

24th ANNUAL REPORT 2009-2010

BOARD OF DIRECTORS

Mr. Jayesh R. Mehta

Mrs. Amita J Mehta

Mr. N. L. Bhatia

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

NOTICE is hereby given that the 24th 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 **Thursday the 9th day of September, 2010** 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 31st March, 2010 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr.V.G. Joshi, 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.

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 Monday, **the 6th September, 2010** to Thursday, **the 9th September, 2009** (both days inclusive).

3. Directors

Mr. V.G. Joshi is retiring by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

The information/data to be provided for Mr. V.G. Joshi 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 Shareregistry (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.

By Order of the Board


J.R. Mehta
Chairman

Dated : 13th August, 2010

Director's Report

Dear Shareholders,

Your Directors have pleasure in presenting the 24th Annual Report together with Audited Statement of Accounts for the year ended 31st March, 2010.

Performance Highlights :

	(Rs. in Lacs)	
	2009-2010	2008-2009
Sales & other income	4302.70	1176.87
Profit/(Loss) before depreciation, interest & tax	221.52	(425.00)
Less : Depreciation	12.66	31.89
Interest	10.16	25.06
Profit/(Loss) before tax & exceptional items	198.70	(481.95)
Add :Exceptional items	5.22	73.57
Profit/(Loss) after tax & exceptional items	203.92	(408.38)
Provision for tax		
• Current tax	13.10	-
• Deferred tax Liability / (asset)	79.24	(152.26)
• Fringe Benefit tax	(0.03)	1.23
• Short/(Excess) provision for tax	-	0.04
Profit/(Loss) after tax	111.62	(257.39)
Balance Loss brought forward from previous year	(538.13)	(280.74)
Balance Loss carried to balance sheet	(426.52)	(538.13)

Dividend

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

Operations Review**(a) Engineering Division**

Your Company has successfully revived the Engineering Division and launched advanced model of twisting machine which has been well received in the market. The shareholders had approved the commencement of business of trading in all types of machinery vide special resolution passed at the Extra-ordinary General Meeting (EGM) of the Company held on 5th November, 2009. The Company has successfully commenced the business of trading in all types of machines especially injection moulding machines and machine tools and has achieved a turnover of Rs.556.83 lacs during the last quarter of 2009-10

(b) Textile Division

The shareholders had approved the disposal of textile undertaking vide ordinary resolution dated 3rd December, 2009 passed through postal ballot results of which were announced on 9th January, 2010. However the Company has not yet disposed the textile undertaking. The Company continues to cater to its customers by outsourcing the products due to lack of sizeable orders.

Preferential Issue Of Shares

The Company successfully concluded the issue of 62,50,000 equity shares of the face value of Rs.10/- each at the price of Rs.16/- per share to persons other than promoters on a preferential basis which the shareholders had approved vide special resolution passed at the EGM held on 5th November, 2009.

Insurance

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

Conservation Of Energy, Technology Absorption, Foreign Exchange Earning And Out Go:

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

C) Foreign Exchange Earnings and out go :	2009-10 Rs.	2008-09 Rs.
Total Foreign Exchange outgo	4,99,11,915	17,95,694
Total Foreign Exchange earned (FOB)	51,74,313	36,44,786

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 at the 31st March, 2010 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

Mr. V.G. Joshi, Director of the Company retires by rotation and is eligible for reappointment.

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.

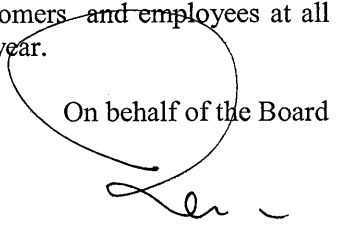
Acknowledgement

Your Directors thank the Shareholders, EDC Ltd., Company's Bankers HDFC Bank Ltd, Union Bank of India and Bank of India, 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 : 28th May, 2010


Chairman



CHANDAN PARMAR & CO.

Chartered Accountants

Alli Chambers, Gr. Floor, Homi Modi 2nd Cross Lane, Fort, Mumbai - 400 023.
Tel.: 2266 4433 Fax: 2266 2255 E-mail: cmparco@yahoo.co.in

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 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said company with the stock exchange.

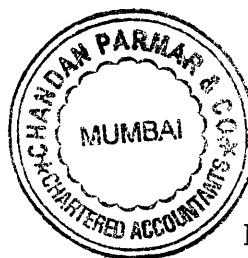
The compliance of conditions of Corporate Governance is the responsibility of the company's management. Our examination was limited to review of procedures and implementation thereof adopted by the company for ensuring the compliances of the conditions of Corporate Governance. It is neither an audit 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 Clause 49 of the above mentioned 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 CHANDAN PARMAR & CO.

Chartered Accountants
ICAI FRN NO.101662W



Deepak H. Padachh

(Deepak H. Padachh)

Partner

Membership No. 45741

Place : Mumbai

Date : 28th May, 2010

1. Company's Philosophy On Code Of 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
Mr. N. L. Bhatia	Independent, Non-Executive	1	1
Shri. V.G. Joshi	Independent, Non-Executive	Nil	Nil

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 Director met ten (10) times during the financial year on the following dates : 7th May, 2009, 30th June, 2009 31st July, 2009, 25th August, 2009, 8th October, 2009, 31st October, 2009, 5th November, 2009, 5th December, 2009, 9th January, 2010 and 31st January, 2010 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
Shri J.R.Mehta	10	10	✓
Smt. Amita J.Mehta	10	10	✓
Shri V.G. Joshi	10	6	✓
Dr. Bharat Bhatia	10	6	✓
Mr.N.L.Bhatia	10	8	✓

Shareholding of Non-executive Directors

The Individual shareholding of Non-executive Directors (including shareholding as joint holder) as on 31st March, 2010 is given below:

Name	No. of shares held
V.G. Joshi	10

3. Audit Committee:

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

Name of the Director	Category
Mr. N.L. Bhatia	Chairman, Independent, Non-Executive
Dr. Bharat Bhatia	Independent, Non-Executive
Mr. V.G.Joshi	Independent, Non-Executive

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 reviewed 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, 2010.
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, 2010, four (4) Audit Committee Meetings were held on 26th June, 2009, 27th July, 2009, 26th October, 2009 and 25th January, 2010. All the four (4) meetings were attended by all the members of the Audit Committee.

