
TWENTY SIXTH

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R E P O R T

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Chandni Textiles Engineering Industries Ltd.

Chandni Textiles Engineering Industries Ltd.

Annual Report 2011-12

BOARD OF DIRECTORS

Mr. Jayesh R. Mehta

Mrs. Amita J. Mehta

Mr. R. C. Garg

Dr. Bharat Bhatia

Mr. V. G. Joshi

AUDITORS

Chandan Parmar & Co.
Chartered Accountants

BANKERS

Union Bank of India
HDFC Bank Ltd.

REGISTERED OFFICE

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

WORKS

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

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

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GREEN INITIATIVE

As you may be aware, the Ministry of Corporate Affairs has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by Companies through electronic mode. Companies can send various notices and documents, including Annual Report, to its shareholders through electronic mode to their registered e-mail addresses. To support this green initiative of the Government in full measure, members are requested to register their email addresses at busicomp@vsnl.com, in respect of electronic holdings with the Depository through their concerned Depository Participants

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NOTICE

NOTICE is hereby given that the 26th 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, Worli, Mumbai – 400 030 on Wednesday the 26th day of **September, 2012** 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 on 31st March, 2012 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Dr. Bharat Bhatia, who retires by rotation and is eligible for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS :

4. Mr. Jayesh Mehta - Re-Appointment as Managing Director

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution** :

“RESOLVED THAT in accordance with the provisions of sections 198, 269, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) (including any statutory modifications or re-enactment thereof for the time being in force), approval of the members be and is hereby accorded to the re-appointment of Mr. Jayesh Mehta as Managing Director for a further period of Five (5) years with effect from 1st April, 2012, not liable to retire by rotation, upon the terms and conditions including payment of remuneration, perquisites and benefits as are set out in the draft of the Agreement to be entered into between the Company and Mr. Jayesh Mehta and main terms of which are set out hereunder, which draft Agreement is hereby approved, with liberty and powers to the Board of Directors (hereinafter referred to as “the Board”) to grant increments in salary and to alter and vary from time to time the amount and type of perquisites and allowances to be provided to Mr. Jayesh Mehta, within the applicable limits as specified in Schedule XIII of the Act or any amendments thereto;

I Salary

Upto Rs. 26,000 per month, with an authority to the Board to grant such further increases from time to time as they may deem fit, within the limits specified in Schedule XIII of the Act, as may be amended from time to time.

In addition to salary, Mr. Jayesh Mehta will be entitled to perquisites and allowances like residential accommodation (whether furnished or unfurnished) or house rent allowance in lieu thereof, reimbursement of expenses in respect of utilities like gas, electricity and water, furnishing and repairs, medical reimbursement for self and his family, personal accident insurance, car or conveyance allowance in lieu thereof, telephones and such other benefits in the nature of perquisites and/or allowances, as per Company Policy in force from time to time or as may be decided by the Board.

Mr. Jayesh Mehta will also be eligible to the following perquisites which shall not be included in the computation of the ceiling on remuneration referred to above:

- a) Company’s contribution to Provident Fund.
- b) Gratuity.
- c) Leave with full pay. Encashment of Leave at the end of tenure is permitted.

RESOLVED FURTHER THAT if in any financial year the Company has no profits or its profits are inadequate, Mr. Jayesh Mehta will be entitled to receive the same remuneration, perquisites and benefits as above.”

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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 shall remain closed from Monday, **the 24th September, 2012** to Wednesday, **the 26th September, 2012** (both days inclusive).
3. **Directors**
Dr Bharat Bhatia is retiring by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. The information/data to be provided for the retiring Director under the Corporate Governance Code of the Listing Agreement is given in the Corporate Governance Section of this Annual Report.
4. Members are requested to inform immediately any change in their address to the Company's Registrar and Share Transfer Agents M/s. Purva Sharegistry (India) Pvt. Ltd. At Shiv Shakti Industrial Estate, Unit No.9, 7-B, J.R. Boricha Marg, Sitaram Mill Compound, Mumbai – 400 011.

Registered Office :

110, T.V. Industrial Estate,
52, S.K. Ahire Marg,
Worli, Mumbai - 400 030.
Dated : 14th August, 2012

By Order of the Board

Jayesh.R. Mehta
Chairman

Chandni Textiles Engineering Industries Ltd.

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ANNEXURE TO THE NOTICE:

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

Item No. 4 Re-appointment of Mr. Jayesh Mehta as Managing Director

Members will recall that vide Special Resolution passed on 29th September, 2007, Mr. Jayesh Mehta was appointed as Managing Director for a period of five (5) years w.e.f 1st April, 2007 and the said tenure was upto 31st March, 2012.

After taking into consideration the recommendations made by the Remuneration Committee, the Board at its meeting held on 2nd April, 2012 has, subject to the approval of the shareholders, re-appointed Mr. Jayesh Mehta as Managing Director, not liable to retire by rotation, for a further period of five (5) years with effect from 1st April, 2012 on the terms and conditions as set out in the resolution in the accompanying notice.

Mr. Jayesh Mehta, a Textile Engineer (LTM) from VJTI, is Promoter of the Company and has played prominent role in the growth of the Company. It is under his guidance and leadership that the business of the Company has increased manifold

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

The terms and conditions, including remuneration payable to Mr. Jayesh Mehta as contained in the draft of the Agreement to be entered into by the Company with Mr. Jayesh Mehta, are set out in the resolution at item no.4 of the accompanying Notice. This may be treated as the requisite abstract under section 302 of the Companies Act, 1956.

The said draft of the Agreement is open for inspection of the members of the Company, at the Registered Office of the Company on all working days, except Saturdays between 11 a.m. to 1 p.m., upto the date of the meeting.

The Board recommends the resolution appearing at Item No. 4 of the accompanying Notice seeking your approval to the Re-appointment of Mr. Jayesh Mehta as Managing Director of the Company.

Mr. Jayesh Mehta, as it concerns him and Mrs. A.J. Mehta, being his wife, are deemed to be concerned and interested in this resolution.

Registered Office :
110, T.V. Industrial Estate,
52, S.K. Ahire Marg,
Worli, Mumbai - 400 030.
Dated : 14th August, 2012

By Order of the Board

Jayesh.R. Mehta
Chairman

Chandni Textiles Engineering Industries Ltd.

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DIRECTORS REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 26th Annual Report together with Audited Financial Statements for the year ended 31st March, 2012.

Performance Highlights :

(Rs. in Lacs)

	2011-2012	2010-2011
Revenue from operations	7336.57	7169.74
Other Income	101.93	106.76
Total Revenue	7438.50	7276.50
Profit before depreciation, finance costs & tax	62.51	630.40
Less : Depreciation	14.06	13.64
Finance Costs	11.64	5.25
Profit before tax & exceptional items	36.81	611.51
Add :Exceptional items	30.11	(6.50)
Profit after tax & exceptional items	66.92	605.01
Tax Expense		
• Current tax	25.00	149.00
• Deferred tax	6.18	57.33
• Tax of earlier years	(0.81)	0.85
Profit after tax	36.54	397.83
Balance brought forward from previous year	(28.69)	(426.52)
Balance carried to balance sheet	7.85	(28.69)

Dividend

In order to conserve the resources, your Directors do not recommend any dividend.

