recorded and of that 190 are in the organized sector and the rest are in small scale industry.

### **FUTURE OUTLOOK**

The key to sustain India's growth rate during an economic downturn lies in developing India's industry. Indian Carpets are renowned the world over for their exquisite designs, subtle elegance, attractive colures and workmanship. The magnificence of the Indian carpet weaving and the intricate patterns that have emerged from it have substantially increased India's carpet exports and placed it prominently in the international carpet map and it is heartening to see that much-needed emphasis is given to this sector and thus considering the growth potential and future value. The Indian Carpet industry is governed by the regulations of the National Textile policy 2000.

The Company is in the process of preparing necessary business plans & strategies for re-initiating its operations in the field of textile and carpet industry, on a large scale basis in the near future and expect to start its business activities with a reasonable growth in the near future.

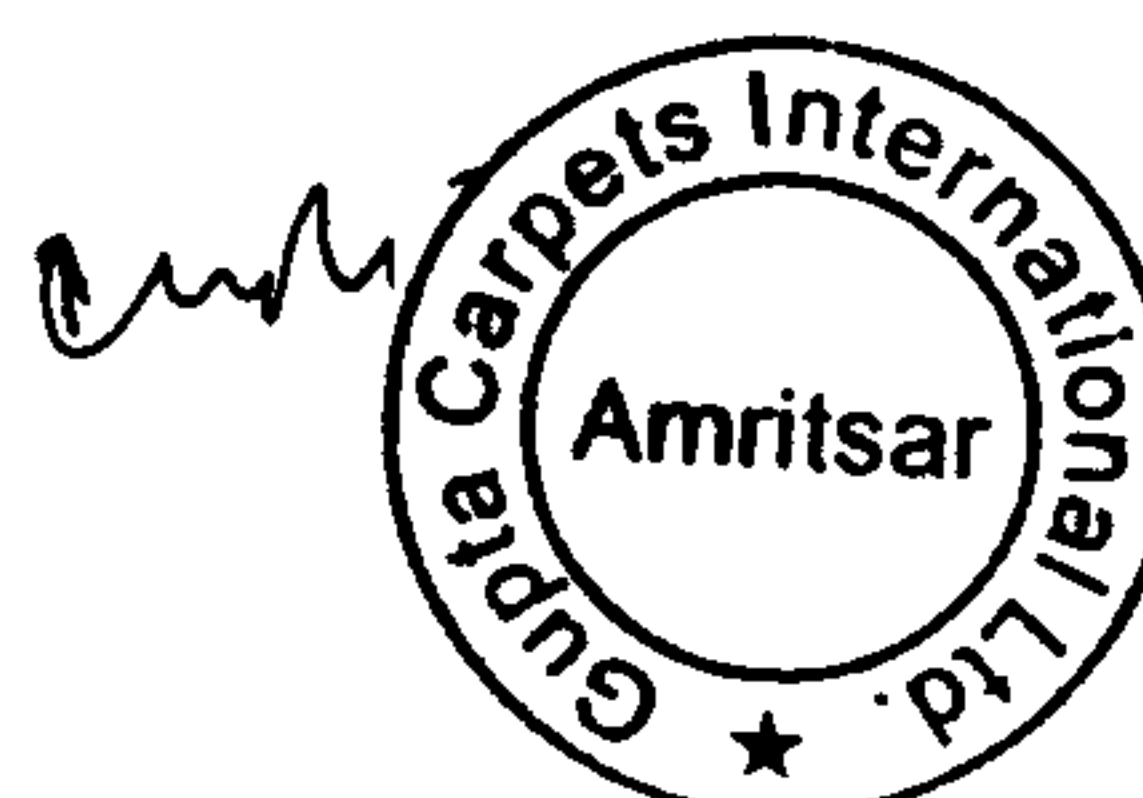
### **RISKS AND CHALLENGES:**

The Company's ability to foresee and manage business risks is crucial in achieving favorable results. While management is making further plans for Company functioning, Board is subject to the risks and uncertainties as given below.

- Competition:

Business opportunities also bring competition. Since the Company is still in the phase of its revival and is starting its activities, the Board needs to make full proof plans for achieving its targets. The Company is operating in a highly competitive environment.

- Raw Material:



Continuous supply of raw materials like threads is essential for timely completion of the projects. There is also a risk of escalation of cost or shortage in the supply of raw materials.

As a start, Company needs to make a standing in the market and maintain good business relations with suppliers for smooth and continuous supply of raw material at competitive rates.

- **Manpower:**

The timely availability of craftsman, artisans & skilled personnel is one of the key challenges. The Company maintains healthy and motivating work environment through various measures.

- **Capital:**

The Company's business requires long-term commitment of capital to meet its financing requirements.

### **Internal Control System and their adequacy:**

The Company has a internal control system and internal control measures are in place to monitor performance against norms. The company has a sound system of Internal Controls for financial reporting of various transactions, efficiency of operations and compliance with relevant laws and regulations. Suitable delegation of power and guidelines for accounting has been issued for uniform compliance.

The Company is committed to maintain an effective system of internal control for facilitating accurate, reliable and speedy compilation of financial information, safeguarding the assets and interests of the Company and ensuring compliance with all laws and regulations. The Company has a system to monitor, review and update internal controls on an ongoing basis.

### **Income & Expenditure:**

The Company has started with some business operations but regret to generate any income during the year. The Company has incurred administrative expenses of routine nature.

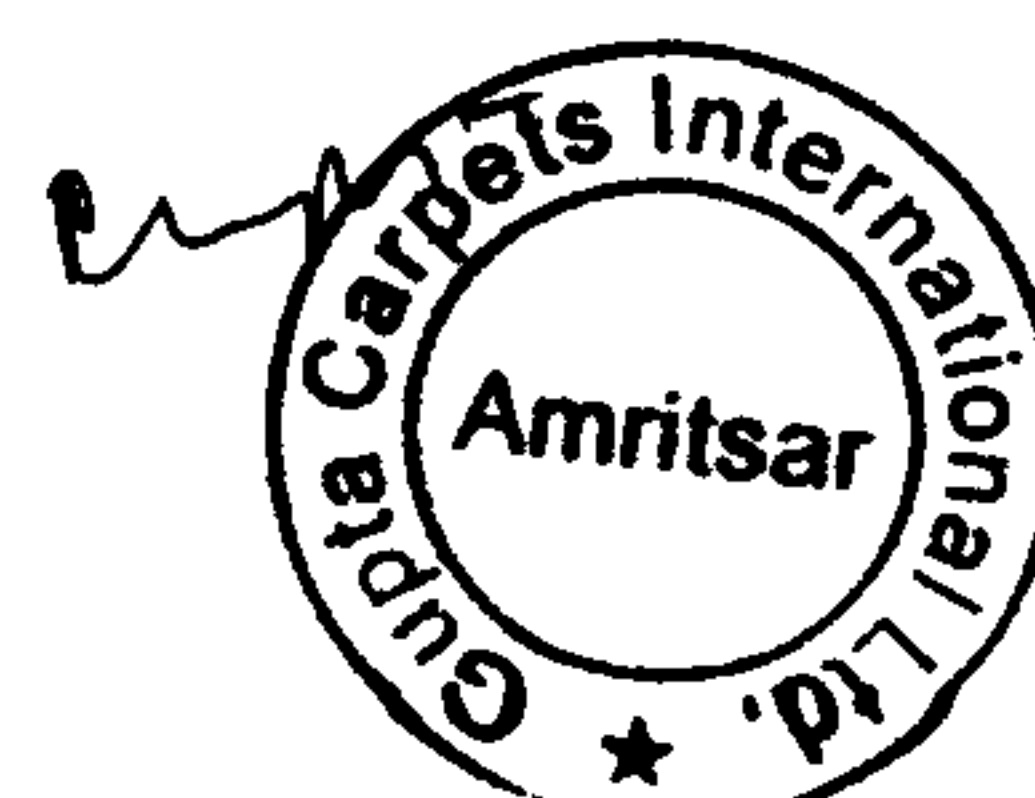
## **OPPORTUNITIES AND THREATS**

### **Opportunities**

Hand Knotted Carpet industry is one of the oldest industries of the nation. The craftsman coupled with traditional design skill of Indian weaver has been acknowledged by the world over the centuries. The Indian Carpet Industry is mainly export oriented and with the benefit of worldwide recognition of India carpet industry, there is a great opportunity in the development of exports.

### **Threats**

Due to export oriented nature of the industry, there is a stiff competition from countries like China, Japan , Korea, Pakistan & Nepal and the demand for synthetic carpets is rapidly increasing as compared to woolen carpets. Moreover, due to international trade, it is subject to currency rate fluctuation.

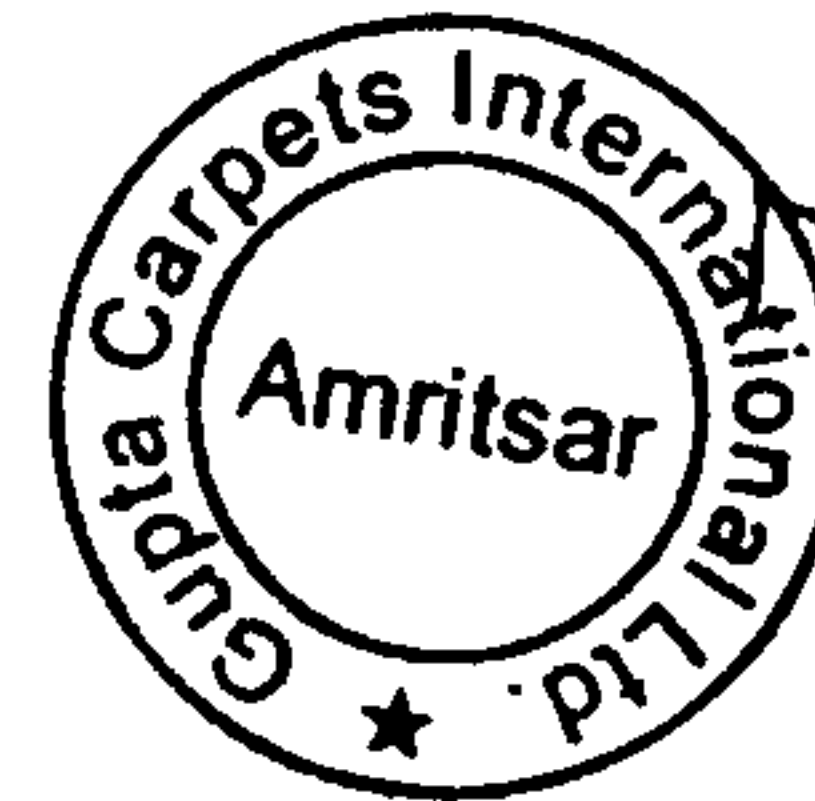


## **REVIEW OF OPERATIONS**

The Company has been under the process of revival in the recent past and is in the process of preparing necessary business plans & strategies. The Company expects to start its business activities with a reasonable growth in the near future.

**By order of the Board of Directors  
For Gupta Carpets International Limited**

Date: 05.09.2011  
Place: Amritsar



**Rajesh Gupta  
Director  
DIN: 02622671**



**REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDING**  
**31<sup>st</sup> MARCH 2011**  
**(As required under Clause 49 of Listing Agreement)**

**COMPANY PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE**

The Company's philosophy is responsive to the aspirations of customers, suppliers, lenders, employees, shareholders and the expectations of the society. This objective extends not merely to meet with statutory requirements but also to go beyond them by putting into place procedures and systems which are in accordance with best practices for governance.

The fundamental concern of corporate governance is to ensure the conditions whereby a Company's Board acts in the interest of the company and its various stakeholders. Your Company has always been guided by a strong conviction of adhering to transparency, accountability and integrity. The company strongly believes in maintaining a simple and transparent corporate structure driven solely by business needs. Shareholders' interests are utmost and the management is only a trustee of the shareholders capital to carry out the activities in a truthful manner.

**COMPOSITION OF BOARD OF DIRECTORS**

The Composition of Board of Directors is as follows: -

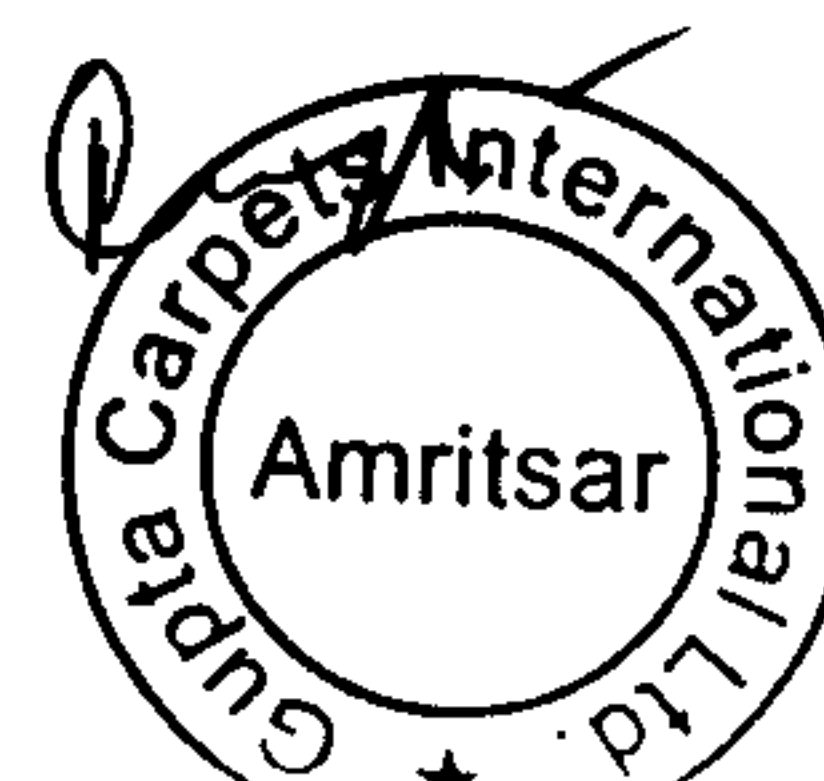
<b>Name of Director</b>	<b>DIN</b>
<b>Executive &amp; Non-Independent Director</b>	
Mr. Rajesh Gupta	02622671
<b>Non Executive and Non-Independent Director</b>	
Mr. Moti Lal Gupta	00526604
<b>Non Executive &amp; Independent directors</b>	
Mr. Baldev Singh	00526614
Mr. Ankush Aggarwal	03543824

Mr. Ankush Aggarwal was appointed as an additional director on 03.06.2011 at the Meeting of Board of Directors of the Company held on 03.06.2011.