4. 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 31st March, 2010.

Director	Relationship with other directors	Business relationship with the Company	Sitting fees	Salary Rupees	Total
Jayesh R. Mehta	Husband of Mrs. Amita J. Mehta	Promoter and Managing Director	-	5,47,092	5,47,092
Amita J. Mehta	Wife of Mr. Jayesh R. Mehta	Promoter Group	<u>50,000</u>	-	50,000
N.L. Bhatia	None	None	60,000	-	60,000
Dr. Bharat Bhatia	None	None	50,000	-	50,000
V.G. Joshi	None	None	50,000	-	50,000

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 of Directorship
Shri V.G. Joshi	Independent, Non-Executive
Shri J.R.Mehta	Promoter, Executive
Dr. Bharat Bhatia	Independent,

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	No. of meetings held during the tenure	No of meetings attended
Dr. Bharat Bhatia	17	17
Shri V.G. Joshi	17	17
Shri J.R Mehta	17	17

Investor Grievances

The following are the nature of complaints received during the year ended 31st March, 2010.

Nature of Complaint	Received during the year	Received during the year 2008-09
Non-receipt of Share Certificate	3	Nil
Others	Nil	6
Total	3	6

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

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

The number of share transfers and dematerialisation requests pending as on 31st March, 2010 were Nil.

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

6. Note on Directors Re-Appointment

Mr. V.G. Joshi is retiring by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

Brief profile regarding Mr. V.G.Joshi is given below:

Mr. Vasant G. Joshi, aged 67 years is an Arts graduate and has over 45 years of experience in the field of accounts, administration and indirect taxes. He started his career in the year 1964 with Associated Precision bearings Star Ltd. (formerly known as Suessen Textile Bearing Ltd) as an Accounts Officer. In the year 1986 he joined a Company in the Textile Industry. He is on our Board since the year 2003

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

7. General Body Meetings

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

Financial Year	Date	Location of the meeting	Time
2006-2007	September 29, 2007	The Queenie Captain Auditorium, C/o, the NAB- Workshop for the Blind, Dr. Annie Besant Road, Prabhadevi, Mumbai 400 030	3.00 p.m
2007-2008	September 30, 2008		
2008-2009	September 30, 2009		

POSTAL BALLOT

During the year, the Company sought shareholders approval by Ordinary Resolution for Disposal of Textile Undertaking and by Special Resolution for Change in name of the Company through Postal Ballot as set out in the Notice dated 3rd December, 2009

The aforesaid Resolutions were passed by an overwhelming requisite majority. The results of the Postal Ballot which were announced on 9th January, 2010 are given below :

Particulars	Cast in favour		Cast against	
	No of votes	% of votes	No of votes	% of votes
Resolution 1	1,30,26,004	99.96%	5,600	0.04%
Resolution 2	1,30,25,604	99.96%	5,500	0.04%

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 shareholders to enable them to consider and vote on the proposals within a period of 30 days from the date of dispatch. The calendar of events was filed with the Registrar of Companies, Maharashtra within the stipulated period. The Scrutinizer, after due verification, submitted his report and the results of the Postal Ballot were duly declared on 9th January, 2010. The same were posted at the Registered Office of the Company and 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, 2010 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. 11 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 Company has raised an amount of Rs.10 crores through preferential issue of 62,50,000 equity shares of the face value of Rs. 10/- each at a premium of Rs.6/- each. The funds have been utilized 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 9, 2010 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,2010	by 15 th August, 2010
Quarter ending September,2010	by 15 th November, 2010
Quarter ending December, 2010	by 15 th February,2011
Year ending March,2011	by 30th May, 2011
Annual General Meeting for the year ended March 31,2011	In September,2011

c. Dates of Book Closure : September 6, 2010 to September 9, 2010 (Both days inclusive)

d. Registered Office : 110, T.V. Industrial Estate,
52, S.K.Ahira 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 2009-10 has been paid.

g. Stock Market Data

Monthly high & low quotations and volume of shares traded on Bombay Stock Exchange for financial year 2009-10 are :

Month	High (Rs.)	Low (Rs.)	Volume of Shares traded
April 2009	10.18	8.29	86,998
May 2009	14.30	10.35	2,64,822
June 2009	15.25	11.85	2,50,908
July 2009	14.00	10.38	1,16,848
August 2009	16.60	11.01	2,41,363
September 2009	17.25	12.80	2,87,300
October 2009	21.40	14.05	2,62,796
November 2009	34.95	18.15	8,37,262
December 2009	38.85	32.55	7,22,124
January 2010	53.90	36.25	5,24,098
February 2010	58.25	45.40	4,15,849
March 2010	60.85	51.00	3,76,377

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 – busicomp@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, 2010.

Slab of shareholdings No.of Shares	No.of Shareholders	%	Amount (Rs.)	%
Upto 5000	3161	83.18	5092230	3.16
5001-10000	286	7.53	2517120	1.56
10001-20000	142	3.74	2201090	1.36
20001-30000	69	1.82	1824090	1.13
30001-40000	25	0.66	905690	0.56
40001-50000	20	0.53	955020	0.59
50001-100000	31	0.82	2290360	1.42
100001 and above	66	1.74	145587030	90.22
Total	3800	100.00	161372630	100.00

Shareholding Pattern as on March 31, 2010

Sr. No.	Category of shareholder	No. of share holders	Total number of shares	%
(A)	Shareholding of Promoter and Promoter Group			
-1	Indian			
(a)	Individuals/ Hindu Undivided Family	21	6282875	38.93
(b)	Bodies Corporate	1	422211	2.62
	Total Shareholding of Promoter and Promoter Group (A)	22	6705086	41.55
(B)	Public shareholding			
-1	Institutions			
(a)	Financial Institutions/ Banks	1	400	0.00
	Sub-Total (B)(1)	1	400	0.00
-2	Non-institutions			
(a)	Bodies Corporate	158	477162	2.96
(b)	Individuals -			
i.	Individual shareholders holding nominal share capital up to Rs. 1 lakh.	3564	1384702	8.58
ii.	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	45	7498487	46.47
(c)	Any Other (specify) NRI Repat & Non Repat	11	71426	0.44
	Sub-Total (B)(2)	3778	9431777	58.45
	Total Public Shareholding (B)= (B)(1)+(B)(2)	3779	9432177	58.45
	TOTAL (A)+(B)	3801	16137263	100
	GRAND TOTAL (A)+(B)	3801	16137263	100