Operations Review

During the year under review, the turnover of the Company has increased from Rs.7169.74 lacs in the previous year to Rs.7336.57 lacs in the current year. However, the profits after tax have decreased from Rs.397.83 lacs in the previous year to Rs.36.54 lacs in the current year due to the decrease in turnover of the Engineering Division from Rs.1851.27 lacs in the previous year to Rs.548.01 lacs in the current year mainly due to high import cost and refurbishing cost.

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.

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B) Technology Absorption:

Your Company has not imported any technology for manufacture of machinery

C) Foreign Exchange Earnings and out go :

	(In Rupees)	
	FY 2011-12	FY 2010-11
Total Foreign Exchange outgo	3,01,37,143	7,25,19,241
Total Foreign Exchange earned (FOB)	9,26,389	23,01,408

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

Mr. Jayesh Mehta has been re-appointed as Managing Director of the Company for a period of five (5) years w.e.f 1st April, 2012, subject to the approval of the shareholders at the ensuing Annual General Meeting.

Dr. Bharat Bhatia, Director of the Company retires by rotation and is eligible for reappointment.

Your Directors recommend the re-appointment of Mr. Jayesh Mehta as Managing Director and Dr. Bharat Bhatia as a Director of the Company.

Information pertaining to these Directors is given in Corporate Governance Section which forms part of this annual report.

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 :

- The applicable accounting standards have been followed and wherever required, proper explanations relating to material departures have been given ;
- 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, 2012 and its profit for that year;
- 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 and detecting fraud and other irregularities;
- The accounts have been prepared on a going concern basis;

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 M/s 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, 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 : 30th May, 2012

Chairman

Chandni Textiles Engineering Industries Ltd.

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MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF FINANCIAL OPERATIONS

Business Overview

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

Factors affecting results of our operations

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

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

Analysis on results of financial operations

Sales

Our total sales increased to Rs. 7336.65 lakhs in fiscal 2012 from Rs. 7169.74 lakhs in fiscal 2011 registering a growth of 2.33%. The primary reason for this increase was on account of increase in income from products outsourced by our Company.

Other Income

Other income decreased to Rs. 101.93 lakhs in fiscal 2012 from Rs. 106.76 lakhs in fiscal 2011. The decrease in other income was mainly due to decrease in rent income to Rs. 29.76 lakhs in fiscal 2012 from Rs. 46.92 lakhs in fiscal 2011. However there was increase in amount of interest on deposits with bank to Rs. 62.21 lakhs in fiscal 2012 from Rs. 48.22 lakhs in fiscal 2011.

Raw material consumed

The consumption of raw material decreased to Rs. 63.07 lakhs in fiscal 2012 from Rs. 78.19 lakhs in fiscal 2011. As a percentage of income from products manufactured by our Company, our material consumption was 61.66 % during fiscal 2012 as against 38.97% during fiscal 2011.

Purchases of traded goods

Purchases of traded goods increased to Rs. 7026.88 lakhs in fiscal 2012 from Rs. 6213.50 lakhs in fiscal 2011. As a percentage of income from products traded by our Company, our purchases of traded goods was 97.13% during fiscal 2012 as against 88.89% during fiscal 2011.

Other manufacturing expenses

Other manufacturing expenses increased to Rs. 156.04 lakhs in fiscal 2012 from Rs. 78.27 lakhs in fiscal 2011. The increase was mainly on account of increase in labour & processing charges which increased to Rs. 150.39 lakhs in fiscal 2012 from Rs. 66.41 lakhs in fiscal 2011 on account of assignment of various works to job-workers which was earlier procured directly from suppliers and included under cost of the raw material and refurbishing costs incurred for traded products.

Employee cost

The employee cost increased to Rs. 52.62 lakhs in the fiscal 2012 from Rs. 40.41 lakhs in the Fiscal 2011, which increased on account of normal annual increments.

Administrative, selling and distribution expenses

Our administrative, selling and distribution expenses increased to Rs. 189.01 lakhs in fiscal 2012 from Rs. 175.85 lakhs in fiscal 2011. This increase was mainly because of increase in exhibition expenses, rent expenses and Professional Fees.

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Interest and financial charges

Our interest and financial charges increased to Rs. 11.64 lakhs in fiscal 2012 from Rs. 5.25 lakhs in fiscal 2011. The increase was due to increase in interest rates.

Depreciation

Depreciation increased to Rs. 14.06 lakhs in fiscal 2012 from Rs. 13.64 lakhs in fiscal 2011. The increase in depreciation was mainly due to acquisition of assets during the fiscal 2012.

Profit before tax:

Profits before tax decreased to Rs. 66.91 lakhs in fiscal 2012 from Rs. 605.01 lakhs in fiscal 2011. The decrease in profit was mainly due to rising costs.

Market opportunities

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

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

Outlook on threats, risks and Concerns

We can track whatever our global competitors can do in terms of locating machinery, equipments as well as prospective customers. However, we enjoy several advantages over global competitors such as economical specialized manpower costs, infrastructure and logistics cost, warehousing cost. We can also offer after sales maintenance and long-term service contract and supply critical spare parts. Domestic used machinery suppliers restrict themselves to only one industry or on product group. Domestic competitors can supply only machineries available in India and do not have network or reach to access overseas equipments. In order to insulate ourselves completely from any future ad-hoc Government Policy Changes, we have completely outsourced TFO's manufacturing activity to a competent set of vendors trained and developed by us. We get TFO's manufactured against firm orders only. This outsourcing also enables us to focus completely on emerging and rapidly growing machinery and equipments sourcing activity

Internal Control systems and adequacy

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

Human Resource Development

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

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CORPORATE GOVERNANCE REPORT

1. Company's Philosophy on Corporate Governance

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

2. Board of Directors

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

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

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

Board Procedure

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

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

The Board of Directors met five (5) times during the financial year on the following dates : 15th April, 2011; 26th May, 2011; 2nd August, 2011; 14th November, 2011; and 14th February, 2012. 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 Jayesh Mehta	5	5	✓
Smt. Amita J.Mehta	5	5	✓
Shri V.G. Joshi	5	5	✓
Dr. Bharat Bhatia	5	5	✓
Shri. R.C.Garg	5	5	✓

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Shareholding of Non-executive Directors

The Individual shareholding of Non-executive Directors (including shareholding as joint holder) as on 31st March, 2012 is given below:

Name	No. of shares held
Smt. Amita J. Mehta	1,98,63,740
Shri V.G. Joshi	100

3. Audit Committee:

The Audit Committee comprises of three Independent Directors who possess knowledge of corporate finance, accounts and company law. The Chairman of the Committee is a Non-Executive Director nominated by the Board. The Compliance Officer 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
Dr. Bharat Bhatia	Chairman Independent, Non-Executive
Shri. V.G. Joshi	Independent, Non-Executive
Shri. R.C. Garg	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 reviewing the applicability of various Accounting Standards (AS) issued by The Institute of Chartered Accountants of India during the year. Compliance of the AS as applicable to the Company has been ensured in the Financial Statements for the year ended March 31, 2012.
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, 2012, four (4) Audit Committee Meetings were held on the following dates : 26th May, 2011, 2nd August, 2011; 14th November, 2011; and 14th February, 2012. The attendance of members of the Audit Committee at the meetings is as under.