**BOARD MEETINGS**

During the twelve months financial year, the Board met Eleven times on 28<sup>th</sup> April, 2010, 18<sup>th</sup> May, 2010, 30<sup>th</sup> June, 2010, 2<sup>nd</sup> July, 2010, 30<sup>th</sup> July, 2010, 6<sup>th</sup> August, 2010, 30<sup>th</sup> September, 2010, 15<sup>th</sup> October, 2010, 30<sup>th</sup> October, 2010, 30<sup>th</sup> January, 2011 and 24<sup>th</sup> March, 2011.

Attendance in the Board Meetings held as specified above -



Name of Director	Category/ Designation	No. of Board Meetings		Attendance at last AGM dated September 30, 2010
		Held	Attended	
Sh. Rajesh Gupta	Executive Director	10	10	Yes
Sh. Moti Lal Gupta	Non Executive & Non-Independent Director	10	9	Yes
Sh. Baldev Singh	Non Executive & Independent Director	10	9	Yes
Sh. Ankush Aggarwal*	Non Executive Additional Director	10	0	No

\*Shri Ankush Aggarwal has been appointed as an additional director on 03.06.2011 in the Meeting of Board of Directors held on 03.06.2011.

**Details of other Board at which the Director is a member or chairperson:**

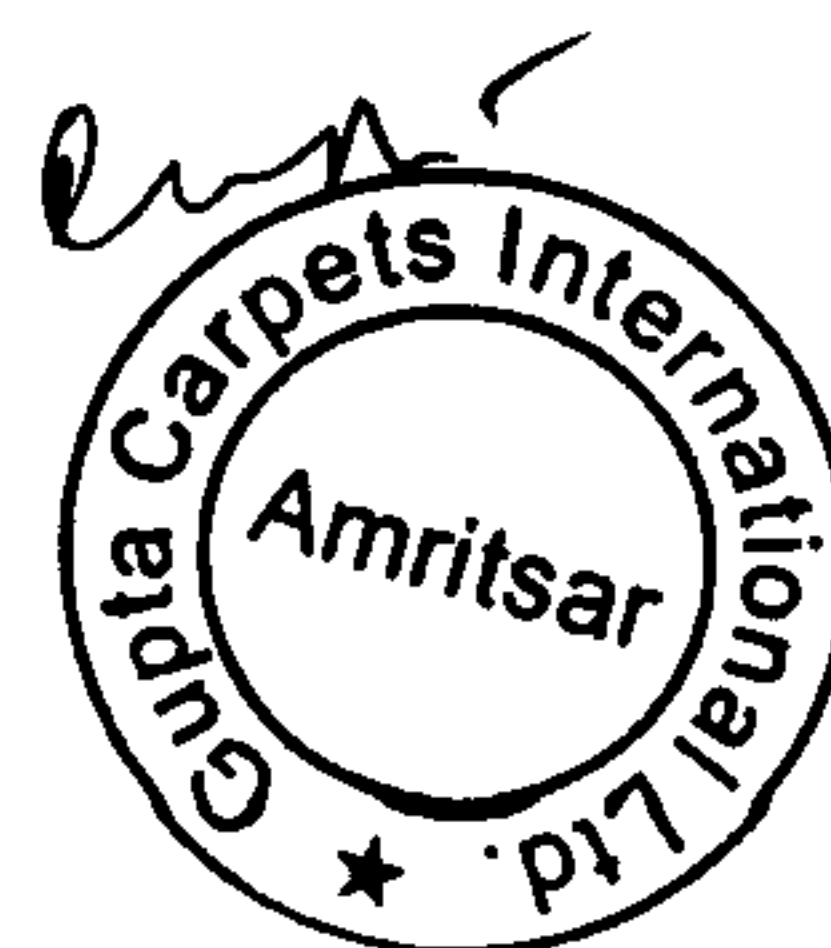
Name of Director	Number of Boards where Director is a member	Name of such Companies
Sh. Rajesh Gupta	Nil	--
Sh. Moti Lal Gupta	Nil	--
Sh. Baldev Singh	Nil	--
Sh. Ankush Aggarwal	Nil	--

No director is chairman or member in any committee of Companies other than the Company.

**AUDIT COMMITTEE**

The Company has constituted an Audit Committee of directors as mandated under the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. The constitution of the audit committee as on 31<sup>st</sup> March 2011 is as follows: -

Name of the Member	Category/ Designation	Chairman/ Member
Sh. Rajesh Gupta	Executive Director	Chairman
Sh. Moti Lal Gupta*	Non – Executive	Member
Sh. Baldev Singh	Non – Executive & Independent	Member



The Audit Committee has been reconstituted during the year in the Board Meeting held on 2<sup>nd</sup> July 2010, wherein Sh. Moti Lal Gupta and Sh. Baldev Singh have been appointed in place of Sh. Raman Gupta and Sh. Satish Verma who resigned from the directorship of the Company.

\*The Audit Committee of the Company has again reconstituted in the Board Meeting on 6<sup>th</sup> June 2011, wherein Sh. Ankush Aggarwal, Non-Executive cum Independent director has been nominated as member to the committee in place of Sh. MotiLal Gupta. Sh. Baldev Singh has been appointed to chair the meeting.

During the year under review, the members of audit committee met four times 28<sup>th</sup> April, 2010, 10<sup>th</sup> July, 2010, 19<sup>th</sup> November, 2010 and 22<sup>nd</sup> March, 2011.

Name of the Member	No. of Meetings held	No. of Meetings attended
Sh. Rajesh Gupta	4	4
Sh. Moti Lal Gupta	4	3
Sh. Baldev Singh	4	3
Sh. Ankush Aggarwal*	4	N.A.
Sh. Raman Gupta**	4	
Sh. Satish Verma**	4	

\*Shri Ankush Aggarwal was appointed as an additional director on 03.06.2011 in the Meeting of Board of Directors held on 03.06.2011.

\*\*Sh. Raman Gupta and Sh. Satish Verma ceased to hold directorship with effect from 30.06.2010.

### **Functions of the Audit Committee**

The functions and powers of the audit committee are as specified in clause 49 of the Listing Agreement entered into with the Bombay Stock Exchange Limited, Delhi Stock Exchange Limited and Ludhiana Stock Exchange Limited.

Minutes of the audit committee meetings were duly placed in the Board.

### **REMUNERATION COMMITTEE**

The Company does not have Remuneration Committee constituted. During the year, no remuneration, including any sitting fees, has been paid to any director.

### **SHARE TRANSFER CUM SHAREHOLDERS GRIEVANCE COMMITTEE**

The Company has duly constituted 'Share Transfer cum Shareholders Grievance Committee'. During the year, the committee met six (6) times on 30<sup>th</sup> June 2010, 2<sup>nd</sup> November 2010, 17<sup>th</sup> November 2010, 25<sup>th</sup> January 2011, 25<sup>th</sup> February 2011 and 15<sup>th</sup> March 2011.





The constitution of the committee as on 31<sup>st</sup> March 2011:

<b>Name of the Member</b>	<b>Category/ Designation</b>	<b>Chairman/Member</b>
Sh. Rajesh Gupta	Executive & Non-Independent	Chairman
Sh. Moti Lal Gupta	Non – Executive & Non-Independent	Member
Sh. Baldev Singh	Non – Executive & Independent	Member

\*In the meeting of the Board of Directors held on 2<sup>nd</sup> July, 2010, the Share Transfer cum Shareholder Grievance Committee of the Company was reconstituted with appointment of Sh. Moti Lal Gupta and Sh. Baldev Singh as the Directors of the Company on 18<sup>th</sup> May, 2010 pursuant to cessation of Sh. Raman Gupta and Sh. Satish Verma as Directors of the Company.

#### **Summary of complaints received**

<b>Nature</b>	<b>No. of Complaints Received</b>	<b>No. of Complaints Resolved</b>
Non receipt of share certificate duly transferred	Nil	Nil
Non receipt of dividend warrant	Nil	Nil
Miscellaneous	Nil	Nil

The Share Transfer cum Shareholder Grievance Committee is responsible to supervise the mechanism of share transfers, resolving investor grievances and to ensure cordial investor relations.

#### **COMPLIANCE OFFICER**

Mr. Rajesh Gupta is the Compliance Officer of the Company to deal with the requirements of Listing Agreement with the Stock Exchanges.

#### **CEO/ CFO CERTIFICATION**

The Director/ Compliance Officer have certified to the board, compliance in respect of all matters specified in sub clause V of the clause 49 of the listing Agreement regarding CEO/CFO certification. The requisite certificate is attached herewith.

#### **CODE OF CONDUCT FOR THE DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY**

In compliance with the Clause 49 of the Listing Agreement, the board of directors has laid down the code of conduct for the directors and the senior management of the company. The code has been circulated to all the members of the board and senior management and they have affirmed compliance with the code of



conduct. A declaration signed by Sh. Rajesh Gupta, Director to this effect is attached to the Annual Report.

## REMUNERATION TO DIRECTORS

As the company is running in losses, no remuneration has been paid to any director for the financial year ended 31<sup>st</sup> March, 2011. Further no sitting fees has been paid to any non- executive director for meetings attended during the year.

## SHAREHOLDERS INFORMATION

### Annual General Meeting

The last three annual general meetings of the company were held as under:

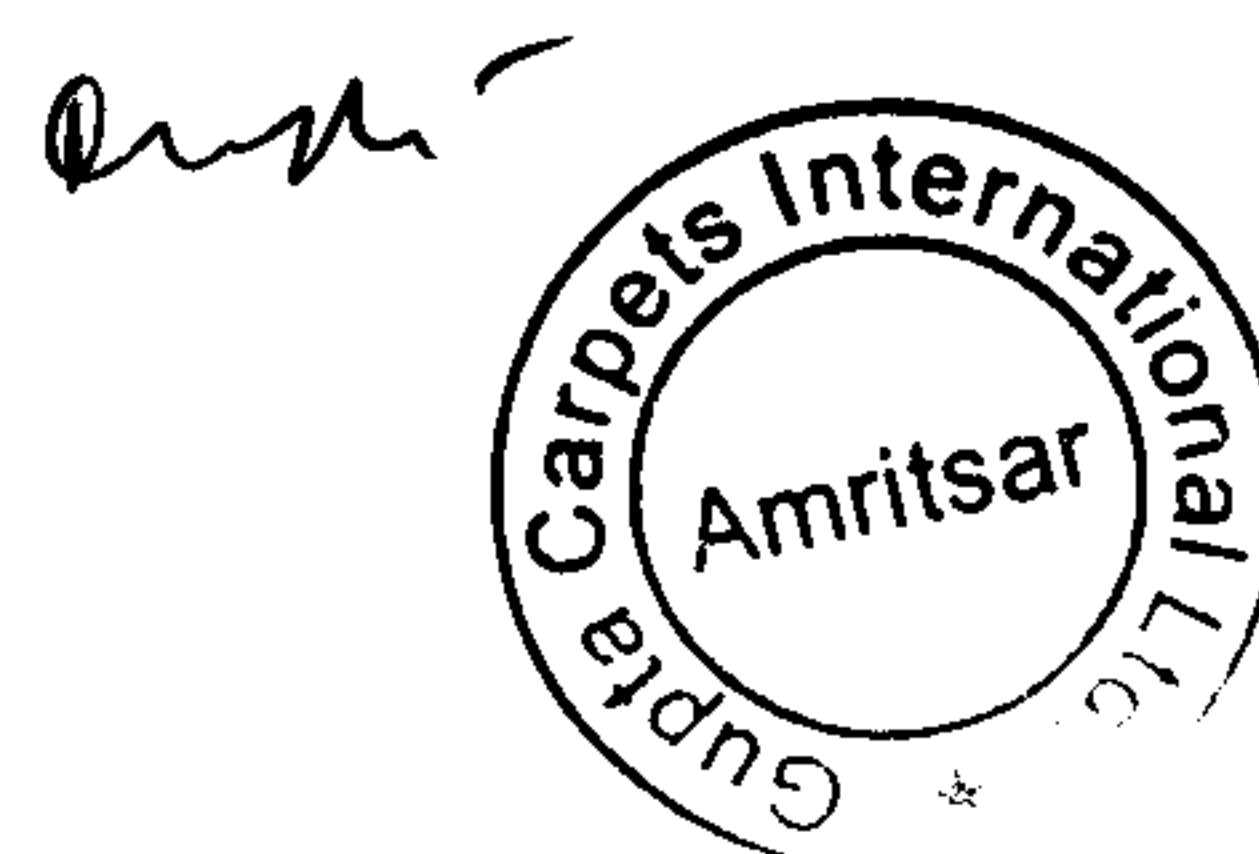
Financial Year	Category	Venue	Date (Day)	Time
2009-10	AGM	Ajnala Road, Opposite Petrol Pump, Amritsar	30.09.2010 (Thursday)	12 Noon.
2008-09	AGM	Ajnala Road, Opposite Petrol Pump, Amritsar	30.09.2009 (Wednesday)	12 Noon.
2007-08	AGM	Ajnala Road, Opposite Petrol Pump, Amritsar	29.09.2008 (Monday)	12 Noon.

### Details of Postal Ballot

No postal ballot exercise was conducted in the Financial Year ending 31st March 2011.

### Details of Special Resolutions passed in the Last Three Annual General Meetings

Date of AGM	Special Resolutions Passed
30.09.2010	No special resolution passed in the Annual General Meeting
30.09.2009	No special resolution passed in the Annual General Meeting
29.09.2008	No special resolution passed in the Annual General Meeting



### **Disclosures**

There were no materially significant related party transactions with the promoters, directors, the management or relatives that have a potential conflict with the interest of the Company. The Company is regular in complying with the provisions of the acts applicable. Also, all the requirements pursuant to listing agreement with the exchanges, for the year under consideration, have been fulfilled. The listing fees have been duly paid to the exchanges.

The Company has duly complied with all mandatory requirements of Clause 49 of the Listing Agreement.

### **Dividend**

There being no profits, the Board of Directors do not recommend any dividend for the financial year ending 31<sup>st</sup> March 2011.

### **Means of Communication**

The unaudited quarterly results of the company for the four quarters ending 30<sup>th</sup> June 2010, 30<sup>th</sup> September 2010, 31<sup>st</sup> December 2010 and 31<sup>st</sup> March, 2011 stood taken on record and approved by the board of directors and sent to the Stock Exchanges.