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	1405670	8.71
Central Depository Services (India) Limited,	10598327	65.68
TOTAL DEMATERIALIZED	12003997	74.39
PHYSICAL	4133266	25.61
GRAND TOTAL	16137263	100

l. Investors correspondence :

(i) Avanti Sankav

Company Secretary
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@chandnitextiles.com

(ii) Share Registrars and Transfer agent

Purva Sharegistry (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

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. 743/1
Opposite Jolly Containers,
Village Dabhel,
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 31st March, 2010

For Chandni Textiles Engineering Industries Ltd

Mumbai

28th May, 2010

J.R. Mehta
Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

Your Company has successfully revived the Engineering Division and launched advanced model of twisting machine which has been well received in the market. Your company has also commenced the business of trading in all types of machinery and has achieved turnover of Rs.556.83 lacs during the last quarter of 2009-10. The Company has entered only the injection moulding and machine tools market as yet. However there is vast potential in this hitherto untouched business and the company plans to tap the untouched market of fork lifts, cranes etc.

In absence of sizeable orders for the Textile Division products viz., velvet fabrics and chenille yarn, your Company continues to cater to its customers by outsourcing the products.



CHANDAN PARMAR & CO.

Chartered Accountants

Alli Chambers, Gr. Floor, Homi Modi 2nd Cross Lane, Fort, Mumbai - 400 023.
Tel.: 2266 4433 Fax: 2266 2255 E-mail: cmparco@yahoo.co.in

AUDITORS' REPORT

TO
THE MEMBERS OF
CHANDNI TEXTILES ENGINEERING INDUSTRIES LIMITED

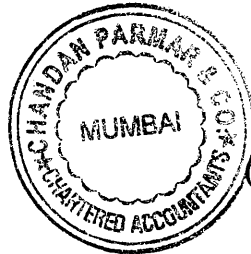
1. We have audited the attached Balance Sheet of **CHANDNI TEXTILES ENGINEERING INDUSTRIES LIMITED** as at 31st March, 2010 and the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's 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, 2010 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2010 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, 2010;
- 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



Deepak H. Padachh

(Deepak H. Padachh)

Partner

Membership No. 45741

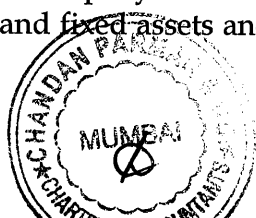
Place : Mumbai
Date :28th May, 2010

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 has taken interest free unsecured loans from two parties covered in the register maintained under section 301 of the Companies Act, 1956. The year end balance of such loans were Rs.65,80,919/- and the maximum amount outstanding at any time during the year of such loans were Rs.1,15,80,919/-.
- (c) In our opinion, the other terms and conditions of such loans taken by the company are prima facie not prejudicial to the interest of the company.
- (d) The terms of payment of principal amount of such loans are 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



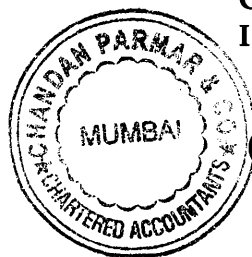
course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

- [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 loans from parties as reported in clause [iii] hereinabove.
- [vi] The company has not accepted any deposits from the public.
- [vii] In our opinion, 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 except income tax amounting to Rs.22,473/- for the financial year 2003-04.
- (b) According to 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 losses as at 31st March, 2010 is less than fifty per cent of its net worth and it has not incurred cash loss during the year ended on that date. However it has 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 explanation given to us, the company has not obtained any terms 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] According to the information and explanation given to us, the preferential allotments of shares were not made to the parties covered in the register maintained under section 301 of the Act.
- [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

(Deepak H. Padachh)
Partner
Membership No. 45741

Place : Mumbai
Date : 28th May, 2010

CHANDNI TEXTILES ENGINEERING INDUSTRIES LTD.

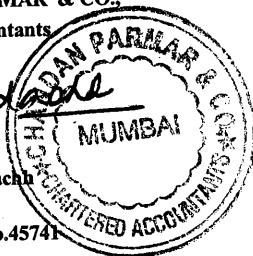
(Formerly known as Chandni Textiles Ltd.)
BALANCE SHEET AS AT 31st March, 2010

	Schedule No.	(Rupees)	AS AT 31/03/2010 (Rupees)	AS AT 31/03/2009 (Rupees)
SOURCES OF FUNDS :				
Shareholders' Funds :				
Share Capital	1	161,372,630		98,872,630
Reserves & Surplus	2	55,740,000	217,112,630	18,240,000
				117,112,630
Loan Funds :				
Secured Loans	3	5,428,129		12,283,165
Unsecured Loans	4	6,691,641	12,119,770	6,973,891
				19,257,056
Total			229,232,400	136,369,686
APPLICATION OF FUNDS :				
Fixed Assets :				
Gross Block	5	48,995,171		54,194,630
Less : Depreciation		19,822,395	29,172,776	21,294,387
Net Block				32,900,243
Investments				
	6		1,106,000	1,106,000
Current Assets, Loans & Advances :				
Inventories	7	35,595,308		402,006
Sundry Debtors	8	51,930,492		22,619,855
Cash & Bank Balance	9	81,134,229		10,057,410
Other Current Assets	10	3,469,531		4,014,686
Loans & Advances	11	9,957,795		7,382,212
		182,087,355		44,476,168
Less : Current Liabilities & Provisions				
Current Liabilities	12	33,314,814		12,771,062
Provisions		374,771		132,473
Net Current Assets		33,689,585	148,397,770	12,903,535
				31,572,633
Miscellaneous Expenditure				
(To the extent not written off or adjusted)	13		379,659	1,529,264
Deferred Tax Asset (Net)				
			7,524,504	15,448,156
Profit & Loss Account				
			42,651,689	53,813,390
Total			229,232,400	136,369,686

Accounting Policies and Notes on Accounts
Schedules referred above form part of accounts.