Name of Director	Held during the tenure	Attended
Dr. Bharat Bhatia	4	4
Shri. V.G. Joshi	4	4
Shri. R.C. Garg	4	4

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Remuneration Committee

Setting up of the Remuneration Committee is non-mandatory as per Clause 49 of the Listing Agreement. The Remuneration Committee of the Company recommends the remuneration payable to the Managing Director. The composition of Remuneration Committee and the details of meeting are as under :-

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

Remuneration Policy

The remuneration of Managing Director is recommended by the Remuneration Committee and it comprises of salary, perquisites and allowance. The Remuneration Committee at its meeting held on 15th April, 2011 approved increase in the remuneration to the Managing Director

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, 2012 is as under:-

Director	Relationship with other directors	Business relationship with the Company	Sitting fees (Rs.)	Salary (Rs.)	Total (Rs.)
Shri Jayesh R. Mehta	Husband of Smt. Amita J. Mehta	Promoter and Managing Director	-	8,77,092	8,77,092
Smt. Amita J. Mehta	Wife of Shri. Jayesh R. Mehta	Promoter Group	25,000	-	25,000
Dr. Bharat Bhatia	None	None	50,000	-	50,000
Shri V.G. Joshi	None	None	50,000	-	50,000
Shri R. C. Garg	None	None	50,000	-	50,000

5. Shareholders / Investors Grievance Committee

Composition

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

Name of the Director	Category
Shri. V.G. Joshi	Independent, Non-Executive
Shri. Jayesh Mehta	Promoter, Executive
Dr. Bharat Bhatia	Independent, Non- Executive

FUNCTIONS

The Committee deals with various matters relating to :

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

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

Meetings and Attendance

The number of meetings attended by the members is as under

Name of the Director	Held during the tenure	Attended
Dr. Bharat Bhatia	13	13
Shri V.G. Joshi	13	13
Shri J.R. Mehta	13	13

Investor Grievances

The following are the nature of complaints received during the year ended 31st March, 2012.

Nature of Complaint	Received during the year	Received during the year 2010-11
Non-receipt of Share Certificate	Nil	Nil
Others	Nil	Nil
Total	Nil	Nil

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

There are no pending complaints as on 31st March, 2012.

The number of share transfers and dematerialisation requests pending as on 31st March, 2012 were Nil.

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

6. Note on Directors Re-Appointment

Mr. Jayesh R. Mehta is proposed to be re-appointed as a Managing Director for a further period of five (5) years with effect from 1st April, 2012 subject to the approval of the shareholders at the ensuing AGM.

Dr. Bharat Bhatia, Director, is retiring by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

Brief profile regarding Shri. Jayesh R. Mehta and Dr. Bharat Bhatia is given below:

Shri Jayesh R. Mehta, a Textile Engineer (LTM) from VJTI, Mumbai, aged 49 years has over 19 years experience in the textile industry. He has vast knowledge of import/manufacture of textile machinery.

Under his guidance, the Two-For-One Twisting machines, used for twisting of spun yarn, which was developed and sold by our Company under the brand name of Prerna in early 1990's, is still patronised by leading textile mills since last 18 years.

Shri Jayesh R. Mehta, later diversified into manufacture of velvet fabrics and madeups which was supplied to leading international departmental stores world over under the brand name Chandni.

Dr. Bharat Bhatia, M.Com, LL.M, aged 73 years, has done PhD in Investment Banking. He is associated with the working of Development Financial Institution for medium and large scale companies throughout the Country in the areas of Project Financing Resource mobilization and Fund raising for industrial and infrastructure projects. He also has exposure to international finance (ADB, GDR, ECB, KFW) and finalizing documentation related to Project financing.

Dr. Bhatia is not a director of any other public limited company.

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7. General Body Meetings

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

Financial Year	Date	Location of the meeting	Time
2008-2009	Tuesday, September 30, 2009	The Queenie Captain Auditorium, C/O, the NAB-Workshop for the Blind, Dr. Annie Besant Road, Worli, Mumbai 400 030	3.00 p.m
2009-2010	Thursday, September 09, 2010		
2010-2011	Friday, September 30, 2011		

8. POSTAL BALLOT

In the month of May 2011, the following ordinary resolution was passed with overwhelming majority through Postal Ballot:

To sub-divide Equity Shares of Rs.10 each of the Company into 10 shares of Re.1 each and consequential alteration in its Memorandum and Articles of Association of the Company.

The results of the Postal Ballot which were announced on 23rd May, 2011 are given below :

Cast in favour		Cast against	
No. of votes	% of votes	No. of votes	% of votes
6715605	99.99%	805	0.01%

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

Procedure for Postal Ballot

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

9. Code of Conduct

The Company has formulated and implemented a Code of Conduct for Board Members and Senior Management of the Company. Requisite annual affirmation of compliance with the respective codes have been made by the Directors and Senior Management of the Company. Certificate signed to this effect by Shri. Jayesh 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, 2012 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. 32 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 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.

Chandni Textiles Engineering Industries Ltd.

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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 26, 2012 at 3.00 p.m.
- Venue : The Queenie Captain Auditorium C/o the NAB – Workshop
for the Blind, Dr. Annie Besant Road,
Worli, Mumbai – 400 030

b. Financial Calender

Financial reporting for :

Quarter ending June,2012	by 14 th August, 2012
Quarter ending September,2012	by 15 th November, 2012
Quarter ending December, 2012	by 15 th February,2013
Year ending March,2013	by 30th May, 2013
Annual General Meeting for the year ended March 31, 2013	In September,2013

- c. **Dates of Book Closure** : September 24, 2012 to September 26, 2012 (Both days inclusive)

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

e. Listing of Equity Shares

Equity Shares

Bombay Stock Exchange Limited
(Scrip Code:522292)

f. Listing Fees

Listing Fees to the Bombay Stock Exchange Limited for the year 2012-13 has been paid.

g. Stock Market Data

Monthly high & low quotations and volume of shares traded on Bombay Stock Exchange for financial year 2011-12 are :

Month	High (Rs.)	Low (Rs.)	Volume of Shares traded
April 2011	57.90	40.70	6632011
May 2011	51.90	42.80	3061679
June 2011	* 56.80	4.70	6857359
July 2011	* 5.75	4.75	425119
August 2011	5.30	3.17	598854
September 2011	3.02	1.15	8414405
October 2011	2.15	1.00	29319585

Chandni Textiles Engineering Industries Ltd.