There is no official news release to be displayed and the company has not made any presentation to the institutional investors or to the analysts.

General Shareholder Information	
Annual General Meeting	
Day	Friday
Date & Time	30 <sup>th</sup> September, 2011, 12 Noon
Venue	Ajnala Road, Near Petrol Pump, Amritsar – 143001
Book Closure Date	29 <sup>th</sup> September, 2011 to 30 <sup>th</sup> September, 2011
Financial Year	1 <sup>st</sup> April, 2010 to 31 <sup>st</sup> March, 2011

### **Listing on Stock Exchange**

(1) Bombay Stock Exchange Limited, Mumbai, Scrip Code: 514360. Inprinicipal approval from the Stock Exchange has been received vide its letter dated 1<sup>st</sup> August, 2011 for the revocation of suspension of the company at the BSE.

(2) Delhi Stock Exchange Limited. (Status-Suspended).

(3) The Ludhiana Stock Exchange Limited (Status-Suspended).

### **Stock Market Price Data**

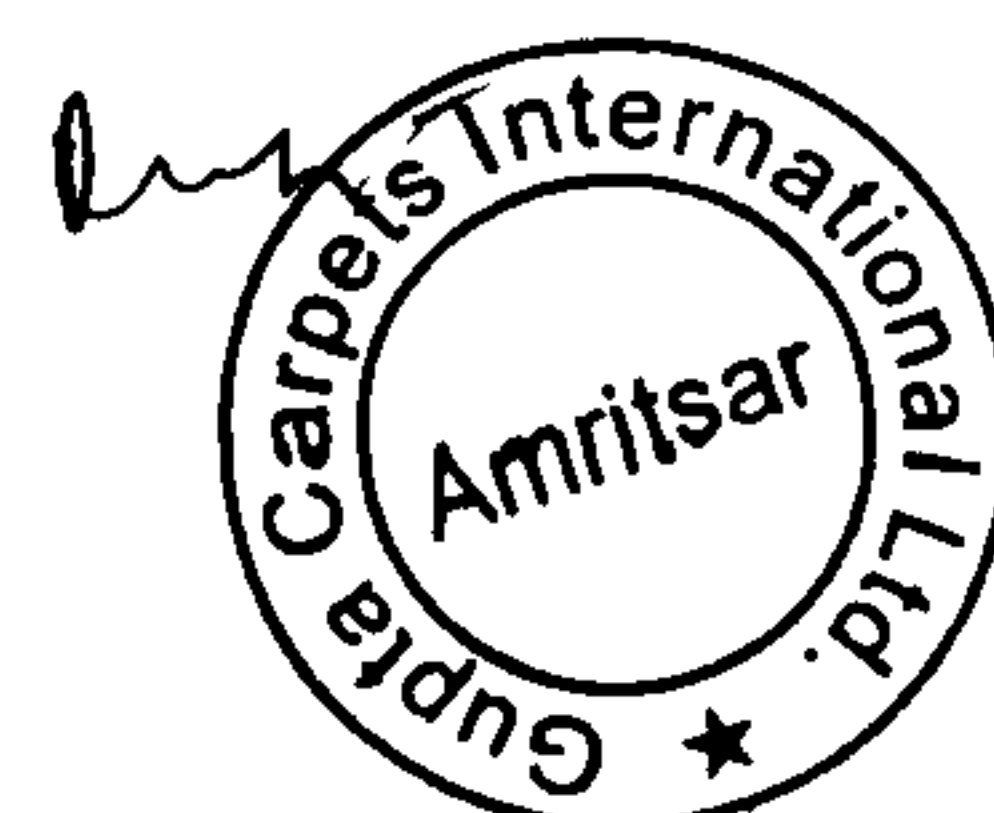




The company has managed to get In Principle approval for revocation of suspension in trading of its equity shares on Bombay Stock Exchange on 1<sup>st</sup> August, 2011. The trading of shares of the company is still suspended from the Ludhiana Stock Exchange and Delhi Stock Exchange.

#### EQUITY SHARE HOLDING PATTERN OF THE COMPANY\*

Category of Shareholder	No. of Shareholders	Total No. of Shares	Total No. of Shares held in Dematerialized Form	Total Shareholding as a % of total No. of Shares		Shares pledged or otherwise encumbered	
				As a % of (A+B)	As a % of (A+B+C)	Number of shares	As a % of Total No. of Shares
<b>(A) Shareholding of Promoter and Promoter Group</b>							
<b>(1) Indian</b>							
Individuals / Hindu Undivided Family	18	15,87,100	-	36.15	36.15	-	-
<b>Sub Total</b>	<b>18</b>	<b>15,87,100</b>	<b>-</b>	<b>36.15</b>	<b>36.15</b>	<b>-</b>	<b>-</b>
<b>(2) Foreign</b>							
<b>Total shareholding of Promoter and Promoter Group (A)</b>	<b>18</b>	<b>15,87,100</b>	<b>-</b>	<b>36.15</b>	<b>36.15</b>	<b>-</b>	<b>-</b>
<b>(B) Public Shareholding</b>							
<b>(1) Institutions</b>							
<b>(2) Non-Institutions</b>							
Bodies Corporate	21	1,05,100	-	2.39	2.39	-	-
<b>Individuals</b>						-	-
Individual shareholders holding nominal share capital up to Rs. 1 lakh	15,573	22,45,500	-	51.14	51.14	-	-
Individual shareholders holding nominal	16	4,53,200	-	10.32	10.32	-	-



share capital in excess of Rs. 1 lakh							
<b>Any Others (Specify)</b>	-	-	-	-	-	-	-
<b>Non Resident Indians</b>	-	-	-	-	-	-	-
<b>Sub Total</b>	<b>15,610</b>	<b>28,03,800</b>	-	<b>63.85</b>	<b>63.85</b>	-	-
<b>Total Public shareholding (B)</b>	<b>15,610</b>	<b>28,03,800</b>	-	<b>63.85</b>	<b>63.85</b>	-	-
<b>Total (A)+(B)</b>	<b>15,628</b>	<b>43,90,900</b>	-	<b>100.00</b>	<b>100.00</b>	-	-
<b>(C) Shares held by Custodians and against which Depository Receipts have been issued</b>	-	-	-	-	-	-	-
<b>Total (A)+(B)+(C)</b>	<b>15,628</b>	<b>43,90,900</b>	-	-	<b>100.00</b>	-	-

\*as on 31<sup>st</sup> March, 2011.

#### **Registrar and Share Transfer Agent**

The Company has appointed 'Beetal Financial and Computer Services Private Limited' as its Registrar and Share Transfer Agent having its office at 3<sup>rd</sup> Floor, 99 Madangir, Behind Local Shopping Complex, New Delhi 110062.

#### **Dematerialization of Shares & Securities**

The company does not have connectivity with the depositories.

#### **Address for Correspondence**

Registered Office: Ajnala Road, Near Petrol Pump, Amritsar - 143001

**By order of the Board of Directors**

**For Gupta Carpets International Limited**

Date : 05.09.2011  
Place: Amritsar



*Rajesh Gupta*  
**Rajesh Gupta**  
**Chairman**  
**DIN: 02622671**

# GUPTA CARPETS INTERNATIONAL LIMITED

Regd. & H.O: - Ajnala Road, Opp. Petrol Pump, Amritsar – 143 001

E-Mail – [guptacarpets@in.com](mailto:guptacarpets@in.com) / [www.guptacarpets.in](http://www.guptacarpets.in)

Tel.No. 0183 – 2590074, Fax.No. 0183 - 2590074

## DECLARATION BY CHAIRMAN CUM DIRECTOR FOR COMPLIANCE WITH CODE OF CONDUCT

I hereby confirm that all the Board Members of the Company have affirmed their compliance of the **‘Code of Conduct for Members of the Board’** for the period starting from 1st April 2010 to 31st March 2011 in terms of Clause 49(I)(D)(ii) of the Listing Agreement with the Stock Exchanges.

Date: 05.09.2011  
Place: Amritsar



**Rajesh Gupta**  
**Chairman**  
**DIN 02622671**



# GUPTA CARPETS INTERNATIONAL LIMITED

Regd. & H.O: - Ajnala Road, Opp. Petrol Pump, Amritsar – 143 001

E-Mail – [guptacarpets@in.com](mailto:guptacarpets@in.com) / [www.guptacarpets.in](http://www.guptacarpets.in)

Tel.No. 0183 – 2590074, Fax.No. 0183 - 2590074

## CERTIFICATION TO THE BOARD

To

**The Board of Directors  
Gupta Carpets International Limited**

I, Rajesh Gupta, Director of the company hereby certify to the board that:

- a. I have reviewed financial statements and the cash flow statement for the financial year ended 31<sup>st</sup> March 2011 and to the best of my knowledge and belief I am in a position to say that:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the Company affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of my knowledge and belief, no transactions entered into by the company during the financial year which are fraudulent, illegal or violative of the company's code of conduct.
- c. I accept full responsibility for establishing and maintaining internal control for financial reporting and I have evaluated the effectiveness of internal control system in the Company pertaining to financial reporting and state that there is no deficiency in design and operation of the internal control system.
- d. I have intimated the auditors and the audit committee
  - i. that no changes took place in the internal control over financial reporting during the financial year ending 31<sup>st</sup> March 2011.
  - ii. that no changes in the accounting policies have been made during the financial year.
  - iii. there were no frauds committed in the company in which the management was involved.

Date: 05.09.2011

Place: Amritsar



**Rajesh Gupta  
Chairman  
DIN 02622671**

**CHARU VINAYAK**  
Company Secretaries  
367/17, Krishna Nagar,  
Jalandhar City-08

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### **COMPLIANCE CERTIFICATE**

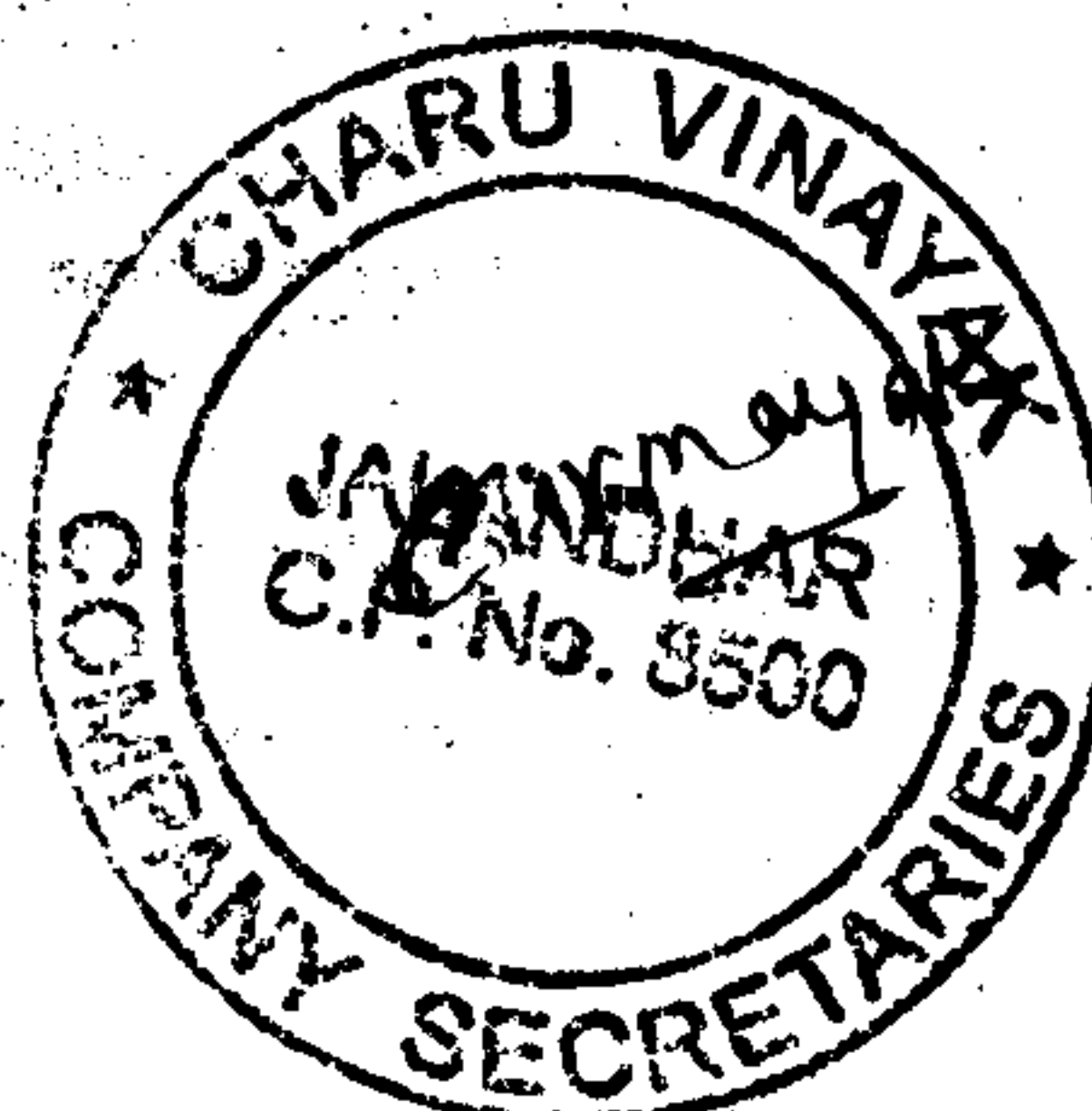
Nominal Capital - 110,000,000.00  
CIN: - L17223PB1983PLC005555

To

The Members of  
**M/s Gupta Carpets International Limited**

We have examined the registers, records, books and papers of Gupta Carpets International Limited as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on March 31<sup>st</sup>, 2011. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate with the Registrar of Companies during the financial year.
3. The Company has the minimum prescribed paid-up capital and its maximum number of members during the said financial year was 15,968.
4. The Board of Directors duly met 10 (ten) times on 28-04-2010, 18-05-2010, 30-06-2010, 30-07-2010, 06-08-2010, 30-09-2010, 15-10-2010, 30-10-2010, 30-01-2011 and 24-03-2011 and certified by management of the company that in respect of which proper notice for each meeting was given and the proceedings were properly signed and recorded in the minutes book maintained for the purpose.