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

Deepak H. Padachh
Partner
Membership No.45741



On behalf of the Board

Managing Director
J.R. Mehta

Director
A.J. Mehta

Company Secretary
Avanti Sankav

Place :MUMBAI
Date : 28-05-2010

Place :MUMBAI
Date : 28-05-2010

CHANDNI TEXTILES ENGINEERING INDUSTRIES LTD.

(Formerly known as Chandni Textiles Ltd)

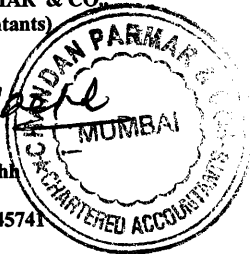
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st March, 2010

	Schedule No.	2009-10 (Rupees)	2008-09 (Rupees)
Income :			
Sales & Services	14	422,644,314	109,776,508
Other Income	15	7,625,596	7,910,370
Total (A)		430,269,910	117,686,878
Expenditure :			
(Increase) / Decrease in Finished & Process Stocks	16	(2,178,425)	6,793,855
Material Costs	17	382,335,564	98,429,990
Manufacturing & Other Expenses	18	21,564,732	53,193,831
Interest		1,016,369	2,506,472
Depreciation		1,265,559	3,188,602
Baddebts / Provision for Doubtful debts		770,172	1,154,181
Share issue related expenses		1,917,146	-
Preliminary/Amalgamation Expenses W/off		292,299	292,299
Prior period adjustments		3,416,763	322,694
Total (B)		410,400,179	165,881,924
(A) - (B)		19,869,731	(48,195,046)
Add: Exceptional items			
Profit on sale / disposal of Fixed Assets (net)		522,602	14,876,473
Insurance claim of Loss due to fire repudiated		-	(7,519,459)
		522,602	7,357,014
Profit/(Loss) for the year		20,392,333	(40,838,032)
Less : Tax Expenses			
Current Tax		1,310,000	-
Short/(Excess) Provision of Tax		-	4,283
Deferred Tax		7,923,651	(15,226,052)
Fringe Benefit Tax		(3,020)	123,024
		9,230,631	(15,098,745)
Profit/(Loss) after Tax		11,161,701	(25,739,288)
Add : Balance brought forward		(53,813,390)	(28,074,102)
Balance carried to the Balance Sheet		(42,651,689)	(53,813,390)
Earning Per Share - Annualised		0.90	(2.60)

Accounting Policies and Notes on Accounts
Schedules referred above form part of accounts.

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

Deepak H. Padachh
Partner
Membership No.45741



19

On behalf of the Board

Levi

Managing Director
J.R. Mehta

A. Mehta

Director
A.J. Mehta

Sankav

Company Secretary
Avanti Sankav

Place :MUMBAI
Date : 28-05-2010

Place :MUMBAI
Date : 28-05-2010

CHANDNI TEXTILES ENGINEERING INDUSTRIES LTD.
(Formerly known as Chandni Textiles Ltd)

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

Particulars	31/03/10		31/03/09	
	Rupees in '000	Rupees in '000	Rupees in '000	Rupees in '000
A. Cash flow from operating activities:				
Profit/(Loss) before Tax		20,392		(40,838)
Adjustments for :				
Depreciation	1,266		3,189	
Interest paid	1,016		2,506	
Preliminary & Amalgamation expenses w/c	292		292	
Share issue related expenses	1,917		-	
Doubtful debts	-		1,154	
Loss of fixed assets by theft	7		-	
Loss/(Profit) on disposal of Fixed Assets	2,872	7,370	(16,351)	(9,211)
Operating profit before working capital changes		27,762		(50,049)
Adjustments for:				
(Increase)/Decrease in Trade and other receivables	(31,341)		897	
(Increase)/Decrease in Inventories	(35,193)		16,488	
Increase/(Decrease) in Trade payables	20,544	(45,990)	(31,199)	(13,814)
		(18,228)		(63,863)
Direct taxes paid		(1,065)		(955)
Net Cash flow from operating activities		(19,293)		(64,818)
B. Cash flow from investing activities:				
Purchase of fixed assets	(1,067)		(910)	
Sale of fixed assets	650		94,356	
Net cash used in investing activities		(417)		93,446
C. Cash flow from financing activities				
Proceeds from issue of shares at premium	100,000		-	
Share issue related expenses	(1,060)		(857)	
Proceeds from long term borrowings	(7,137)		(37,315)	
Interest paid	(1,016)		(2,506)	
Net cash generated from financing activities		90,787		(40,678)
Net increase/(decrease) in cash and cash equivalents		71,077		(12,050)
Cash and cash equivalents at the beginning of the year		10,057		22,108
Cash and cash equivalents at the end of the year		81,134		10,057

As per our report of even date

For **CHANDAN PARMAR & CO.,**

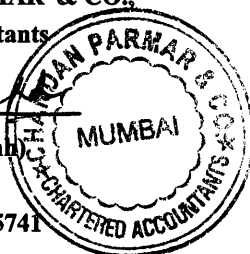
Chartered Accountants

Deepak H. Padachh

(Deepak H. Padachh)

Partner

Membership No.45741



On behalf of the Board

[Signature]
Managing Director

[Signature]
Director Company Secretary

Place :Mumbai

Date : 28-05-2010

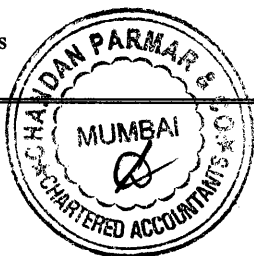
Place :Mumbai

Date : 28-05-2010

CHANDNI TEXTILES ENGINEERING INDUSTRIES LTD.