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Month	High (Rs.)	Low (Rs.)	Volume of Shares traded
November 2011	2.43	1.95	27956000
December 2011	2.15	1.89	15506875
January 2012	2.25	1.79	206167
February 2012	2.19	1.49	369862
March 2012	1.92	1.28	276140

* The Equity Shares of the face value of Rs.10 each of the Company were subdivided into 10 equity shares of the face value of Re.1 each

h. Registrars and Share Transfer agents :
 PURVA SHAREGISTRY (INDIA) PVT. LT
 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, 2012.

Slab of shareholdings No.of Shares	No.of Shareholders	%	Amount (Rs.)	%
Upto 5000	3111	85.12	4423070	2.74
5001-10000	238	6.51	2016484	1.25
10001-20000	136	3.72	2159971	1.34
20001-30000	57	1.56	1455028	0.90
30001-40000	25	0.68	911089	0.56
40001-50000	14	0.38	661205	0.41
50001-100000	27	0.74	1986547	1.23
100001 and above	47	1.29	147759236	91.56
Total	3655	100.00	161372630	100.00

Chandni Textiles Engineering Industries Ltd.

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Shareholding Pattern as on March 31, 2012

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	6	62828750	38.93
(b)	Bodies Corporate	1	4222110	2.62
	Sub - Total (A) (1)	7	67050860	41.55
(B)	Public shareholding			
-1	Institutions			
(a)	Financial Institutions/ Banks	1	4000	0.00
	Sub-Total (B)(1)	1	4000	0.00
-2	Non-institutions			
(a)	Bodies Corporate	151	62205560	38.55
(b)	Individuals -			
i.	Individual shareholders holding nominal share capital up to Rs. 1 lakh.	3380	11423547	7.08
ii.	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	22	16141514	10.00
(c)	Any Other (specify) NRI Repat & Non Repat	10	28811	0.02
(d)	Any Other (specify) Hindu Undivided Family	77	4483243	2.78
(e)	Any Other (specify) Clearing Members	7	35095	0.02
	Sub-Total (B)(2)	3647	94317770	58.45
	Total Public Shareholding (B)= (B)(1)+(B)(2)	3648	94321770	58.45
	GRAND TOTAL (A)+(B)	3655	161372630	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	44370495	27.50
Central Depository Services (India) Limited,	114478785	70.94
TOTAL DEMATERIALISED	158849280	98.44
PHYSICAL	2523350	1.56
GRAND TOTAL	161372630	100

Chandni Textiles Engineering Industries Ltd.

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I. Investors correspondence :

(i) Shailesh Sankav – Compliance Officer

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

(ii) Share Registrars and Transfer agent

Purva 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
Fax No. : 23012518
E-mail : busicomp@vsnl.com

m. Address of (i) Factory : 22/1, Village – Ringanwada,
Daman – 396210 (Union Territory)
Via Vapi (W.Rly)
Tel No. 0260 3295015 , 0260 2240360
Fax No:0260 2240360

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, 2012

Mumbai

30th May, 2012

For Chandni Textiles Engineering Industries Ltd

Jayesh.R. Mehta
Managing Director

Chandni Textiles Engineering Industries Ltd.
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**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, 2012, as stipulated in Clause 49 of the Listing Agreement of the said company with the stock exchange.

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

In our opinion and to the best of our information and according to the explanations given to us and representations made to us by the Directors and the management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

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

**Place : Mumbai
Date : 30-05-2012**

**(Deepak H. Padachh)
Partner
Membership No. 45741**

Chandni Textiles Engineering Industries Ltd.

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CEO & CFO CERTIFICATION

To
The Board of Directors
Chandni Textiles Engineering Industries Ltd.
Mumbai

- 1) We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2012 and that to the best of our knowledge and belief:
 - (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's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- 2) There are to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violating the company's code of conduct.
- 3) We accept responsibility for establishing and maintaining internal controls over financial reporting and we have evaluated the effectiveness of internal control systems of the company over financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of internal controls over financial reporting, if any, of which we are aware and the steps we have taken, propose to take to rectify these deficiencies. In our opinion, there are adequate internal controls over financial reporting.
- 4) We have indicated to the Auditors and the Audit Committee
 - (i) significant changes in internal control during the year and
 - (ii) significant changes in the accounting policies during the year and that the same have been disclosed in the notes to the financial statements.
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Mumbai
30th May 2012

Jayesh R. Mehta
Managing Director

Shailesh Sankav
VP-Finance

Chandni Textiles Engineering Industries Ltd.

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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, 2012 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, 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2012 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, 2012;
 - 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)
Partner
Membership No. 45741**

**Place : Mumbai
Date : 30-05-2012**

Chandni Textiles Engineering Industries Ltd.

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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] The company has neither granted nor taken, any loans, secured or unsecured, to/from the companies, firms or other parties covered in the register maintained u/s.301 of the Companies Act, 1956. Accordingly, clause 4(iii) of the Order is not applicable.
- [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.
- [vi] The company has not accepted any deposits from the public.
- [vii] In our opinion, the internal audit system of the company is commensurate with the size and nature of its business.
- [viii] As informed to us, maintenance of cost records has not been prescribed by the Central Government u/s. 209(1)(d) of the Companies Act, 1956 for any of the product of the Company.
- [ix] (a) In our opinion and according to the information and explanations given to us, the company has generally been regular in depositing with the appropriate authorities the undisputed statutory dues applicable to it. There were no arrears of outstanding undisputed statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable.
- (b) According to the 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 does not have any accumulated loss as at 31st March, 2012 and it has not incurred cash loss during the year ended on that date. Further, it has not incurred cash losses in the immediately preceding financial year.

Chandni Textiles Engineering Industries Ltd.

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- [xi] According to the information and explanations provided to us, the company has been regular in making repayment of dues to the banks.
- [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 applied the term loans for the purpose for which they were obtained.
- [xvii] According to the information and explanation given to us and on an overall examination of the balance sheet of the company, in our opinion, the funds raised on short term basis have not been used for long term investments.
- [xviii] The company has not made any preferential allotment of shares during the year. Accordingly, Clause 4(xviii) of the Order is not applicable.
- [xix] The company has not issued any debentures. Accordingly, clause 4(xix) of the Order is not applicable.
- [xx] The company has not raised any money by public issues during the year. Accordingly, clause 4(xx) of the Order is not applicable.
- [xxi] According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

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

(Deepak H. Padachh)
Partner
Membership No. 45741

Place : Mumbai
Date : 30-05-2012

Chandni Textiles Engineering Industries Ltd.