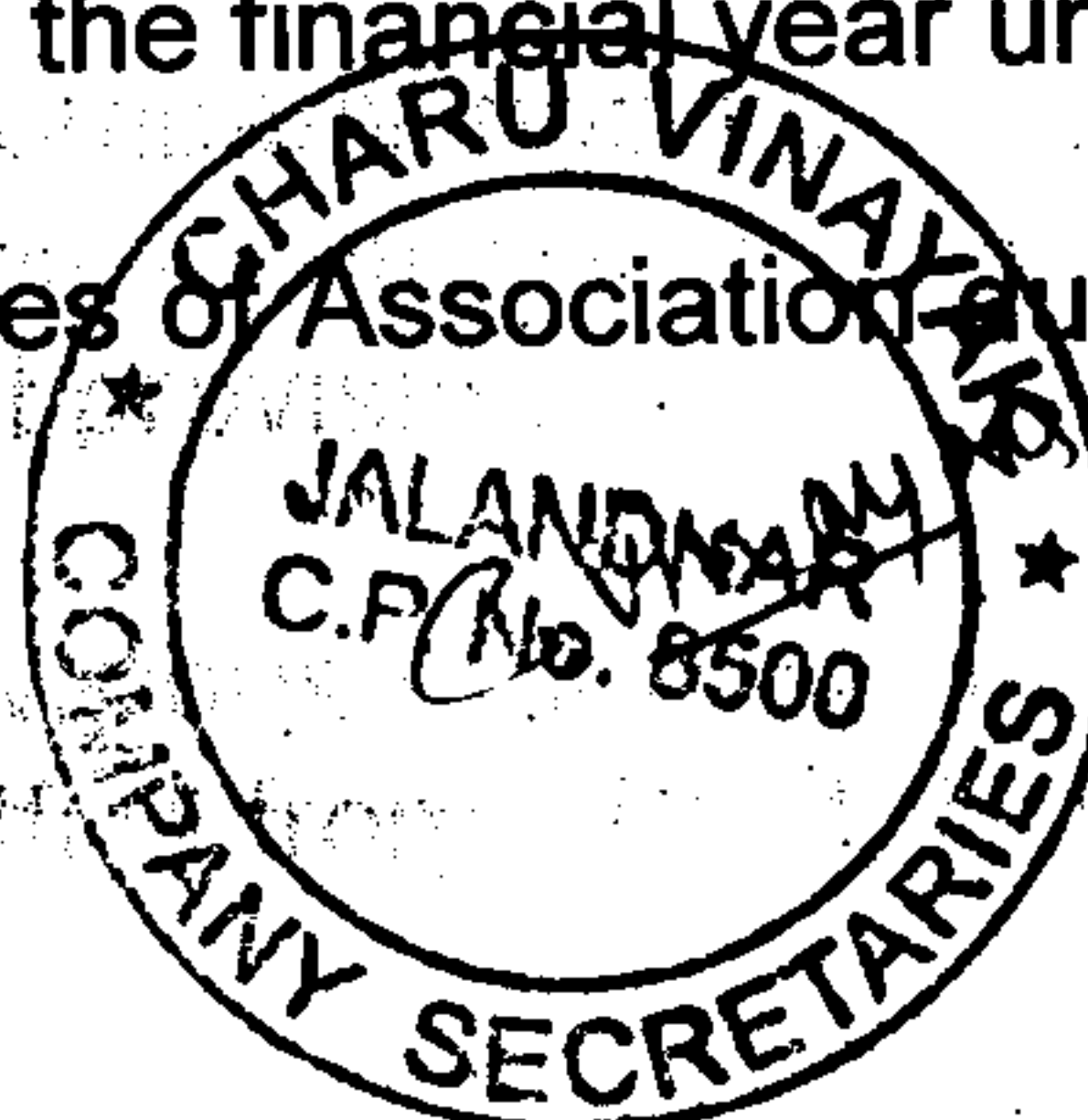


5. As per information given to us, the company closed its Register of Members from September 29<sup>th</sup>, 2010 to September 30<sup>th</sup>, 2010 during the year and necessary compliance of Section 154 of the Act has been made..
6. The Annual General Meeting for the financial year ending on March 31<sup>st</sup>, 2010 was held on September 30<sup>th</sup>, 2010 and certified by management of the company that due notice to the members of the Company was given in respect thereof and the resolutions passed thereat were duly recorded in minutes book duly maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year under scrutiny..
8. The Company has not advanced any loan to its directors and/ or persons or firms or companies referred in Section 295 of the Act thus not required to comply with the said provisions.
9. The Company has not entered into any contract falling within the purview of Section 297 and thus not required to comply with the provisions for the same.
10. The Company was not required to make any entries in the register maintained under Section 301 of the Act.
11. The Company was not required to obtain any approval from Board of Directors, Members and the Central Government pursuant to Section 314 of the Act.
12. The company has not issued any duplicate share certificates during the financial year.
13. The Company certified that it has :-
  - a. delivered all the certificates on lodgment thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act.
  - b. has not declared any dividend thus need to comply with the provisions of depositing the dividend amount in a separate bank account did not arise.
  - c. was not required to comply with the provisions of issuing warrant as no dividend has been declared.
  - d. has not transferred any money to the unpaid or unclaimed dividend account as no dividend was declared during the year.;
  - e. has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted. And the appointment of additional directors have duly been made during the year.
15. The Company was not required to comply with the requirements of Section 269 of the Companies Act, 1956.





16. No sole selling agent has been appointed during the year.
17. As per information given to us, the Company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act.
18. The directors have not disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and rules made thereunder.
19. The Company has not issued any kinds of shares during the financial year.
20. The Company has not bought back its shares during the financial year ending 31st March 2011.
21. The Company was not required to comply with the provisions relating to redemption of preference shares / debenture during the year.
22. There were no transactions necessitating the company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. As per information given to us, the Company has not accepted any deposits under Section 58A during the financial year ending March 31<sup>st</sup>, 2011.
24. The amount borrowed by the company from directors, members, public, financial institutions, banks and others during the financial year ending March 31<sup>st</sup>, 2011 is within the borrowing limits of the company. .
25. As per information given to us, the Company has not made any loans or given guarantees or provided securities to other body corporate and thus not required to comply with the relevant provisions of the Act.
26. The Company has not altered the provisions of Memorandum with respect to situation of Company's registered office from one state to another during the financial year under scrutiny.
27. The Company has not altered the provisions of Memorandum with respect to objects of the company during the financial year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the financial year under scrutiny.
29. The Company has not altered the provisions of Memorandum with respect to share capital of the Company during the financial year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year under scrutiny.



31. The Company a notice from the office of Regional Director on 16/06/2010 for inspection of books of accounts and other documents under section 209A of the Companies Act 1956. However as per information provided to us, No prosecution was initiated against the Company during the period under review.

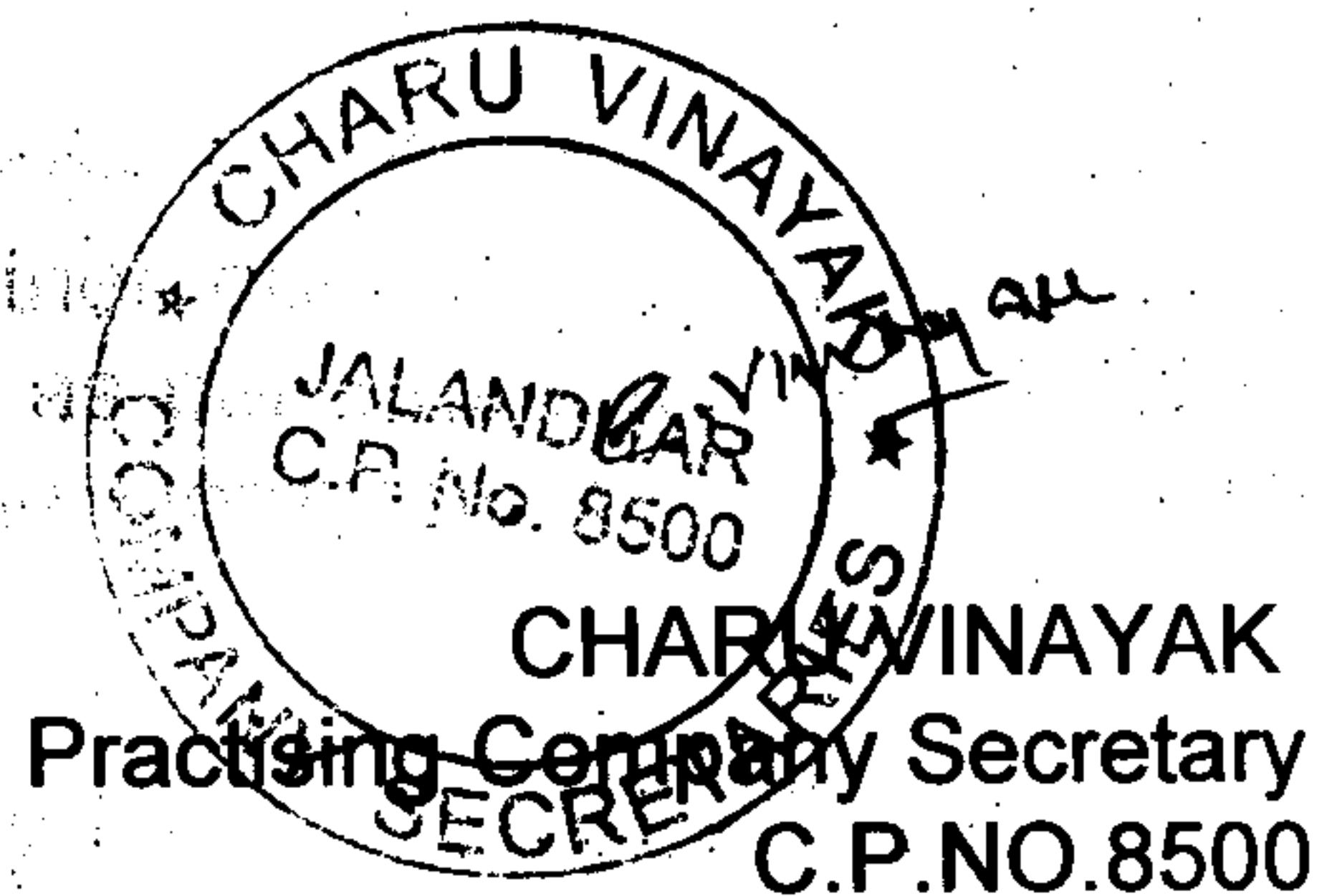
32. As per information given to us, the company has not received any money as security from its employees during the financial year.

33. The company neither contributed nor deposited any fund, as it has not created any fund under section 418 of the Act.

**Note:** Annexure A & B attached herewith.

Dated:-05/09/2011

Place: Jalandhar

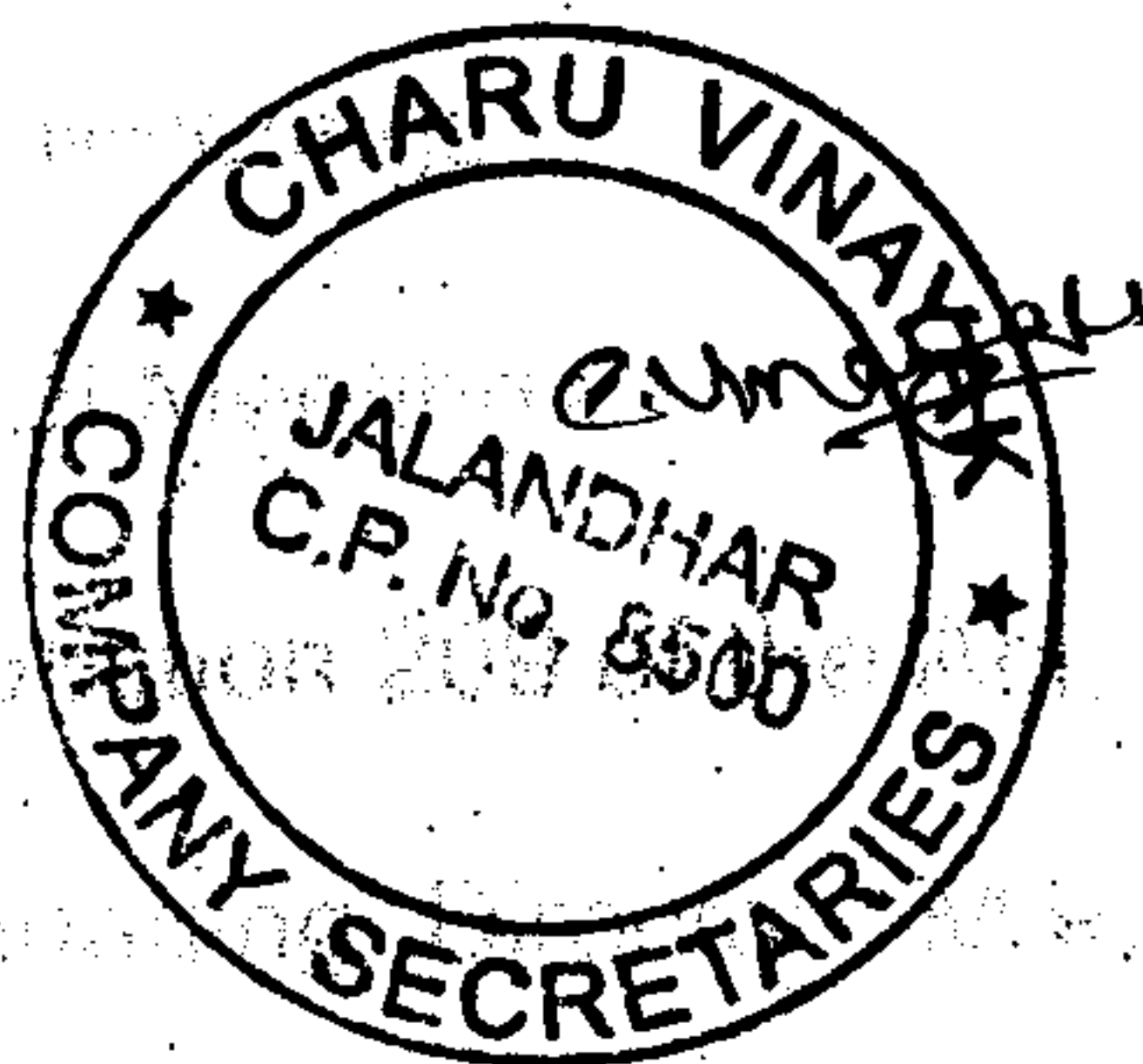


**Note:-** "It is stated that the compliance of all the applicable provisions of the Companies Act, 1956 is responsibility of the management. Our examination, on a test check basis, was limited to the procedures followed by the company for ensuring the compliance with the said provisions. We state that 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 its affairs. We further state that this is neither an audit nor an expression of opinion on the financial activities / statements of the company."