SCHEDULES FORMING PART OF ACCOUNTS

	AS AT 31/03/2010 (Rupees)	AS AT 31/03/2009 (Rupees)
Schedule - 1		
<u>SHARE CAPITAL</u>		
<u>AUTHORISED :</u>		
2,00,00,000 Equity Shares of Rs. 10/- each	200,000,000	200,000,000
	<u>200,000,000</u>	<u>200,000,000</u>
<u>ISSUED & SUBSCRIBED :</u>		
1,61,37,263 Equity Shares of Rs.10/- each fully paid-up. (Previous year : 98,87,263 of Rs.10/- each)	161,372,630	98,872,630
	<u>161,372,630</u>	<u>98,872,630</u>
Schedule - 2		
<u>RESERVES AND SURPLUS</u>		
Share Premium Account :		
Balance as per last Balance Sheet	18,240,000	18,240,000
Add :- Received during the year	37,500,000	-
	<u>55,740,000</u>	<u>18,240,000</u>
	<u>55,740,000</u>	<u>18,240,000</u>
Schedule - 3		
<u>SECURED LOANS</u>		
From Financial Institutions :		
EDC Ltd. (Secured by way of Equitable Mortgage of Immoveable property of the Company & Group Concern and floating charge on all the other assets of the company (Save and except stocks and bookdebts), and personal guarantees of the directors)	7,415	5,711,078
From Bank :		
Term Loans (Secured by way of Equitable Mortgage of immoveable property of the Company & Directors and personal guarantees of the directors)	5,392,703	6,414,342
Interest accrued and due on Term Loans	28,011	157,745
	<u>5,428,129</u>	<u>12,283,165</u>
Schedule - 4		
<u>UNSECURED LOANS</u>		
From Banks	110,722	350,090
Inter Corporate Deposits	6,580,919	6,623,801
	<u>6,691,641</u>	<u>6,973,891</u>



CHANDNI TEXTILES ENGINEERING INDUSTRIES LTD.

(Formerly known as Chandni Textiles Ltd)

Schedule - 5

FIXED ASSETS :

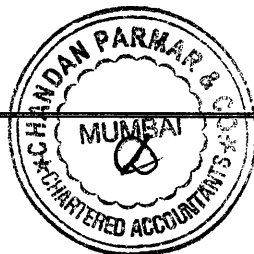
Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at	Additions	Deductions/ Adjustments	As at	Upto	For the	Deductions/ Adjustments	Upto	As at	As at
	01/04/09			31/03/10	31/03/09	year		31/03/10	31/03/10	31/03/09
Freehold Land	960,000	-	-	960,000	-	-	-	-	960,000	960,000
Factory Building	234,914	-	-	234,914	6,664	7,846	-	14,510	220,404	228,250
Flats	7,609,018	-	177,778	7,431,240	1,669,925	123,253	50,380	1,742,798	5,688,442	5,939,093
Office Premises	6,497,050	-	-	6,497,050	1,883,859	105,902	-	1,989,761	4,507,289	4,613,191
Plant & Machinery	18,777,279	-	*	12,695,615	6,187,022	603,041	*	4,102,940	8,592,675	12,590,257
Furniture & Fixtures	3,019,463	708,997	-	3,728,460	2,455,644	138,513	-	2,594,157	1,134,303	563,819
Equipments	6,677,602	222,348	6,899	6,893,051	5,072,285	174,298	48	5,246,535	1,646,516	1,605,317
Vehicles	767,561	135,537	-	903,098	598,771	42,126	-	640,897	262,201	168,790
Dyes, Patterns & Tools	3,039,280	-	-	3,039,280	2,762,459	8,016	-	2,770,475	268,805	276,821
Air Conditioners	1,059,957	-	-	1,059,957	493,048	48,495	-	541,543	518,414	566,909
Electrical Fittings	312,842	-	-	312,842	164,710	14,069	-	178,779	134,063	148,132
Capital Work-in-progress	5,239,665	-	-	5,239,665	-	-	-	-	5,239,665	5,239,665
Total Current Year	54,194,630	1,066,882	6,266,341	48,995,171	21,294,387	1,265,559	2,737,551	19,822,395	29,172,776	32,900,243
Total Previous Year	151,614,441	910,072	98,329,883	54,194,630	38,430,672	3,188,602	20,324,887	21,294,387	32,900,243	113,183,769

* represents Plant & Machinery disposed off in earlier years.



CHANDNI TEXTILES ENGINEERING INDUSTRIES LTD.

	AS AT 31/03/2010 (Rupees)	AS AT 31/03/2009 (Rupees)
Schedule - 6		
<u>INVESTMENTS (AT COST)</u>		
Trade -(Unquoted)		
3200 Shares of Memon Co-op.Bank Ltd. Of Rs.25/- each	80,000	80,000
<u>QUOTED</u>		
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>502,700</u>	<u>185,030</u>
Schedule - 7		
<u>INVENTORIES</u>		
(As taken, valued and certified by the management)		
Stores, Spares and packing materials	-	362,874
<u>Stock-in-trade</u>		
-Finished goods / Traded Goods	35,595,308	39,132
	<u>35,595,308</u>	<u>402,006</u>
Schedule - 8		
<u>SUNDRY DEBTORS</u>		
Debts outstanding for a period exceeding six months : (Unsecured)		
Considered good	1,086,858	2,775,915
Considered doubtful	-	1,571,382
Less : Provisions made	-	<u>1,571,382</u>
	-	-
Other debts (Unsecured, considered good)	50,843,634	19,843,940
	<u>51,930,492</u>	<u>22,619,855</u>
Schedule - 9		
<u>CASH & BANK BALANCES</u>		
Cash on hand	2,447,376	2,965,319
Balances with Scheduled Banks :		
- In Current Accounts	3,447,240	4,372,534
- In Fixed Deposits Accounts (including pledged against bank guarantee Rs.21,91,200/-) (Previous year Rs. Nil)	75,239,614	2,719,556
	<u>81,134,229</u>	<u>10,057,410</u>
Schedule - 10		
<u>OTHER CURRENT ASSETS :</u>		
Export Incentives receivable	-	215,140
Interest Accrued but not due	848,284	258,819
Claims and other receivables	2,621,246	3,540,727
	<u>3,469,531</u>	<u>4,014,686</u>
Schedule - 11		
<u>LOANS AND ADVANCES :</u>		
(unsecured, considered good)		
Loans to Employees	12,000	24,000
Advances Recoverable in cash or in kind or for value to be received	4,827,401	2,328,162
Deposits with Govt. Authority	135,256	135,256
Deposit with Others	947,455	859,110
Income Tax (less provision)	4,035,683	4,035,684
	<u>9,957,795</u>	<u>7,382,212</u>



CHANDNI TEXTILES ENGINEERING INDUSTRIES LTD.