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BALANCE SHEET AS AT 31st March, 2012

	Note No	Rupees	AS AT 31/03/2012 Rupees	AS AT 31/03/2011 Rupees
I EQUITY AND LIABILITIES				
1) Shareholders' Funds :				
(a) Share Capital	1	161,372,630		161,372,630
(b) Reserves & Surplus	2	<u>56,525,274</u>		<u>52,871,620</u>
			217,897,904	214,244,250
2) Non-current liabilities				
Long-term borrowing	3		4,686,045	3,647,219
3) Current Liabilities				
(a) Trade payables	4	77,843,130		3,614,551
(b) Other current liabilities	5	20,664,522		7,845,656
(c) Short-term provisions	6	<u>-</u>		<u>225,746</u>
			98,507,652	11,685,954
Total			<u>321,091,601</u>	<u>229,577,422</u>
II ASSETS				
1) Non-current Assets				
(a) Fixed Assets :				
(i) Tangible assets	7	21,988,948		24,016,817
(ii) Capital work-in-progress		<u>9,491,416</u>		<u>-</u>
			31,480,364	24,016,817
(b) Non-current investments	8		1,106,000	1,106,000
(c) Deferred tax asset (Net)	9		1,173,487	1,791,842
(d) Long-term loans & advances	10		10,002,854	4,229,836
2) Current Assets				
(a) Inventories	11	46,924,792		31,471,696
(b) Trade receivables	12	86,590,290		76,019,347
(c) Cash and cash equivalents	13	78,786,273		78,727,182
(d) Short-term loans and advances	14	60,623,296		9,764,338
(e) Other current assets	15	<u>4,404,245</u>		<u>2,450,363</u>
			277,328,896	198,432,927
Total			<u>321,091,601</u>	<u>229,577,422</u>

Significant Accounting Policies

Notes on Financial Statements

1 to 34

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

Deepak H. Padachh
Partner
Membership No. 45741

Place: Mumbai

Date : 30th May, 2012

On behalf of the Board

J.R. Mehta
Managing Director

A. J. Mehta
Director

Place: Mumbai

Date : 30th May, 2012

Chandni Textiles Engineering Industries Ltd.

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PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31st March, 2012

	Note No	2011-12 (Rupees)	2010-11 (Rupees)
<u>Income</u>			
I Revenue from Operations	16	733,657,150	716,973,801
II Other Income	17	10,193,249	10,676,380
III Total Revenue (I + II)		<u>743,850,399</u>	<u>727,650,181</u>
<u>IV Expenses :</u>			
Cost of Materials Consumed	18	6,307,278	7,818,834
Purchases of Stock-in-trade	19	702,688,037	621,349,991
Changes in inventories of finished goods and stock-in-trade	20	(11,163,464)	5,988,817
Employee benefits expenses	21	5,261,798	4,040,965
Finance Cost	22	1,163,836	525,164
Depreciation		1,406,416	1,363,962
Other Expenses	23	34,505,559	25,412,114
Total Expenses		<u>740,169,460</u>	<u>666,499,847</u>
V Profit before exceptional items and tax (III-IV)		3,680,940	61,150,334
<u>VI Exceptional items</u>			
Customs duty for non-fulfilment of export obligation under EPCG Scheme		-	(649,797)
Profit on sale / disposal of Fixed Asset (Net)	<u>3,010,518</u>		<u>-</u>
		<u>3,010,518</u>	<u>(649,797)</u>
VII Profit before tax (V + VI)		6,691,458	60,500,537
<u>VIII Tax Expense :</u>			
Current Tax	2,500,000		14,900,000
Deferred Tax	618,354		5,732,662
Tax of earlier years	<u>(80,550)</u>		<u>84,565</u>
		<u>3,037,804</u>	<u>20,717,227</u>
IX Profit for the year (VII - VIII)		<u>3,653,654</u>	<u>39,783,310</u>
Earnings per equity share of face value of Rs. 1/- (Previous year Rs. 10/-)			
Basic & Diluted	24	<u>0.02</u>	<u>2.47</u>

**Significant Accounting Policies
Notes on Financial Statements**

1 to 34

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

Deepak H. Padachh
Partner
Membership No. 45741

Place: Mumbai
Date : 30th May, 2012

On behalf of the Board

J.R. Mehta
Managing Director

A. J. Mehta
Director

Place: Mumbai
Date : 30th May, 2012

Chandni Textiles Engineering Industries Ltd.

Annual Report 2011-12

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	Rupees in '000	2011-12 Rupees in '000	Rupees in '000	2011-12 Rupees in '000
A. Cash flow from operating activities				
Profit before Tax		6,691		60,501
Adjustments for :				
Depreciation	1,406		1,364	
Interest paid	1,164		525	
Preliminary & Amalgamation expenses W/off	87		292	
(Profit)/Loss on disposal of Fixed Assets	(3,011)	(353)	112	2,293
Operating profit before working capital changes		6,339		62,794
Adjustments for :				
(Increase)/Decrease in Trade and other receivables	(69,635)		(27,075)	
(Increase)/Decrease in Inventories	(15,453)		4,124	
Increase/(Decrease) in Trade payables & other current liabilities	85,255	166	(22,471)	(45,422)
Direct taxes paid		6,505		17,372
Net Cash flow from operating activities		4,251		2,294
B. Cash flow from investing activities:				
Purchase of fixed assets	(14,284)		(1,615)	
Sale of fixed assets	8,425		5,295	
Net cash flow from investing activities		(5,859)		3,680
C. Cash flow from financing activities				
Proceeds from long term borrowings	2,832		(7,856)	
Interest paid	(1,164)		(525)	
Net cash flow from financing activities		1,668		(8,381)
Net increase /(decrease) in cash and cash equivalents		<u>59</u>		<u>(2,407)</u>
Cash and cash equivalents at the beginning of the year		78,727		81,134
Cash and cash equivalents at the end of the year		<u>78,786</u>		<u>78,727</u>
		<u>59</u>		<u>(2,407)</u>

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

Deepak H. Padachh
Partner
Membership No. 45741

Place: Mumbai
Date : 30th May, 2012

On behalf of the Board

J.R. Mehta
Managing Director

A. J. Mehta
Director

Place: Mumbai
Date : 30th May, 2012

Chandni Textiles Engineering Industries Ltd.

Annual Report 2011-12

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 and traded goods 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:

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

(ii) Long Term Employee Benefits:-

(a) Defined Contribution Plan

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

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

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

(b) Defined Benefit Plan

The Company has a Defined Benefit plan namely Gratuity for all its employees. Liability for Defined Benefit Plan is provided on the basis of valuation actuarially determined, by an independent agency namely, Life Insurance Corporation of India.

Liability for Defined Benefit Plan is recognized as an expense in the Profit & Loss Account for the year in which employee has rendered services. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques.