## **ANNEXURE A**

### **Registers as maintained by the Company: -**

1. Register of Members and Index under Section 150 & 151 of the Act;
2. Copies of Annual Returns and Registers under section 163 of the Act;
3. Minutes Book of the Board Meetings
4. Minutes Book of the General Meetings;
5. Books of Accounts under Section 209 of the Act;
6. Register of Directors, Managing Director, Manager and Secretary under Section 303 of the Act;
7. Register of Directors' Shareholding under Section 307 of the Act;
8. Register of contracts, companies & firms in which directors are interested u/s 301 of the Act;

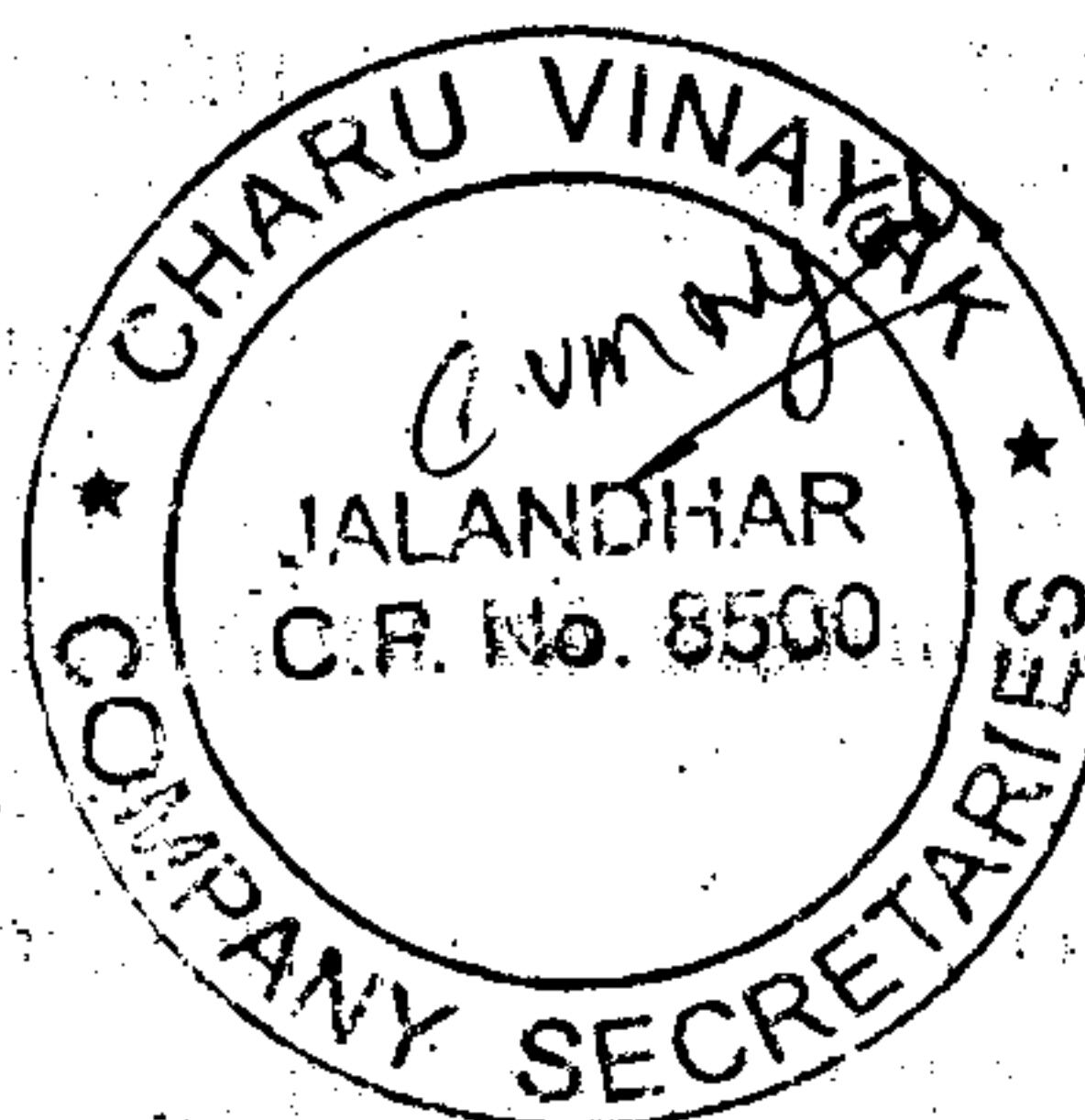




## ANNEXURE B

Forms and Returns as filed by the Company with the Registrar of Companies during the financial year ending on 31<sup>st</sup> March 2011

S. No	Form No. and year	Section/Regulation	Purpose	Date of Filing	Whether filed in time
1	20B(2010)	159	Filing Annual Return by the company	24-11-2010	Yes
2	23AC and 23ACA (2010)	220	Filing Balance Sheet and Other Documents	29-10-2010	Yes
3	66 (2010)	383A	Submission of Compliance Certificate	29-10-2010	Yes
4	32	303(2)	Changes among Directors	18-06-2010, 20-07-2010, 20-07-2010 & 29-10-2010	Yes
5	20B(2008)	159	Filing Annual Return by the company	06-07-2010	No
6	23B	224	Intimation for appointment of statutory auditors	30-06-2010	No
7	23B	224	Intimation for appointment of statutory auditors	30-06-2010	No
8	23B	224	Intimation for appointment of statutory auditors	30-06-2010	No
9	23B	224	Intimation for appointment of statutory auditors	30-06-2010	No
1	23B	224	Intimation for appointment of statutory auditors	06-07-2010	No



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## ***RISHI MITTAL & ASSOCIATES***

COMPANY SECRETARIES

ADDRESS: 945, GALI NEEL WALI,  
LACHMANSAR, AMRITSAR.  
PH. NO. : 0183-2532717

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### **CERTIFICATE ON CORPORATE GOVERNANCE**

To

**The Board of Directors  
Gupta Carpets International Limited**

We have examined the compliance of conditions of Corporate Governance by Gupta Carpets International 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 exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the provisions relating to Corporate Governance. It is neither an audit nor an opinion on financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance ***except those otherwise stated above*** as stipulated in Clause 49 of the said Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Rishi Mittal & Associates  
Company Secretaries**



**Rishi Mittal  
C.P. No. 3004**

Date: 05/09/2011  
Place: Amritsar





**M.S. SOAND AND COMPANY**

**CHARTERED ACCOUNTANTS**

12A, Guru Gobind Singh Nagar, Near GTB Nagar,  
Jalandhar City

DIAL: 98142-50304 [R], 0181- 4620304 [O]

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**AUDITOR'S REPORT**

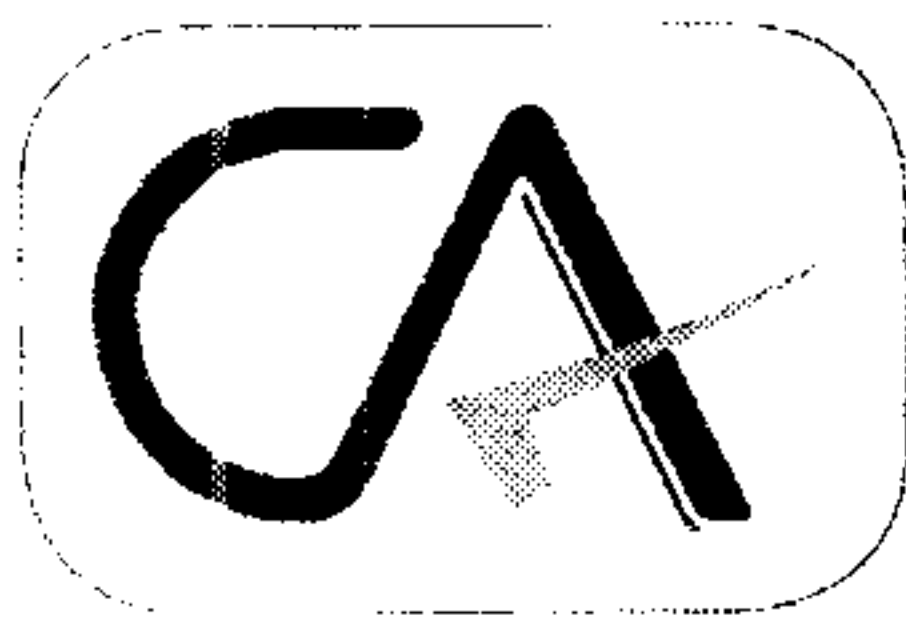
To

The Members

Gupta Carpets International Limited,

1. We have audited the attached Balance Sheet of **GUPTA CARPETS INTERNATIONAL LIMITED, AMRITSAR**, as at 31<sup>ST</sup> March 2011, and also Profit & Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the year ended on that date. These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the accounting 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 misstatements. 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 the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors Report) Order, 2003 issued by the Central Government of India in terms of Sub – Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a Statement in the matters specified in Paragraph 4 and 5 of the said order.
4. Further to our comments in the annexure referred to above, we report as under:
  - a) We have obtained all information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books.
  - c) The Balance Sheet and Profit and Loss Account as dealt with by this report are in Agreement with the Books of Accounts.
  - d) In our opinion, the Balance Sheet and the Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in section 211(3c) of the Companies Act, 1956.
  - e) As informed to us and taken in record by Board, no Director of the Company is disqualified from being appointed as a Director under clause (g) of sub section (1) of Section 274 of the Companies Act, 1956





**M.S. SOAND AND COMPANY**

CHARTERED ACCOUNTANTS

12A, Guru Gobind Singh Nagar, Near GTB Nagar,  
Jalandhar City

DIAL: 98142-50304 [R], 0181- 4620304 [O]

- f) In our opinion, to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon and **subject to Notes No. 3 in Financial Note No. 13 regarding 'Going Concern', note No. 6 in Financial Note No. 13 regarding 'Accounting for Retirement Benefits, Note No. 8 in Financial Note No. 13 regarding Non – Confirmation of Balances;' and note No. 9a in Financial Note No. 13 regarding non provision of interest on credit facilities from the Bankers,** give the information required by the Companies Act, 1956 in manner so required and give a true and fair view
- In case of Balance Sheet of the State of Affairs of the Company as on 31<sup>st</sup> March, 2011
  - In case of Profit and Loss account of the Loss for the Year ended on that date.
  - In the case of the Cash Flow Statement, of the Cash Flow for the year ended on that date

**For M.S. SOAND AND COMPANY**

Firm Registration No. 005666N

Place: Jalandhar  
Dated: 05-09-2011

(Sandeep  
Partner  
M. No. 09516





**M.S. SOAND AND COMPANY**

**CHARTERED ACCOUNTANTS**

12A, Guru Gobind Singh Nagar, Near GTB Nagar,  
Jalandhar City

DIAL: 98142-50304 [R], 0181- 4620304 [O]

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## **ANNEXURE TO THE AUDITOR'S REPORT**

Annexure referred to in paragraph 1 of our Report to the Shareholders of Gupta Carpets International Limited on the accounts for the year ended 31<sup>st</sup> March, 2011

**As required by the Companies (Auditor's Report) Order, 2003** issued by the central Government and on the basis of such checks of the Books and Records of the Company as we considered appropriate and the information and explanation given to us during the course of our Audit, we further state as under:

- (i) Company is maintaining proper records showing full particulars including quantitative and situation of fixed assets.

As Explained to us, Management has physically verified them at reasonable intervals and no material discrepancies were noticed on such verification.

***The Company has already disposed off all the fixed assets and, in our opinion, the going concern status of the Company is affected as the Company is neither carrying any manufacturing activity nor doing any substantial trading business as in the earlier years.***

- (ii) The stock of finished goods, stores, spare parts and raw materials with the Company were physically verified by the management at reasonable intervals.

In our opinion the procedure of physical verification of stocks followed by the management is reasonable and adequate in relation to the size of the Company and nature of its business

The discrepancies noticed on such verification, as compared with the books and records, were not significant and the same have been properly dealt within the books of accounts.

- (iii) The company has not granted any loans or advances, secured or unsecured, from companies, firms or other Parties covered in the register maintained under section 301 of the Companies Act, 1956. As the Company has not granted any loans, secured or unsecured to parties listed in the register maintained under section 301 of the companies Act, 1956 the provisions of the clauses iii(b), iii(c) and iii (d) iii (e) iii (f) of Paragraph 4 of the Order are not applicable..