	AS AT 31/03/2010 (Rupees)	AS AT 31/03/2009 (Rupees)
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Schedule - 12

CURRENT LIABILITIES & PROVISIONS:

(A) CURRENT LIABILITIES :

Interest Accrued but not due	36,748	46,529
Advances against orders	21,489,437	1,496,463
Sundry Creditors	8,664,261	8,712,022
Other Liabilities	3,120,048	2,516,048
From Banks (as per books)	4,320	-
(A)	33,314,814	12,771,062

(B) PROVISIONS :

For Income Tax	374,771	22,473
For Fringe Benefit Tax	-	110,000
(B)	374,771	132,473
(A) + (B)	33,689,585	12,903,535

Schedule - 13

MISCELLANEOUS EXPENDITURE :

(To the extent not written off or adjusted)

(i) Preliminary Expenses

As per last Balance Sheet	57,224	77,586
Less : 1/10th Written off during the year	20,362	20,362
	36,862	57,224

(ii) Deferred Revenue Expenditure

As per last Balance Sheet	614,734	886,671
Less : 1/5th Written off during the year	271,937	271,937
	342,797	614,734

(iii) Rights Issue Expenses

As per last Balance Sheet	857,306	857,306
Less : Written off during the year	857,306	-
	-	857,306
	379,659	1,529,264

Schedule - 14

SALES & SERVICES :

Sales	422,644,314	109,460,788
Income from Job Work	-	315,720
[Tax deducted : Rs. Nil; Previous year Rs.9,353/-]		
	422,644,314	109,776,508

Schedule - 15

OTHER INCOME :

Export Incentives	-	251,002
Rent (Gross)	4,456,551	4,978,150
(Tax deducted : Rs.7,40,798/-; Previous year Rs.10,22,088/-)		
Interest on Banks Deposits (Gross) :	2,048,091	831,028
(Tax deducted : Rs.2,12,041/-; Previous year Rs.1,62,609/-)		
Interest from Others	-	200,435
Foreign Exchange gain (Net)	628,734	302,945
Miscellaneous income	492,220	1,044,434
Sundry Balance W/off / Provisions no longer required	-	302,376
	7,625,596	7,910,370

Schedule - 16

(INCREASE) / DECREASE IN FINISHED & PROCESS STOCKS :

Opening Stock :

Finished Goods	-	6,283,258
Work in Process	-	510,597
	-	6,793,855

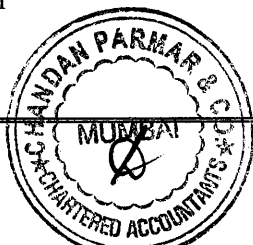
Closing Stock :

Finished Goods	2,178,425	-
Work in Process	-	-
	2,178,425	-
	(2,178,425)	6,793,855



CHANDNI TEXTILES ENGINEERING INDUSTRIES LTD.

	AS AT 31/03/2010 (Rupees)	AS AT 31/03/2009 (Rupees)
Schedule - 17		
<u>MATERIAL COSTS :</u>		
A) Raw Materials consumed :		
Opening Stock	-	9,048,336
Purchases	9,308,073	33,254,376
	9,308,073	42,302,712
Add : Components transferred from Capital WIP	-	12,107,882
	9,308,073	54,410,594
B) Cost of Traded Goods :		
Opening Stock	39,132	530,000
Purchases	406,405,243	43,528,528
	406,444,375	44,058,528
Less : Closing Stock	33,416,883	39,132
	373,027,492	44,019,396
	382,335,564	98,429,990
Schedule - 18		
<u>MANUFACTURING & OTHER EXPENSES :</u>		
A) Manufacturing Expenses :		
Stores, Spares and Packing Materials	548,587	442,597
Labour & Processing Charges	903,285	12,733,847
Central Excise Duty	6,812,812	8,732,037
Power & Fuel	11,915	840,031
Repairs - Plant & Machinery	-	22,915
Transportation Charges	354,037	1,139,371
Other Manufacturing Expenses	267,077	2,103,080
	8,897,713	26,013,878
	(A)	(A)
B) Employees' Costs & Benefits :		
Salaries, Wages and Bonus Etc.	2,871,243	4,464,176
Contribution to Provident Fund, Gratuity Scheme etc.	92,597	81,393
Employees Welfare Expenses	51,355	110,054
	3,015,195	4,655,623
	(B)	(B)
C) ADMINISTRATIVE, SELLING AND OTHER EXPENSES :		
Bank Charges	175,728	195,909
Clearing, Forwarding & Freight	433,635	374,011
Commission	32,237	12,588,615
Travelling & Conveyance	820,377	1,533,461
Telephone, Postage & Telegram	945,397	898,615
Electricity Charges	150,938	164,973
Directors Remuneration	547,092	547,092
Exhibition Expenses	48,655	1,073,231
Sampling, Sales Promotion & Advertisement	277,750	469,469
Insurance	119,051	58,290
Legal & Professional Charges	395,213	336,430
Rent, Rates & Taxes	1,104,243	1,070,108
Repairs - Others	363,777	152,672
General Expenses	1,592,347	928,174
Sales-tax & Cess-tax	2,075,377	1,873,514
Remuneration to Auditor :		
- For Audit Fees	82,725	64,279
- For Tax Audit Fees	27,575	20,206
- For Other matters	124,337	175,281
	234,637	259,766
Sundry Balances Written off	335,370	-
	9,651,824	22,524,330
	(C)	(C)
Total	(A)+(B)+(C) 21,564,732	53,193,831



(12). Earnings per Share :-

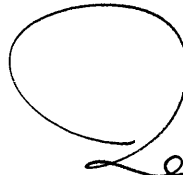
		<u>Current Year</u>	<u>Previous Year</u>
a) Profit/(Loss) after tax	Rs.	1,11,61,701	(2,57,39,288)
b) Weighted Average Number of Equity shares outstanding	Nos.	1,24,04,386	98,87,263
c) The nominal value per Equity Share	Rs.	10/-	10/-
d) Earnings per Share –Annualised	Rs.	0.90	(2.60)