(9) Borrowing Costs

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

(10) Taxation

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

(11) Provisions, Contingent Liabilities and Contingent Assets

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

(12) Miscellaneous Expenditure

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

(13) Impairment Of Assets

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

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Notes on Financial Statements for the year ended 31st March, 2012

	AS AT 31/03/2012 (Rupees)	AS AT 31/03/2011 (Rupees)		
1 SHARE CAPITAL				
AUTHORISED :				
20,00,00,000 Equity Shares of Re. 1/- each (Previous Year 2,00,00,000 Equity Shares of Rs. 10/- each)	200,000,000	200,000,000		
	200,000,000	200,000,000		
ISSUED, SUBSCRIBED AND FULLY PAID				
16,13,72,630 Equity Shares of Rs. 1/- each (Previous Year 1,61,37,263 Equity Shares of Rs. 10/- each)	161,372,630	161,372,630		
	161,372,630	161,372,630		
1.1 The details of Shareholder holding more than 5% shares				
Name of the Shareholder	No of Shares	%	No of Shares	%
J. R. Mehta	41,920,910	25.98	4,191,716	25.98
A. J. Mehta	19,612,740	12.15	1,961,274	12.15
Satyaprabhu Infrastructure Pvt Ltd	32,993,994	20.45	-	-
Jhaveri Trading & Investment Pvt Ltd	12,675,596	7.85	-	-
Ailish Traders Private Limited	-	-	1,509,176	9.35
Sic Stocks & Services Pvt Ltd	-	-	1,000,000	6.20
1.2 The reconciliation of the number of shares outstanding is set out below:				
Equity Shares at the beginning of the year	16,137,263		16,137,263	
Equity Shares at the end of the year	# 161,372,630		16,137,263	
# Equity Shares of the Face Value of the Rs. 10/- each have been sub-divided into 10 equity shares of the face value of Re. 1/- each during the year				
2 RESERVES AND SURPLUS				
Securities Premium Reserve				
As per last Balance Sheet	55,740,000		55,740,000	
Surplus as per Statement of Profit & Loss Account				
As per last Balance Sheet	(2,868,380)		(42,651,690)	
Add : Profit for the year	3,653,654		39,783,310	
	785,274		(2,868,380)	
	56,525,274		52,871,620	
3 LONG-TERM BORROWINGS				
Secured :				
Term Loans :				
From Banks	4,686,045		3,647,219	
	4,686,045		3,647,219	
3.1 Long-term borrowings and current maturities of Long-term borrowings include				
(a) Term Loans from banks to the extent of Rs. 36,47,358/- (Previous year : Rs. 42,64,079/-) secured by way of Equitable Mortgage of immoveable property of the Company & directors and personal guarantees of the directors.				
(b) Term Loans from banks to the extent of Rs. 34,48,268/- (Previous year NIL) are secured by way of hypothecation of vehicles.				
3.2 Repayment Schedule and Interest rate of Term Loans from banks are set out below :				
	Rate of Interest	Period of Repayment		
	10%	1-2 Years	2-3 Years	Beyond 3 years
10.68%		810,212	899,500	38
11.50%		927,949	673,451	-
15.75%		370,884	307,379	-
		531,100	45,070	120,461
4 TRADE PAYABLES				
Trade payables	77,843,130		3,614,551	
	77,843,130		3,614,551	
5 OTHER CURRENT LIABILITIES				
Current Maturities of Long-term borrowings (Refer Note No. 3.1)	2,409,642		616,860	
Interest accrued but not due on borrowings	55,962		27,790	
Creditors for Capital Expenditure	291,379		4,280	
Other payables	525,855		989,542	
Advance from Customers	15,511,636		4,837,136	
Deposits	1,870,048		1,370,048	
	20,664,522		7,845,656	
6 SHORT-TERM PROVISIONS				
For Income Tax (less tax paid)	-		225,746	
	-		225,746	

7. TANGIBLE ASSETS :

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As at 01/04/2011	Additions	Deductions/ Adjustments	As at 31/03/2012	Upto 31/03/2011	For the year	Deductions/ Adjustments	Upto 31/03/2012	As at 31/03/2012	As at 31/03/2011
Freehold Land	960,000	-	-	960,000	-	-	-	-	960,000	960,000
Factory Building	234,914	-	-	234,914	22,356	7,846	-	30,202	204,712	212,558
Flats	7,431,240	-	7,230,060	201,180	1,863,781	27,995	1,815,578	76,198	124,982	5,567,459
Office Premises	6,497,050	-	-	6,497,050	2,095,663	105,902	-	2,201,565	4,295,485	4,401,387
Plant & Machinery	12,695,615	-	-	12,695,615	4,705,982	603,042	-	5,309,024	7,386,591	7,989,633
Furniture & Fixtures	3,924,771	-	-	3,924,771	2,763,168	97,934	-	2,861,102	1,063,669	1,161,603
Office Equipments	7,250,753	160,959	-	7,411,712	5,447,875	205,011	-	5,652,886	1,758,826	1,802,878
Vehicles	1,875,098	4,612,570	-	6,487,668	736,825	304,924	-	1,041,749	5,445,919	1,138,273
Dyes, Patterns & Tools	3,039,280	-	-	3,039,280	2,771,156	-	-	2,771,156	268,124	268,124
Air Conditioners	941,768	19,500	-	961,268	556,735	39,217	-	595,952	365,316	385,033
Electrical Fittings	322,866	-	-	322,866	192,996	14,545	-	207,541	115,325	129,870
Total Current Year	45,173,354	4,793,029	7,230,060	42,736,323	21,156,537	1,406,416	1,815,578	20,747,375	21,988,948	24,016,817
Total Previous Year	48,995,171	1,614,937	5,436,754	45,173,354	19,822,395	1,363,962	29,820	21,156,537	24,016,817	29,172,776

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	AS AT 31/03/2012 (Rupees)	AS AT 31/03/2011 (Rupees)
8 NON-CURRENT INVESTMENTS		
<u>Trade Investments - (Unquoted)</u>		
3200 Shares of Memon Co-op. Bank Ltd. of Rs. 25/- each	80,000	80,000
<u>Other Investments - (Quoted)</u>		
3,000 Equity Shares of Bhilwara Spinners Ltd. of Rs. 10/- each	60,000	60,000
32,200 Equity Shares of Shree Rajasthan Syntex Ltd of Rs. 10/- each	966,000	966,000
	1,106,000	1,106,000
Aggregate amount of quoted investments	1,026,000	1,026,000
Market Value of quoted investments	353,956	615,600
Aggregate amount of un quoted investments	80,000	80,000
9 DEFERRED TAX ASSETS (NET)		
Timing difference on account of depreciation	1,110,451	1,746,100
Expenses allowable on payment basis under Tax Laws	63,036	45,741
Net Deferred Tax Assets	1,173,487	1,791,841
10 LONG TERM LOANS & ADVANCES (Unsecured, Considered Good)		
Capital Advances	6,414,076	250,000
Advance Tax / TDS less provisions	3,588,778	3,979,836
	10,002,854	4,229,836
11 INVENTORIES (As taken, valued and certified by the management)		
Raw Material	-	1,865,205
Stock-in-trade	40,769,955	29,606,491
Trading Goods-in-transit	6,154,837	-
	46,924,792	31,471,696
12 TRADE RECEIVABLES - (Unsecured, considered good)		
- Outstanding for a period exceeding six months	38,346,211	4,359,274
- Others	48,244,079	71,660,073
	86,590,290	76,019,347
13 CASH & CASH EQUIVALENTS		
Balances with banks	6,601,341	2,412,960
Cash on hand	2,568,003	1,018,371
Fixed deposits with banks	69,616,929	73,963,551
Remittance in transit	-	1,332,300
	78,786,273	78,727,182
13.1 Fixed deposits with banks include deposits of Rs.42,97,680/- (Previous year Rs.20,64,513/-) with maturity of more than 12 months.		
13.2 Fixed deposits with banks include deposits of Rs.19,14,400/- (Previous year Rs.17,00,300/-) held as margin money against guarantees.		
14 SHORT TERM LOANS & ADVANCES (unsecured, considered good)		
Balances with Govt. Authorities	155,323	141,494
Deposits	2,582,584	2,563,642
Others	57,885,389	7,059,202
	60,623,296	9,764,338
15 OTHER CURRENT ASSETS :		
Interest Accrued on Fixed deposits with Banks	854,758	788,589
Claims and other receivables	3,549,487	1,574,414
Unamortised Expenses	-	87,360
	4,404,245	2,450,363