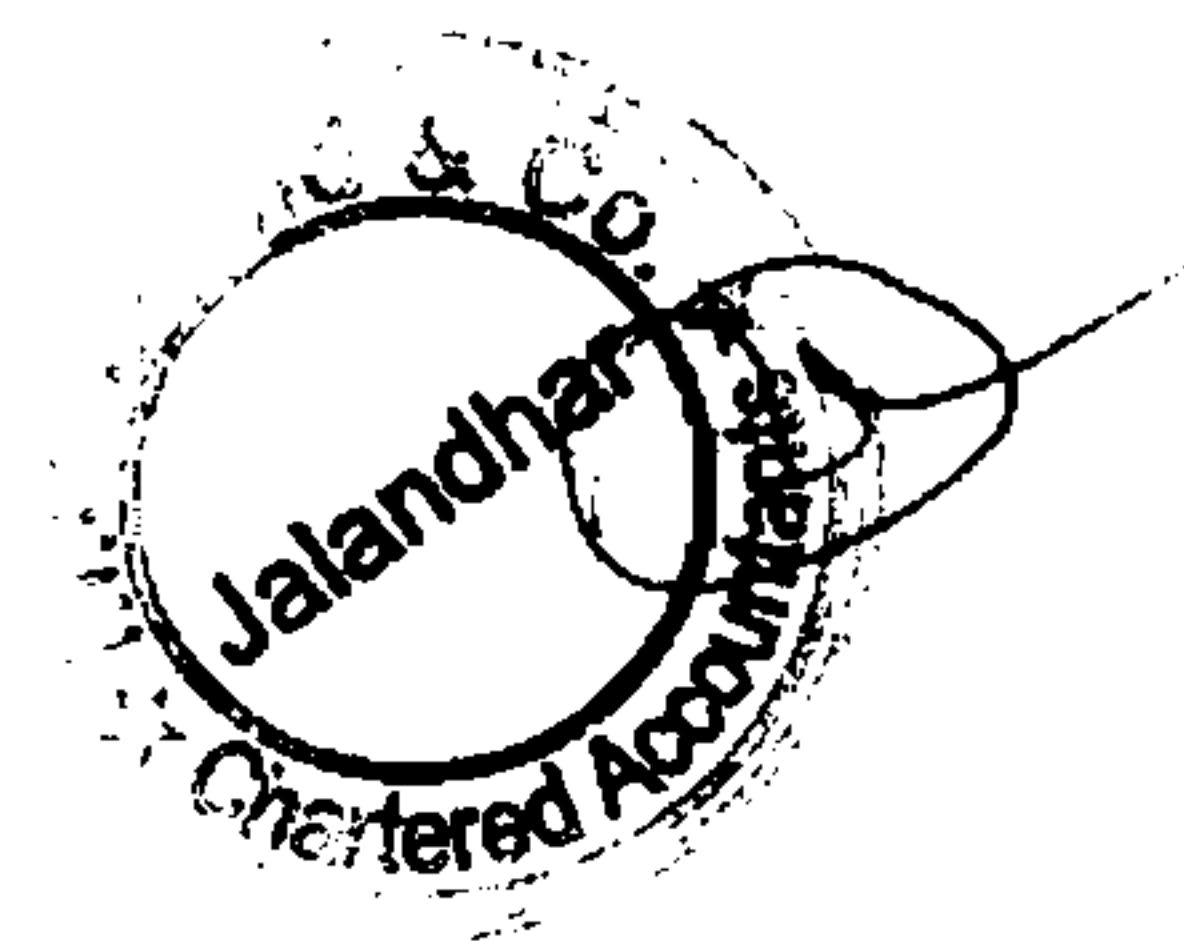
**NEEDHAR & COMPANY**

**CHARTERED ACCOUNTANTS**

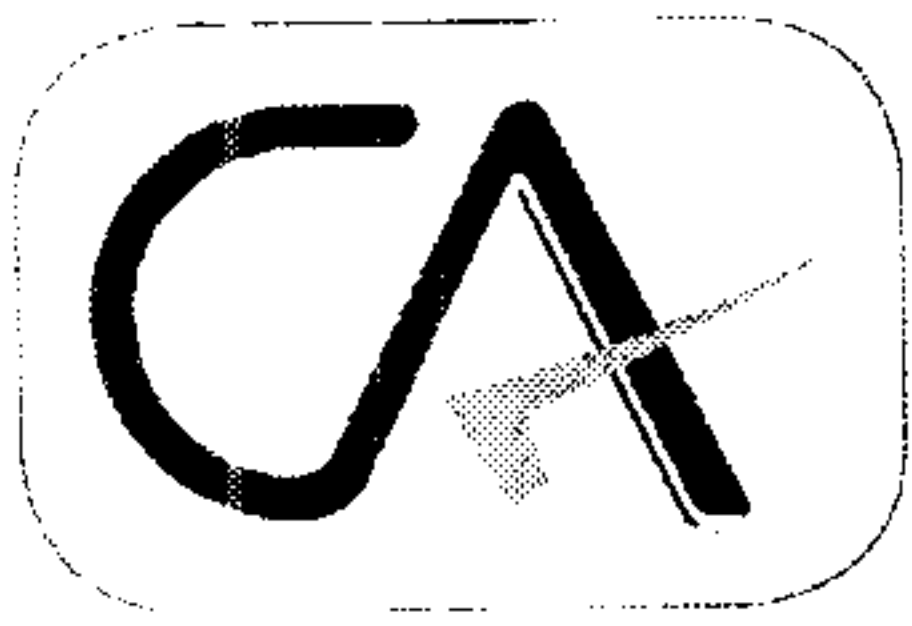
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Jalandhar City

DIAL: 98142-50304 [R], 0181- 4620304 [O]

- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control systems 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 there is no major continuing failure to correct major weakness in internal control system.
- (v) a) According to the information and explanation given to us, there was no contract or arrangement during the year needed to be entered in the register maintained under Section 301 of the Companies Act, 1956  
b) The Company has not conducted transactions during the year in respect of the Party in pursuance of Contracts or arrangement entered in register maintained under section 301 of the Companies Act, 1956.
- (vi) The company has not accepted any deposit from the public during the year, hence provision of Section 58A and 58AA or any other relevant provision of the companies Act, 1956 and the rules framed there under do not apply.
- (vii) In our opinion internal control procedures commensurate with the size of the company and the nature of its business although no separate internal audit department is functioning.
- (viii) As explained to us and as far as we are aware, The central government has not prescribed maintenance of cost records u/s 209(1)(d) of the Companies Act, 1956 in respect of the activities carried on by the Company.
- (ix) a) According to the information and explanations given to us, the company did not employ any worker/ staff during the year under consideration.  
Therefore, the Company was not liable for depositing statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax Custom Duty, Excise Duty Cess and any other material statutory dues with appropriate authorities during the year.  
b) According to the information and explanations given to us, no amount payable in respect of Sales tax, Income tax, Service Tax, Customs duty, Excise Duty, Wealth Tax and Cess were in arrears.







**M.S. SOAND AND COMPANY**

CHARTERED ACCOUNTANTS

12A, Guru Gobind Singh Nagar, Near GTB Nagar,  
Jalandhar City

DIAL: 98142-50304 [R], 0181- 4620304 [O]

- 
- (x) ***Accumulated Losses at the end of the immediately preceding financial year have exceeded the net worth of the company. Further the company has also incurred cash losses during the financial year covered by our audit and as well in the immediately preceding financial year.***
- (xi) In our opinion and according to the information and explanations given to us, ***the company has defaulted in repayment of dues of Bank of Maharashtra. The default in respect of the repayment of the outstanding Principal amount of Rs.4.20 Crores plus interest thereon which remains unascertained as the same stood unprovided for in the books of accounts since 01.04.1997. The company is defaulter of the Bank since 1996. The proceedings of the Bank for the recovery against the Company are under process.***
- (xii) According to the information and explanation given to us and records produced 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.
- (xiii) According to the information and explanation given to us, the company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the companies (Auditor's Report) order, 2003 are not applicable to the company.
- (xiv) According to the information and explanation given to us, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly the provisions of clause 4(xiv) of the companies ( Auditor's Report) order, 2003 are not applicable to the company
- (xv) According to the information and explanation given to us, the terms and conditions on which the company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the company.
- (xvi) According to the information and explanation given to us, the company has not applied for or raised any term loan during the year.
- (xvii) The company has not raised any funds during the year.
- (xviii) According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of Act.
- (xix) Company has not issued any debentures. Therefore provisions of clause 4(xix) of the companies (Auditor's Report) order, 2003 are not applicable to the company.



**M.S. SOAND AND COMPANY**

**CHARTERED ACCOUNTANTS**

12A, Guru Gobind Singh Nagar, Near GTB Nagar,  
Jalandhar City


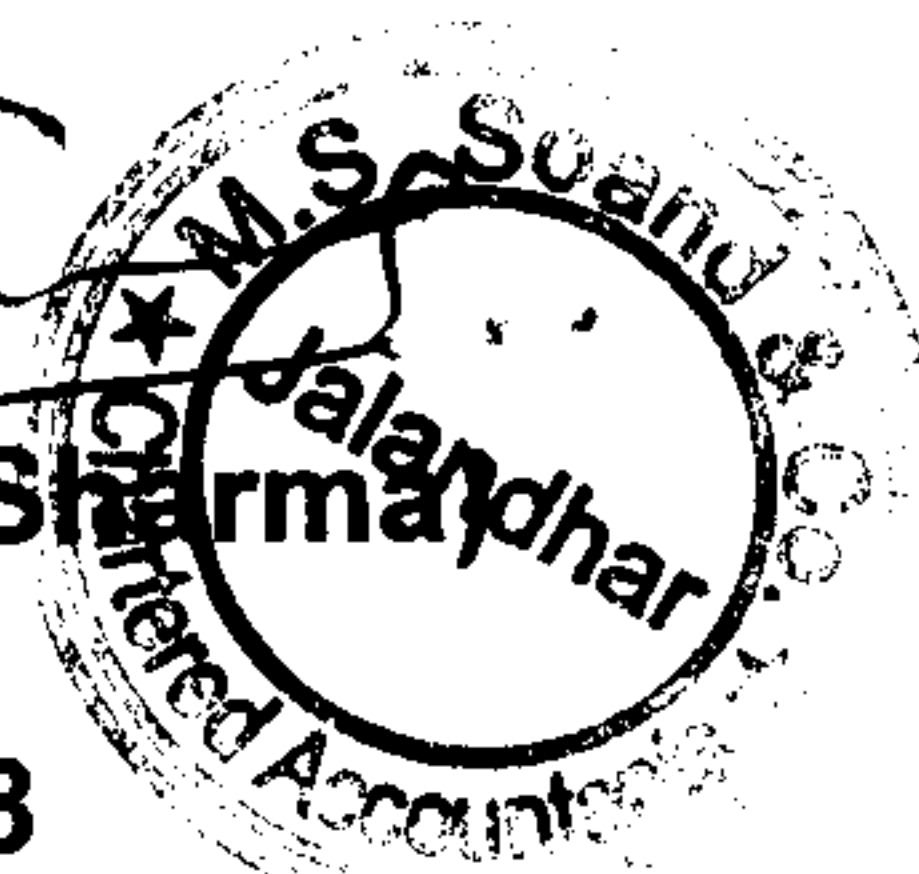
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- (xx) The company has not made any public issue during the year.
- (xxi) Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

**For M.S. SOAND AND COMPANY**

Firm Registration No. 005666N

Place: Jalandhar  
Dated: 05-09-2011

  
(Sandeep K. Sharma)  
Partner  
M. No. 095168  


# GUPTA CARPETS INTERNATIONAL LTD.

Balance Sheet as At 31st March, 2011

Particulars	Financial Note No.	31.03.2011	31.03.2010
<b>A) SOURCES OF FUNDS</b>			
<b>1 SHAREHOLDERS' FUND:</b>			
a Share Capital	1	43,901,500.00	43,901,500.00
<b>2 LOAN FUNDS</b>	2		
a Unsecured Loans		42,011,261.00	42,011,261.00
<b>TOTAL</b>		<b>85,912,761.00</b>	<b>85,912,761.00</b>
<b>B APPLICATION OF FUNDS</b>			
<b>1 Fixed Assets:-</b>			
a Grass Block		-	-
b Less: Accumulated Depreciation		-	-
c Net Block (a-b)		-	-
<b>2 INVESTMENTS</b>	3	-	-
<b>3 CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Current Assets :			
a Inventories		-	-
b Cash and Bank Balances	5	7,097.87	26,679.87
S. Debtors	6	-	609,574.00
		7,097.87	636,253.87
<b>4 Less: Current Liabilities &amp; Provisions</b>			
a Current Liabilities	7	5,275,306.01	5,758,352.01
<b>5 Net Current Assets (3-4)</b>		<b>(5,268,208.14)</b>	<b>(5,122,098.14)</b>
<b>6 PROFIT &amp; LOSS ACCOUNT</b>			
		91,180,969.14	91,034,859.14
<b>TOTAL</b>		<b>85,912,761.00</b>	<b>85,912,761.00</b>

As per our report of even date  
For M.S. SOAND & COMPANY  
Chartered Accountants  
Firm Registration No. 005666N

Place :Jalandhar  
Dated :05.09.2011

(Sandeep K. Sharma)  
Partner  
M. No. 095168



*Moti Lal Gupta*  
**Moti Lal Gupta**  
Director

*Rajesh Gupta*  
**Rajesh Gupta**  
Director



**GUPTA CARPETS INTERNATIONAL LTD.**  
**Profit & Loss Account for the year ending 31st March, 2011.**

Particulars	Financial Note No.	31.03.2011	31.03.2010
<b>1 INCOME</b>			
Sales	8	-	762,384.00
Other Income	9	-	-
Increase(Decrease) in stock of Finished Goods		-	-
<b>TOTAL</b>		<b>-</b>	<b>762,384.00</b>
<b>2 EXPENDITURE</b>			
Purchase of Finished Goods		-	628,046.00
Manufacturing, Administrative, Selling and Other Expenses	10	144,925.00	158,910.00
Financial Expenses	11	1,185.00	1,735.00
Depreciation		-	-
Loss on Sale of Investments		-	-
<b>TOTAL</b>		<b>146,110.00</b>	<b>788,691.00</b>
Loss for the Year		146,110.00	26,307.00
<u>Extraordinary Items:</u>			
Profit on Sale of Investments		-	47,430.00
Net Profit		(146,110.00)	21,123.00
Add: Deficit Balance brought forwards from last year		91,034,859.14	91,055,982.14
Items w/off		-	-
<b>Balance of Loss carried to the Balance Sheet</b>		<b>91,180,969.14</b>	<b>91,034,859.14</b>
 Basic and Diluted earning per share	12	<b>NA**</b>	<b>0.0048</b>
Nominal Value of Shares		<b>10.00</b>	<b>10.00</b>
Financial Notes to the Accounts and Significant Accounting Policies:	13		
The Financial Notes referred to above form an integral part of the Profit and Loss Account.			