(13) 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


(Deepak H. Padachh)
Partner
Membership No.45741



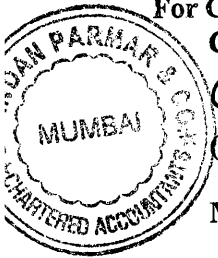
Managing Director
J.R. Mehta

On Behalf of the Board

 
Director Company Secretary
A.J. Mehta Avanti Sankav

PLACE : MUMBAI

DATE : 28th May, 2010



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

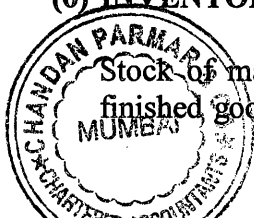
Depreciation on Fixed Assets (other than Freehold land on which no depreciation is charged) is provided on straight line basis at the rates prescribed under schedule XIV to the Companies Act, 1956. Depreciation on additions/deductions during the year is provided on pro-rata basis.

(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.

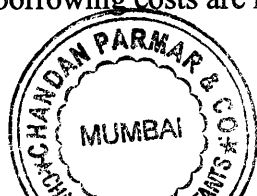
The Company's contributions to the above funds are charged to revenue every year.

(b) Defined Benefit Plan

The Company has a Defined Benefit plan namely Gratuity for all its employees. The Company operates gratuity plan wherein every employee is entitled to the benefit as per the scheme of the Company, for each completed year of service. The same is payable on termination of service, or retirement, whichever is earlier. The benefit vests only after five years of continuous service. Liability for Defined Benefit Plan is provided on the basis of valuations, as at the Balance Sheet Date.

(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 :-

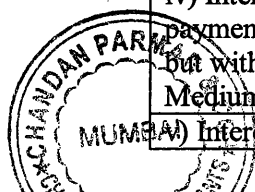
(1) Contingent liability outstanding at the year end and not provided for in respect of :

- (a) Counter guarantees given to the Company's bankers for the guarantees issued by them on behalf of the Company - Rs. 21,91,200/- (Previous Year Rs.Nil/-) .
- (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 :-

	31-3-2010	31-3-2009
i) Principal amount remaining unpaid on	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 Enterprises 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 enterprises.	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 provides for an annual Bonus for all employees under the Payment of Bonus Act, which amounts to Rs. 42,250/- (2008-09 Rs. 33,750/-). Such Bonus 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 –

	2009-10 Rs.	2008-2009 Rs.
- Employers' Contribution to Provident Fund	63,974	56,791
- Employers' Contribution to Pension Scheme	51,794	49,010

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

II. Defined Benefit Plan

The Company makes annual provision of Employees Gratuity which provides for lump sum payment to vested employees on departure of an amount equal to 15 days salary (last drawn) for each completed year of service. Vesting occurs on completion of five years service.

Reconciliation of opening and closing balances of liability of Defined Benefit Plans

	Gratuity 2009-10 Rs.	Gratuity 2008-2009 Rs.
Opening Balance of Defined Benefits	1,93,618	4,32,182
Provision for current years Defined Benefits	19,719	56,500
Benefits paid	Nil	2,95,064
Closing Balance of Defined Benefits	2,13,337	1,93,618

*** Included in Current Liabilities (Refer Schedule 12)



Expenses recognized in the Profit & Loss Account

	Gratuity 2009-10 Rs.	Gratuity 2008-2009 Rs.
Total Expenses recognized in the profit & Loss Account	19,719	56,500

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

(5) Prior period adjustment includes loss of Rs.33,94,541/- on fixed assets disposed off in earlier years.

(6) 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)

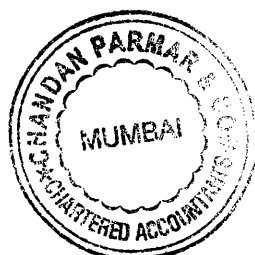
A) CAPACITY & PRODUCTION

	UNIT	INSTALLED CAPACITY		PRODUCTION	
		CURRENT YEAR	PREVIOUS YEAR	CURRENT YEAR	PREVIOUS YEAR
(a) WOVEN PILE FABRICS	MTRS	57,000	57,000	Nil	Nil
(b) CHENILLE YARN	KGS	3,00,000	3,00,000	Nil	34,303 (including Jobwork)
(c) TEXTILE MACHINERY	NOS	100	100	3	23

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	556	86,853	75,597	51,10,868
(b) Chenille Yarn	KGS	Nil	Nil	47,040	57,66,222
(c) Machines	Nos	31	5,34,40,684	36	6,56,92,049
(d) Revenue from jobwork Twisted yarn	KGS	Nil	Nil	40,856	3,15,720
(d) Fancy Shirting	KGS	43,95,196	36,75,43,162	5,93,700	3,19,30,522
(e) Components & Spares	Nos	-	15,73,615	-	7,23,324
(f) Yarn	KGS	-	Nil	14,212	1,96,433
(g) Throws	Nos	-	Nil	579	41,341
			<u>42,26,44,314</u>		<u>10,97,76,509</u>



C) STOCK

(a) OPENING STOCK:-

i) Woven Pile Fabrics	MTRS	353	39,132	48,692	33,57,843
ii) Chenille yarn	KGS	Nil	Nil	12,737	24,83,546
iii) Chenille Throws	NOS	Nil	Nil	579	4,41,869
iv) Machines	NOS	Nil	Nil	1	5,30,000
			<u>39,132</u>		<u>68,13,258</u>

(b) CLOSING STOCK :-

i) Woven Pile Fabrics	MTRS	347	38,698	353	39,132
ii) Machines	Nos	65	3,54,10,577	Nil	Nil
iii) Spares (Trading)			1,46,033		Nil
			<u>3,55,95,308</u>		<u>39,132</u>

D) PURCHASES

	UNIT	CURRENT YEAR		PREVIOUS YEAR	
		Qty	Value (Rs.)	Qty	Value (Rs.)
Woven Pile fabrics	MTRS	550	62,705	28,026	27,52,665
Machines	Nos	93	5,82,56,661	12	18,35,761
Fancy Shirting	KGS	43,95,195	34,69,57,911	5,93,700	3,89,40,102
Components			11,27,967		Nil
			<u>40,64,05,244</u>		<u>4,35,28,528</u>

E) MATERIALS CONSUMED

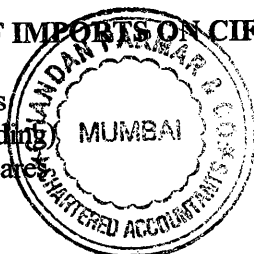
Yarn	KGS	Nil	Nil	35,965	46,23,797
Components			93,08,021		4,97,86,797
			<u>93,08,021</u>		<u>5,44,10,594</u>

F) VALUE OF MATERIALS AND STORES & SPARES CONSUMED.