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	AS AT 31/03/2012 (Rupees)	AS AT 31/03/2011 (Rupees)
16 REVENUE FROM OPERATIONS		
Sales of Products	730,475,087	719,333,878
Sales of Services	5,270,441	4,330,644
	735,745,528	723,664,522
Less : Excise duty / Service tax recovered	2,088,378	6,690,721
	733,657,150	716,973,801
16.1 PARTICULARS OF SALE OF PRODUCTS		
Engineering Goods	52,111,709	180,796,498
Textile Goods	678,363,378	538,537,380
	730,475,087	719,333,878
17 OTHER INCOME :		
Interest Income	6,220,739	4,822,054
Dividend from Long-term Investments	32,200	-
Rent Income	2,975,745	4,691,560
Foreign Exchange gain (Net)	310,104	327,011
Other non-operating income	654,461	835,755
	10,193,249	10,676,380
18 COST OF MATERIALS CONSUMED		
Components		
Indigenous	6,307,278	7,818,834
Imported	-	-
	6,307,278	7,818,834
	100.00	100.00
	-	-
	100.00	100.00
19 PARTICULARS OF PURCHASES OF STOCK-IN-TRADE		
Engineering Goods	39,567,268	98,793,231
Textile Goods	663,120,769	517,317,095
Engineering Goods transferred from Stock-in-trade	-	5,239,665
	702,688,037	621,349,991
20 CHANGES IN INVENTORIES OF FINISHED GOODS & STOCK-IN-TRADE		
Opening Stock :		
Finished Goods	-	2,178,425
Stock-in-trade	29,606,491	33,416,883
	29,606,491	35,595,308
Closing Stock :		
Stock-in-trade	40,769,955	29,606,491
	(11,163,464)	5,988,817

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	AS AT 31/03/2012 (Rupees)	AS AT 31/03/2011 (Rupees)
21 EMPLOYEE BENEFITS EXPENSES		
Salaries and Wages	5,031,485	3,876,526
Contribution to Provident Fund and other funds	79,808	80,990
Employees Welfare Expenses	150,505	83,449
	<u>5,261,798</u>	<u>4,040,965</u>
22 FINANCE COSTS		
Interest Expenses	1,163,836	525,164
	<u>1,163,836</u>	<u>525,164</u>
(including interest pertaining to prior period Rs. 4,85,993/-)		
23 OTHER EXPENSES		
A) Manufacturing Expenses :		
Stores, Spares and Packing Materials	92,258	59,075
Labour & Processing Charges	15,038,500	6,640,708
Central Excise Duty	111,521	3,094
Power & Fuel	2,572	5,626
Transportation Charges	168,183	869,535
Other Manufacturing Expenses	191,341	248,721
	<u>15,604,375</u>	<u>7,826,759</u>
(A)		
B) Administrative and Selling Expenses:		
Bank Charges	158,245	144,419
Clearing, Forwarding & Freight	185,460	226,895
Commission	377,135	434,903
Travelling & Conveyance	2,111,027	1,546,791
Telephone, Postage & Telegram	797,779	846,440
Electricity Charges	320,823	240,508
Exhibition Expenses	2,303,358	782,828
Sampling, Sales Promotion & Advertisement	646,566	521,627
Insurance	658,335	576,133
Legal & Professional Charges	2,744,019	1,555,090
Rent	4,889,298	2,953,436
Rates & taxes	120,641	132,697
Repairs - Others	474,170	436,162
General Expenses	1,481,174	1,267,401
Sales-tax & Cess-tax	1,318,594	5,324,459
Loss on sale of Fixed Assets	-	112,268
Payment to Auditors :		
- As Auditor	150,000	125,000
- For Taxation matters	40,000	41,000
- For Other matters	<u>37,200</u>	<u>25,000</u>
	227,200	191,000
Preliminary / Amalgamation expenses written off	87,360	292,299
	<u>18,901,184</u>	<u>17,585,355</u>
(B)		
Total	<u>(A)+(B)</u>	<u>34,505,559</u>
		<u>25,412,114</u>

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24. Earnings per Share :- Basic and Diluted

		Current Year	Previous Year
a) Profit after tax	Rs.	36,53,654	3,97,83,310
b) Weighted Average Number of Equity shares outstanding	Nos.	16,13,72,630	1,61,37,263
c) The nominal value per Equity Share	Rs.	1/-	10/-
d) Earnings per Share –Annualised	Rs.	0.02	2.47

25. The details of amount outstanding to Micro, Small and Medium Enterprises based on the information available with the Company are given below :-

	31-3-2012	31-3-2011
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

26. VALUE OF STORES, SPARES & PACKING MATERIALS CONSUMED :

	<u>2011-12</u>		<u>2010-11</u>	
	Rs.	%	Rs.	%
Imported	0.00	0.00	0.00	0.00
Indigenous	92,258	100.00	59,075	100.00
	92,258	100.00	59,075	100.00

27. VALUE OF IMPORTS ON CIF BASIS

	<u>2011-12</u>	<u>2010-11</u>
	<u>(Rs.)</u>	<u>(Rs.)</u>
Engineering Goods	2,27,16,188	6,90,39,865
Engineering Goods in Transit	59,06,421	Nil

28. EXPENDITURE IN FOREIGN CURRENCY (on accrual basis)

(i) Foreign Travelling	4,79,080	34,24,371
(ii) Commission	Nil	45,396
(iii) Fees & Subscription	Nil	9,609
(iv) Exhibition Expenses	10,35,454	Nil

29. EARNING IN FOREIGN CURRENCY

Export Sales (F.O.B. basis)	9,26,389	21,43,733
Commission	Nil	1,57,675

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30. Disclosures as per Accounting Standards-15, "Employee Benefits" are given below :

(i) **Short Term Employee Benefits**

The Company has provided for bonus amounting to Rs. 2,66,450/- (Previous year Rs. 2,87,433/-) for all its employees under the Payment of Bonus Act, which has been recognized in the Profit & Loss Account for the year.