As per our report of even date  
For M.S. SOAND AND COMPANY  
Chartered Accountants  
Firm Registration No. 005666N

Place :Jalandhar  
Date :05.09.2011

(Sandeep K. Sharma)  
Partner  
M. No. 095168

*Moti Lal Gupta*  
**Moti Lal Gupta**  
Director

*Rajesh Gupta*  
**Rajesh Gupta**  
Director

**GUPTA CARPETS INTERNATIONAL LTD.**  
**Fiencial Notes Annexed to and Forming Part Of The Accounts**  
**For The Year Ended 31st March, 2011**

Fiancial Note No	31.03.2011	31.03.2010
<b>1</b>		
<b><u>SHARE CAPITAL</u></b>		
Authorised:-		
1,09,00,000 Equity Shares of Rs. 10 each	109,000,000.00	109,000,000.00
5000 6% Redeemable Non- Cumulative Preference Shares of Rs. 100 Each	500,000.00	500,000.00
5000 6% Irredeemable Non- Cumulative Preference Shares of Rs. 100 Each	500,000.00	500,000.00
<b>TOTAL</b>	<b><u>110,000,000.00</u></b>	<b><u>110,000,000.00</u></b>
Issued, Subscribed & Paid Up:-		
4390900 Equity Shares of Rs. 10/- each fully paid up.	43,909,000.00	43,909,000.00
Less:- Unpaid Calls	7,500.00	7,500.00
<b>TOTAL</b>	<b><u>43,901,500.00</u></b>	<b><u>43,901,500.00</u></b>
<b>2</b>		
<b><u>LOAN FUNDS:</u></b>		
<b><u>UNSECURED LOANS</u></b>		
Loans From Bank of Maharashtra:		
Packing Credit Loans	29,500,000.00	29,500,000.00
FOB Account	12,511,261.00	12,511,261.00
(The above loans were secured against Hypothecation of all raw materials, work in process finished goods with the company and suppliers/ weavers and advances to suppliers/ weavers related to export business. Also secured by equitable mortgage of Land and Building at Gumtala Suburban, Amritsar and furniture, fixture, office equipment and vehicles etc. of some of the Directors)		
<b>TOTAL</b>	<b><u>42,011,261.00</u></b>	<b><u>42,011,261.00</u></b>
Note: The loan from Bank of Maharashtra is classified as Unsecured loan since the Building stood demolished and Companys' land sold out.		
<b><u>INVESTMENT (QUOTED)</u></b>		
<b><u>Long Term</u></b>		
Nil (Last Year Nil)	-	-
<b><u>Short Term</u></b>		
Nil ((Last Year Nil)	-	-
<b>TOTAL</b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>4</b>		
<b><u>INVENTORY</u></b>		
(Valued at cost or market price whichever is lower and as certified bt the Directors of the Company)		
Finished Goods	-	-
<b>TOTAL</b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>5</b>		
<b><u>CASH &amp; BANK BALANCES:-</u></b>		
a) Cash and Stamps in Hand	5,206.00	24,131.00
<b>BALANCE WITH SCHEDULE BANK:</b>		
b) Current Account	1,891.87	2,548.87
<b>TOTAL</b>	<b><u>7,097.87</u></b>	<b><u>26,679.87</u></b>

**6 SUNDRY DEBTORS**

Debts outstanding for a period exceeding Six Months

Unsecured considered Good

Other Debts

Unsecured considered Good

**TOTAL****7 CURRENT LIABILITY**

Sundry Creditors for goods, services &amp; other expenses

Credit Balance in Directors' Current Account

**TOTAL****8 SALES**

Sale of Finished Goods

**TOTAL****9 OTHER INCOME**

Miscellaneous Income

Sundry Balances no longer payable written back

**TOTAL****10 MANUFACTURING, ADMINISTRATIVE, SELLING AND OTHER EXPENSES:**

Printing, Stationery, Postage &amp; Telephone Expenses

Professional Fees, Rates, Taxes &amp; Legal Charges

Payments to Auditors

For Audit Fees

For Other Services

Conveyance Expenses

General Expenses

**TOTAL****11 FINANCIAL EXPENSES**

Bank Commission &amp; Charges

**TOTAL****12 Net Profit as per profit & Loss Account**

No. of Equity Shares at the beginning of the year

No. of Equity Shares at the end of the year

Weighted average No. of Eq Shares outstanding during the year

**Basic & Diluted Earning per Share**

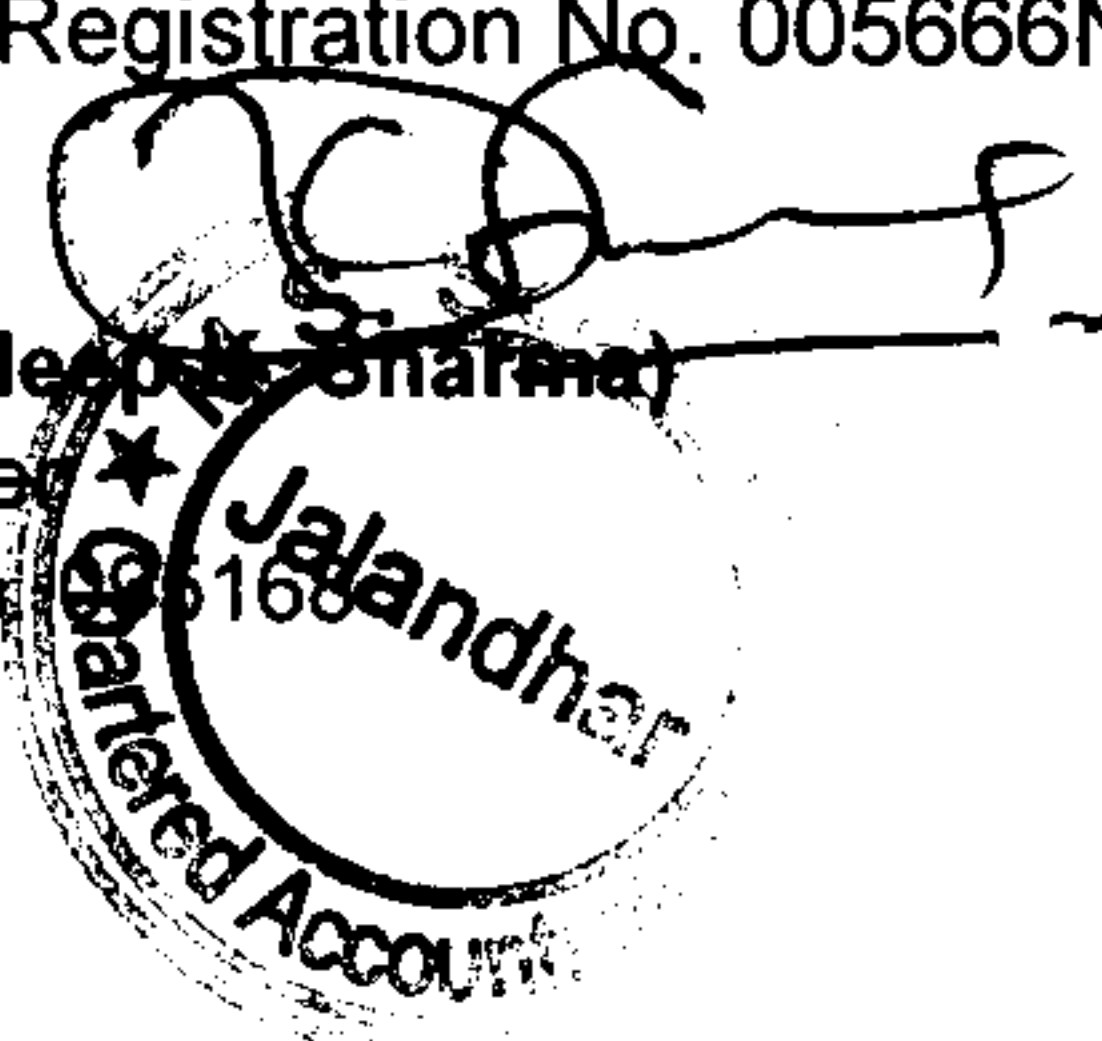
\*\* Being Loss

As per our report of even date  
For M.S. SOAND AND COMPANY  
Chartered Accountants  
Firm Registration No. 005666N

(Sandeep K. Sharma)

Partner

M. No. 005666N



*Moti Lal Gupta*  
*Rajesh Gupta*

**Moti Lal Gupta**  
Director

**Rajesh Gupta**  
Director

Place : Jalandhar

Dated : 05.09.2011





**M.S. SOAND AND COMPANY**

**CHARTERED ACCOUNTANTS**

12A, Guru Gobind Singh Nagar, Near GTB Nagar,  
Jalandhar City

DIAL: 98142-50304 [R], 0181- 4620304 [O]

### **FINANCIAL NOTE NO. 13**

#### **ACCOUNTING POLICIES & NOTES ON ACCOUNTS**

1. Accounting Policies:
  - a) The financial statements have been prepared to comply in all material respects with the accounting standards notified by Companies (Accounting Standard) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The accounts of the Company are prepared under the Historical Cost Convention and in accordance with applicable accounting Standards except otherwise Stated. Though the accumulated losses of the Company are in excess of the Paid up Capital, the Company does not have intention to suspend the operational activities. Therefore, the accounts are being prepared on 'going concern basis' and Accounting Standards of Materiality and Prudence has been taken into consideration in preparing the accounts.
  - b) Inventory Valuation:
    - i Raw Materials, Consumable, Stores & Spares at cost price.
    - ii Finished Goods at cost of production or at realizable value by applying accepted cost methods.
  - c) Fixed Assets:

Fixed Assets are valued at cost less accumulated depreciation. The cost of the asset comprises its purchase price and any directly attributable cost of bringing the assets into working condition for its intended use
  - d) Depreciation:

Depreciation on fixed assets is being provided on the fixed assets on straight line method at the rates prescribed under schedule XIV of the Companies Act, 1956. In view of **NIL depreciable Assets as on 31.03.2011 no depreciation for the period stood provided.**
  - e) Revenue Recognition:

The 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.
  - f) Retirements and other Employee Benefits :

The company does not have any employee / staff during the year.
  - g) Earning Per Share

Basic earning per share has been calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

**M.S. SOAND AND COMPANY**

CHARTERED ACCOUNTANTS

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For calculating the diluted earning per share the net profit or loss for the period attributable to equity shareholders and the weighted average number of equity shares outstanding during the year are adjusted to the effect of all dilutive potential equity shares.

2. Contingent Liabilities not provided for : NIL (NIL)
3. ***Despite huge loss resulted in complete erosion of net worth of the Company, resulting in business of the company having suffered irreparably the accounts for the year have been prepared on the assumption of "Going Concern". This reflects adversely upon the true & fair view of the accounts. The company did not have any involvement in the operations of its main object i.e manufacturing of Carpets. No other significant business activity was carried out during the year.***
4. ***There are no separate reportable segments under Accounting Standard -17 – "Segment Reporting".***
5. The company had been providing for the Sales tax liability as per the return filed with the Sales Tax Department. Additional Liability, if any, arising at the time of assessment, shall be provided at the time of arising of such liability. However, as per the information & explanations given to us, no sale or purchase was undertaken by the company during the year on which sales tax / vat laws are applicable.
6. **Gratuity and other post Employment Benefit Plans(AS-15):**  
**According to the information and explanations given to us, the company did not employ any worker/ staff during the year under consideration. Hence, the company made no provision for the gratuity and other retirement expenses on actuarial basis as required under section 211(3A), 211(3B) AND 211(3C) of the Companies Act read with Accounting standards issued by the ICAI.**
7. In terms of Accounting Standard (AS 22), 'Accounting for Taxes on Income', the Company had determined deferred tax asset as on 31.03.2011. However same has not been recognized in view of uncertainty of future taxable income.



**M.S. SCAND & COMPANY**

CHARTERED ACCOUNTANTS

12A, Guru Gobind Singh Nagar, Near GTB Nagar,  
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8. ***In view of the administrative and functional constraints confirmation of Balances are not obtained from for outstanding creditors*** In the opinion of Board of Directors "Current Assets, Loans and Advances" have been Valued on realization in ordinary course of business, at least, equal to the amount at which they have been stated in the Balance Sheet.

9 a) ***Interest upto the financial year ended 31.03.2011 (from 01.04.1997) remains unprovided for and unchanged in respect of the credit facilities availed from Bank of Maharashtra, Amritsar on account of the fact the account has been classified as NPA by the Bank. The amount of Interest not so provided by the Company remains unascertained. The Bankers have initiated legal proceedings against the Company but efforts are being made to arrive at a Settlement with the Bankers.***

10 As per the **Accounting Standard –18** "Related Party Disclosures" issued by the institute of The Chartered Accountants of India, The names of the related Parties are given below:

a) Subsidiaries: NIL

b) Joint Ventures : Nil

c) Names of Related Parties Key Management Personnel :

i) Sh Moti Lal Gupta

ii) Sh. Rajesh Gupta

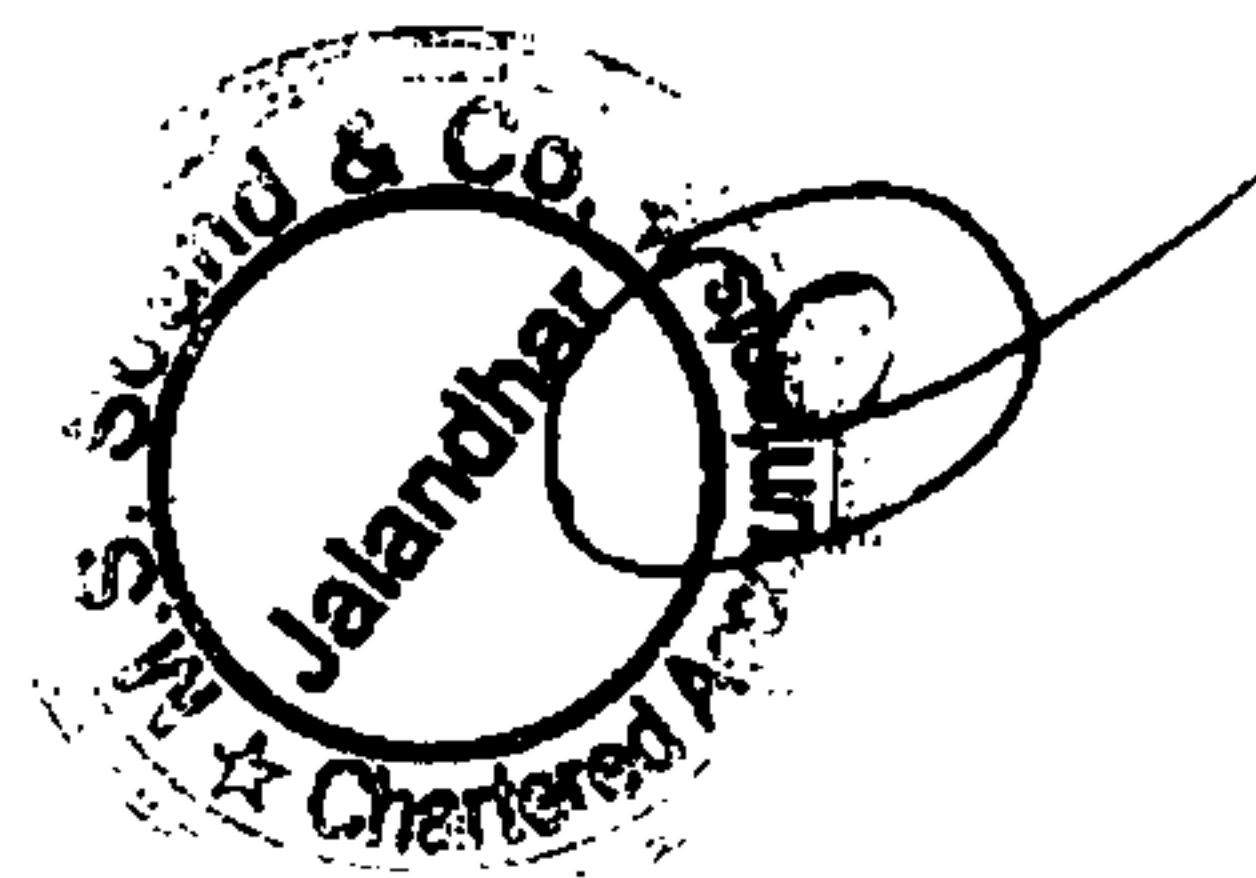
iii) Sh. Baldev Singh

However, during the year, no transactions were carried out with them.