	CURRENT YEAR		PREVIOUS YEAR	
	Value (Rs.)	Percentage	Value (Rs.)	Percentage
(i) Materials				
Imported	3,48,551	3.74	42,648	0.08
Indigenous	89,59,522	96.26	5,43,67,946	99.92
	<u>93,08,021</u>	<u>100.00</u>	<u>5,44,10,594</u>	<u>100.00</u>
(ii) Consumable Stores and Spares & Packing Material				
Imported	0.00	0.00	1,43,315	32.38
Indigenous	5,48,587	100.00	2,99,282	67.62
	<u>5,48,587</u>	<u>100.00</u>	<u>4,42,597</u>	<u>100.00</u>

G) VALUE OF IMPORTS ON CIF BASIS

Machines	4,91,86,511	13,68,800
Components	3,05,889	34,367
Spares (Trading)	4,19,515	Nil
Stores & Spares	Nil	1,08,485



H) EXPENDITURE IN FOREIGN CURRENCY

(i) Foreign Travelling	4,10,047	2,48,497
(ii) Commission	Nil	35,545

I) EARNING IN FOREIGN CURRENCY

Export Sales (F.O.B. BASIS)	49,02,693	36,44,786
Commission	2,71,620	Nil

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

<u>Deferred Tax Assets / (Liability)</u>	<u>31.3.2010</u>	<u>31.3.2009</u>
	<u>Rs.</u>	<u>Rs.</u>
Timing difference on account of Depreciation	24,10,866	26,70,904
Expenses allowable on payment basis under Tax laws	6,07,642	2,18,445
Provision for doubtful debts	Nil	5,34,113
Business Loss/Unabsorbed Depreciation	45,05,995	1,20,24,703
Net Deferred Tax Assets	<u>75,24,504</u>	<u>1,54,48,165</u>

(10) 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)

		<u>Year ended</u>	<u>Year ended</u>
		<u>31-3-2010</u>	<u>31-3-2009</u>
1	Segment Revenue		
a.	Engineering Division	5,50,14,299	6,64,15,373
b.	Textile Division	36,76,30,015	4,33,61,136
	Total	42,26,44,314	10,97,76,509
	Less : Inter Segment Revenue	-	-
	Net Sales/Income from Operations	42,26,44,314	10,97,76,509
2	Segment Results		
	Profit /(loss) before tax and Interest		
a.	Engineering Division	95,52,047	(2,51,65,858)
b.	Textile Division	1,46,36,114	(1,30,27,951)
	Total	2,41,88,161	(3,81,93,809)
	Less : (i) Interest	6,66,314	25,06,472

	(ii) Other un-allocable expenditure		
	Net off un-allocable income	31,29,513	1,37,764
	Total Profit / (loss) Before Tax	2,03,92,333	(4,08,38,045)
3	Capital Employed		
	(Segment Assets - Segment Liabilities)		
a.	Engineering Division	6,52,84,451	2,04,29,964
b.	Textile Division	1,90,47,310	1,32,67,532
	Add / (Less):- Unallocable Assets less Liabilities	9,01,29,181	2,96,01,743
	Total Capital Employed in the Company	17,44,60,941	6,32,99,239

b) Information about Geographical Segments :

	Year ended	Year ended
	31-3-2010	31-3-2009
Revenue		
India	41,77,41,621	10,61,31,723
Outside India	49,02,693	36,44,786
	42,26,44,314	10,97,76,509
Assets		
India	21,60,97,012	9,46,96,960
Outside India	41,73,285	7,62,871
	22,02,70,297	9,54,59,831
Capital Expenditure		
India	10,66,882	9,10,072
Outside India	-	-
	10,66,882	9,10,072

(11) 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
- ii) Amita.J.Mehta

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 follows:-

Nature of Transaction	Key Management Personnel		Associate Companies	
	2009-10	2008-09	2009-10	2008-09
Rent Received	-	-	-	35,000
Directors Remuneration	5,47,092	5,47,092	-	-
Loans taken / repaid	50,00,000	-	-	-
Outstandings at year end :				
Sundry Creditors	52,437	17,116	24,77,563	24,77,663
Loans taken	-	-	65,80,919	65,80,919



CHANDNI TEXTILES ENGINEERING INDUSTRIES LTD.

(Formerly known as Chandni Textiles Ltd)

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

I. REGISTRATION DETAILS

Registration No. :	40119	State Code	11
Balance Sheet Date	31.03.2010		

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

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	100,000

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

Total Liabilities	229,232	Total Assets	229,232
-------------------	---------	--------------	---------

SOURCES OF FUNDS

Paid up Capital	161,373	Reserves & Surplus	55,740
Secured Loans	5,428	Unsecured Loans	6,692
Deferred Tax Liability	NIL		

APPLICATION OF FUNDS

Net Fixed Assets	29,173	Investments	1,106
Net Current Assets	148,398	Miscellaneous Expenditure	380
Accumulated Losses	42,652	Deferred Tax Assets	7,525

IV PERFORMANCE OF COMPANY (AMOUNT IN Rs. THOUSAND)

Turnover	430,270	Total Expenditure	410,400
Profit/(Loss) Before Tax	20,392	Profit/(Loss) After Tax	11,162
Earning per Share (Rupees)	0.90	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

Director
A.J. Mehta

Company Secretary
Avanti Sankav