(ii) **Long Term Employee Benefits**

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

I. Defined Contribution Plans

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

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

	2011-12 Rs.	2010-11 Rs.
- Employers' Contribution to Provident Fund	55,555	55,764
- Employers' Contribution to Pension Scheme	48,531	49,624

II. Defined Benefit Plan

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

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

1.	Assumption	31/03/2012	31/03/2011
	Discount Rate	8 %	8 %
	Salary Escalation	5 %	5 %
2.	Changes in the Present Value of Obligation		
	Present value of obligations as at beginning of year.	1,85,043	1,66,671
	Interest cost	14,803	13,334
	Current Service Cost	15,805	15,708
	Benefits Paid	(11,360)	0
	Actuarial (gain)/ loss on obligations	(1,191)	(10,670)
	Present Value of Obligations as at Year end	2,03,100	1,85,043
3.	Changes in the Fair Value of Plan Assets		
	Fair value of plan assets at beginning of year	4,68,880	4,30,157
	Expected return on plan assets	41,579	38,715
	Contributions	0	8.00
	Benefits Paid	(11,360)	0
	Actuarial gain/(loss) on Plan assets	NIL	NIL
	Fair Value of Plan Assets at Year end	4,99,099	4,68,880

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4	Fair value of Plan Assets		
	Fair value of plan assets at beginning of year	4,68,880	4,30,157
	Actual return on plan assets	41,579	38,715
	Contributions	0	8
	Benefits Paid	(11,360)	0
	Fair value of plan assets at the end of year	4,99,099	4,68,880
	Funded status	2,95,999	2,83,837
	Excess of Actual over estimated return on plan assets	NIL	NIL
	Actual rate of return = Estimated rate of return as ARD falls on 31st March)		
5.	Actuarial Gain/Loss recognized		
	Actuarial (gain)/ loss on obligations	1,191	10,670
	Actuarial (gain)/ loss for the year - plan assets	NIL	NIL
	Total (gain)/ loss for the year	(1,191)	(10,670)
	Actuarial (gain)/ loss recognized in the year	(1,191)	(10,670)
6.	Amounts Recognized in the Balance Sheet		
	Present value of obligations as at the end of year	2,03,100	1,85,043
	Fair value of plan assets as at the end of the year	4,99,099	4,68,880
	Funded status	2,95,999	2,83,837
	Net asset/(liability) recognized in balance sheet	(2,95,999)	(2,83,837)
7.	Expenses Recognised in the Profit and Loss Account		
	Current Service cost	15,805	15,708
	Interest Cost	14,803	13,334
	Expected return on plan assets	(41,579)	(38,715)
	Net Actuarial (gain)/ loss recognized in the year	(1,191)	(10,670)
	Expenses recognised in statement of Profit and Loss Account	(12,162)	(20,343)

31. 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.

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a) Information about Primary Segments : (Business Segments)

		Year ended 31-3-2012	Year ended 31-3-2011
1	Segment Revenue		
a.	Engineering Division	5,48,01,292	18,51,27,142
b.	Textile Division	67,88,55,858	53,85,37,380
	Total	73,36,57,150	72,36,64,522
	Less : Inter Segment Revenue	-	-
	Net Sales/Income from Operations	73,36,57,150	72,36,64,522
2	Segment Results		
	Profit /(loss) before tax and Interest		
a.	Engineering Division	(42,09,287)	4,36,17,472
b.	Textile Division	1,45,57,792	1,96,47,117
	Total	1,03,48,505	6,32,64,589
	Less : (i) Interest	11,63,836	5,25,164
	(ii)Other un-allocable expenditure		
	Net off un-allocable income	24,93,211	22,38,889
	Total Profit / (loss) Before Tax	66,91,458	6,05,00,536
3	Capital Employed		
	(Segment Assets - Segment Liabilities)		
a.	Engineering Division	10,31,02,454	5,80,01,491
b.	Textile Division	78,36,063	6,05,58,057
	Add /(Less):- Unallocable Assets less Liabilities	10,69,59,387	9,56,84,702
	Total Capital Employed in the Company	21,78,97,904	21,42,44,250

b) Information about Geographical Segments :

		Year ended 31-3-2012	Year ended 31-3-2011
	Revenue		
	India	73,27,19,011	72,13,63,114
	Outside India	9,38,139	23,01,408
		73,36,57,150	72,36,64,522
	Assets		
	India	31,76,49,630	22,65,61,221
	Outside India	34,41,971	30,50,373
		32,10,91,601	22,96,11,594
	Capital Expenditure		
	India	1,42,84,445	16,14,937
	Outside India	-	-
		1,42,84,445	16,14,937

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32. Information on Related Party transactions as required by the Accounting Standard 18 "Related Party Disclosure" are given below :

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

a) Key Management Personnel

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

b) Associate Companies

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

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

Nature of Transaction	Key Management Personnel		Associate Companies	
	2011-12	2010-11	2011-12	2010-11
Directors Remuneration	8,40,000	5,10,000	-	-
Loans taken / repaid	Nil	Nil	Nil	65,80,919
Outstandings at year end :				
Sundry Creditors	49,900	35,709	-	-

33. Contingent liability and Commitments :

(I) Contingent Liabilities

(a) Counter guarantees given to the Company's bankers for the guarantees issued by them on behalf of the Company - Rs. 19,14,400/- (Previous Year Rs.17,00,300/-).

(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/-)

(ii) Estimated Capital Commitments outstanding at the end of the year Rs.35,00,000/- (Previous year Rs.Nil).

34. The previous year's figures are grouped / regrouped or arranged / rearranged wherever necessary to be in conformity with the revised schedule VI of the Companies Act.

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

PLACE : MUMBAI
DATE : 30-05-2012

Chandni Textiles Engineering Industries Ltd.

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

ATTENDENCE SLIP TWENTY SIXTH ANNUAL GENERAL MEETING - 2012

Reg. Folio No. / DP ID-/Client ID
No. of Shares held

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

I hereby record my presence at the 26th Annual General Meeting on Wednesday 26th September 2012 at 3.00 P.m. at The Queenie Captain Auditorium C/o The Nab Workshop For The Blind, Dr Annie Besant Road, Worli, Mumbai - 30

.....
Member's / Proxy's name in block letters

.....
Member's / Proxy's Signature

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



Chandni Textiles Engineering Industries Ltd.

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

FORM OF PROXY

Reg. Folio No. / DP ID - Client ID
No. of Shares held

I/We of
in the district of being member/members of the above named Company hereby
appoint Mr. / Ms. of or failing
him / her Mr / Ms of
in the district of as my/our proxy to attend and vote for me/our behalf at the
26th Annual General Meeting on Wednesday 26th September 2012 at 3.00 P.m. at The Queenie Captain Auditorium
C/o The Nab Workshop For The Blind, Dr Annie Besant Road, Worli, Mumbai - 30 and at any adjournment there of.

Affix Rs. 1 Revenue Stamp

Signed this day of 2012

Signature

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

Book Post

If undelivered please return to:

CHANDNI TEXTILES ENGINEERING INDUSTRIES LTD.

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