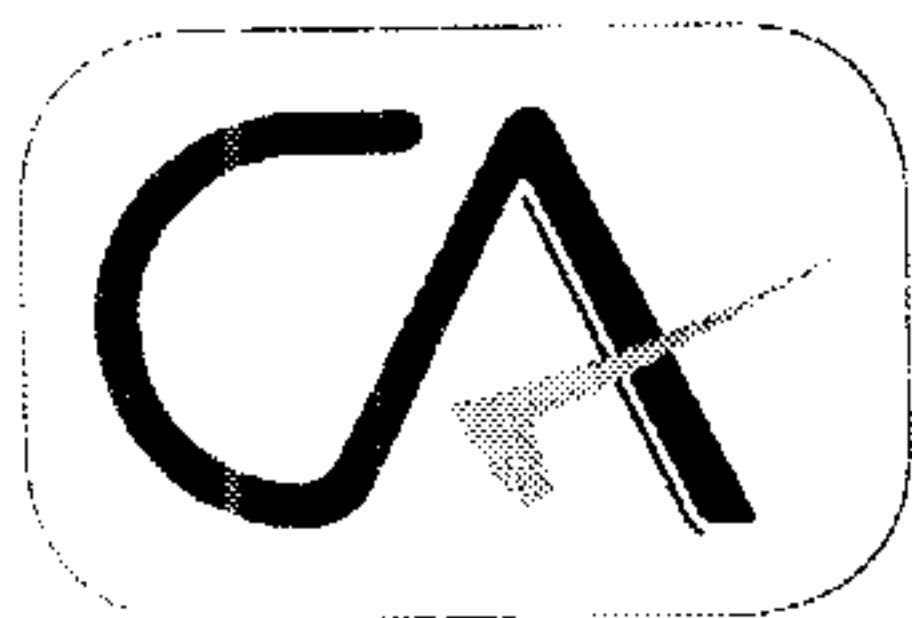
11 Earning per Share (EPS) in terms of **Accounting Standard –20** issued by the Institute of Chartered Accountants of India, the calculation of EPS is given Below

i) Particulars	2009-10	2010-11
ii) Profit as per P & L Account	21123.00	(-)146110.00
iii) Weighted Average No. of Eq.Share Outstanding during the year	4390900	4390900
iv) Earning per Share	0.0048	NA**

\*\* Being Loss







# M.S. SOAND AND COMPANY

CHARTERED ACCOUNTANTS

12A, Guru Gobind Singh Nagar, Near GTB Nagar,  
Jalandhar City

DIAL: 98142-50304 [R], 0181- 4620304 [O]

12

## Investments :

- i) The company has made investments amounting to **NIL** (previous year Nil) during the year.
- ii) **During the immediately preceding year, the company has sold 105400 equity Shares (Invested in the Company Gupta Fibers Limited (Now Globus Constructors and Developers Limited)) at a consideration of Rs. 152830.00 Lac. These shares were acquired in the year 1993 @ Rs. 10.00 per share. The value of these shares were reduced to Rs. 1.00 per shares in the year ended 31.03.2004 due to lower market price of the share.**

13.

Figures are rounded off to the nearest of Rupees and the previous year figures are regrouped/recasted and rearranged wherever considered necessary.

14.

Additional Information pursuant to provisions of Part II of Schedule VI of the Companies Act, 1956.

Year Ended  
31/03/2011

- a) Licensed Capacity. (Tons) Nil\*
- b) Installed Capacity. (Tons) Nil\*
- c) Actual Production Nil\*
- d) Particulars in respect of Production  
Purchases, Sales and Stocks of Raw  
Material and Finished Goods:

\* as certified by management

('000 omitted in values)

Class of Goods	Opening Stock		Purchases		Sales		Closing Stocks	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Finished Cloth (Mts)								
2011	--	--	--	--	--	--	--	--
2010	--	--	--	--	--	--	--	--

\* Figures provided by the Company and certified by the Directors.

**M.S. SOAND AND COMPANY**

CHARTERED ACCOUNTANTS

12A, Guru Gobind Singh Nagar, Near GTB Nagar,  
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DIAL: 98142-50304 [R], 0181- 4620304 [O]

g)	Value of Import on CIF Basis. (Rs.)		
	Capital Goods.	NIL	NIL
	Raw Materials.	NIL	NIL
h)	Expenditure in Foreign Currency (in US\$)	Nil	NIL
i)	Earnings in Foreign Currency.	Nil	NIL
j)	Value of Raw Material Consumed Imported.	Nil	NIL

\* Previous Year Figures are given in brackets.

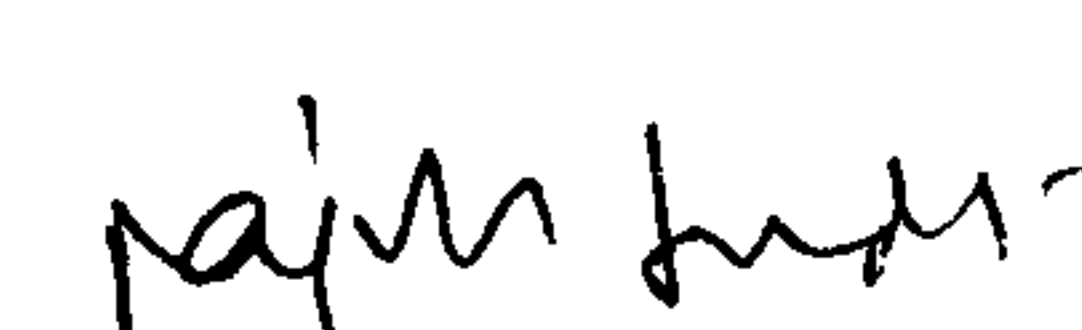
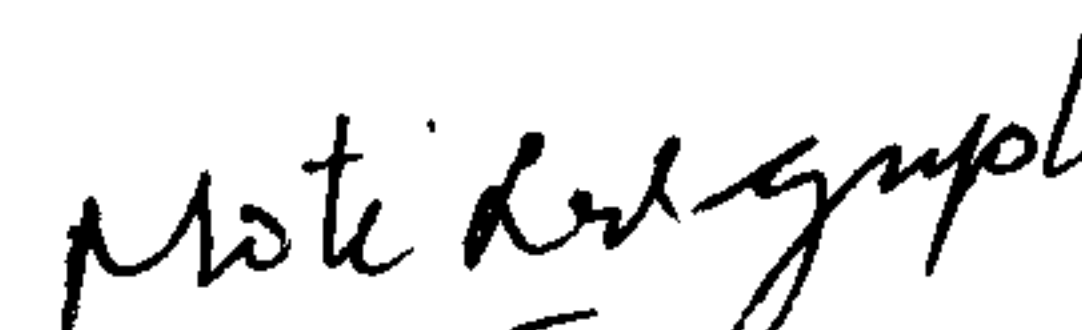
Place:  
Jalandhar"As per our report of even date  
attached"

For M.S. SOAND AND COMPANY

Firm Registration No. 005666N

Dated:  
05-09-  
2011(Sandeep K. Sharma)  
Partner  
M. No. 095168For and on Behalf of Board of  
Directors,


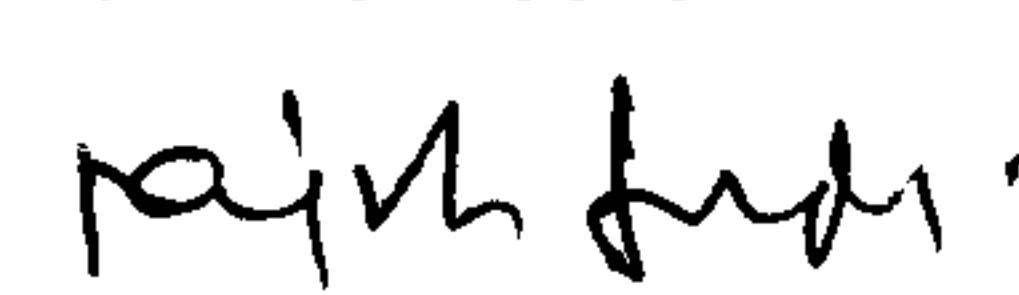
Gupta Carpets International Ltd

  
Moti Lal Gupta      Rajesh Gupta  
Director                      Director

**GUPTA CARPETS INTERNATIONAL LTD.**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2011**

Sr. No.	Particulars	31.03.2011	31.03.2010
A	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net profit/(Loss) before tax & extraordinary items	(1.46)	(0.26)
	Depreciation	-	-
	Adjustment for :		
	Profit/Loss on Sale of Fixed Assets	-	-
	Adjustment for diminution in Investments	-	-
	Sale / Adjustment of Fixed Assets	-	-
	Operating Profit before working Capital Changes	(1.46)	(0.26)
	Adjustment for		
	Current Assets	6.10	(6.10)
	Current Liabilities	(4.84)	5.08
	Cash Generated from operations	1.26	(1.02)
	Net Cash Generated from operating Activities	(0.20)	(1.28)
B	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Sale / (Decrease) in Investments	-	1.53
	Sale / Adjustments in Fixed Assets	-	-
	Net Cash used in Investing Activities		
C	<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
	Net Increase / Decrease in Cash and Cash		
	Equivalents	(0.20)	0.25
	Cash and Cash Equivalent at the beginning of the		
	Year	0.27	0.02
	Cash and Cash Equivalent at the Close of the		
	Year	0.07	0.27

For and on Behalf of The Board


  
**Moti Lal Gupta**      **Rajesh Gupta**  
 Director                      Director

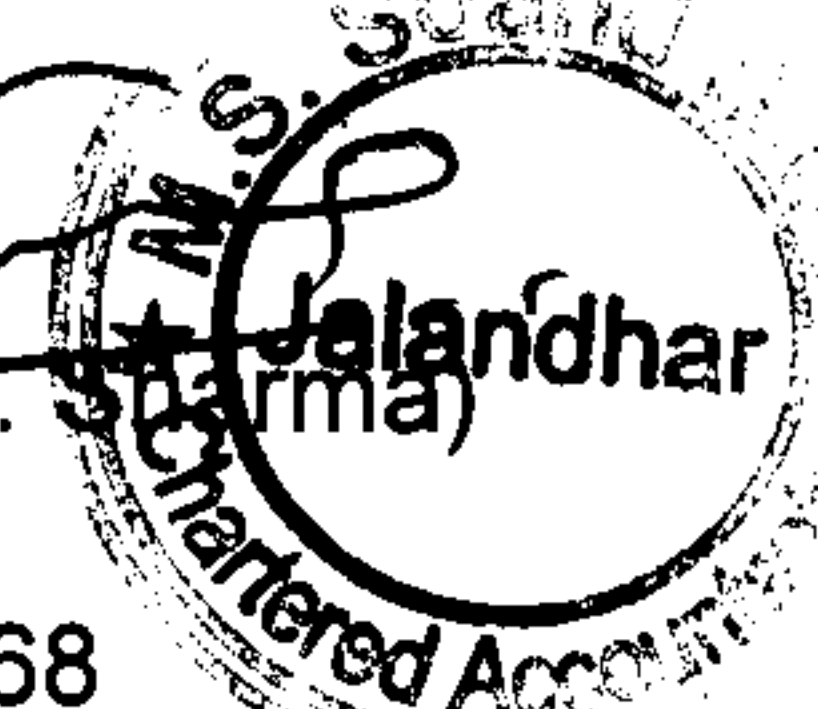
**AUDITORS' CERTIFICATE**

We have examined the attached cash flow statement of M/S Gupta Carpet International Limited for the year ended 31.03.2011. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of Listing agreements with various stock exchanges and is based on and is in agreement with the corresponding Balance Sheet of the Company covered by our report dated 05.09.2011 to the members of the company.

Place    Jalandhar  
 Dated : 05.09.2011

For M.S. SOAND AND COMPANY  
 Chartered Accountants  
 Firm Registration No. 005666N

  
 (Sandeep K. Sharma)  
 PARTNER  
 M. No. 095168





**M.S. SOAND AND COMPANY**

CHARTERED ACCOUNTANTS

12A, Guru Gobind Singh Nagar, Near GTB Nagar,  
Jalandhar City

DIAL: 98142-50304 [R], 0181- 4620304 [O]

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE AS PER PART IV OF THE SCHEDULE VI TO THE COMPANIES Act, 1956****I Registration Details**

Registration No.

5 5 5 5

State Code

1 6

**II Balance Sheet Date**

3 1 0 3 1 1

Capital Raised During the Year (Amount in Rs. Thousands)

0.00

Public issue

Bonus issue

Right issue

Private Placement

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

Total Liabilities

8 5 9 1 3

Total Assets

8 5 9 1 3

Sources of funds

Paid-up Capital

4 3 9 0 2

Secured Loans

Total Assets

Reserves &amp; Surplus

Unsecured Loans

4 2 0 1 1

Application of Funds

Net Fixed Assets

0 0

Net Current Assets

(-) 5 2 6 8

Investment

0 0 0

Misc. Expenditure

9 1 1 8 1

**IV Performance of the Company**

Turnover

0 0 0

Profit / Loss before Tax

(-) 1 4 6

Profit / Loss after tax

(-) 1 4 6

Dividend Rate

N I L

Total Expenditure

1 4 6

Extraordinary items

0 0

Earning per share in Rs.

-

**V Generic names of three principal products/services**

1) Carpets

**For M.S. SOAND AND COMPANY**

Firm Registration No. 005666N

for and on behalf of the  
Board of DirectorsPlace: Jalandhar  
Dated: 05-09-2011(Sandeep K. Sharma)  
Partner  
M. No. 095168Moti Lal Gupta  
(Moti Lal Gupta) (Rajesh Gupta)