

**SHRI KHODIYAR INDUSTRIES LIMITED**

**ANNUAL REPORT**

**2010-2011**

**BOARD OF DIRECTORS**

Mr. Ramniklal M. Patel	Chairman
Mr. Dalsukh D. Patel	Director
Mr. Vitthalkumar K. Jajoo	Director
Mr. Shiv Shankar Bhootra	Director

**AUDITORS**

Vishves A. Shah & Co.,  
Chartered Accountants  
Ahmedabad

**REGISTERED OFFICE**

VIJAPUR ROAD, MANSA, GANDHINAGAR-382845

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD ON FRIDAY 30<sup>TH</sup> SEPTEMBER, 2011 AT 11.00 A.M. AT VIJAPUR ROAD, MANSA, GANDHINAGAR – 382845 TO TRANSACT THE FOLLOWING BUSINESS.

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2011 and the Profit and Loss Account of the Company for the year ended on that date together with the reports of the Directors and auditors thereon.
2. To appoint a Director in place of Mr. Shiv Shankar Bhootra who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

On Behalf of the Board of Directors



*Rm Patel*

Director  
Ahmedabad, 31.05.2011

### 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 PROXY NEED NOT BE A MEMBER. Proxy in order to be valid must be received by the company not less than forty-eight hours before the time of holding the Meeting.
2. Members/Proxies should bring the Attendance Slip, duly filled in, for attending the meeting.
3. The Register of Members and share transfer books of the Company will remain closed from 24.09.2011 to 30.09.2011 (both days inclusive)
4. Members desiring any information regarding the accounts are requested to write to the Company at least Seven Days before the meeting so as to enable the management to keep the same ready.

On behalf of the Board of Directors



*Rm Patel*

Director  
Ahmedabad, 31.05.2011

## DIRECTORS REPORT

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To,  
The Members  
Shri Khodiyar Industries Limited

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

### FINANCIAL RESULTS :

The summarized financial results for the year ended 31st March, 2011 are as under:

Particulars	(Amt in Rupees)	
	For the Year Ended on 31.03.2011	For the Year Ended on 31.03.2010
Sales	71154850	3654451
Other Income	----	-----
Purchase	68839550	3241236
Total expenses	1839400	293819
Profit / (Loss) before Tax	475900	119396
Provision for Income Tax	----	-----
Profit / (Loss) after Tax	475900	119396

### DIVIDEND :

Your Directors do not recommend the dividend for financial year ended on March 31.03.2011.

### DIRECTORS :

Mr. Shiv Shankar Bhootra, Director of the company is retiring by rotation and being eligible, offer himself for reappointment. Board recommends his reappointment.

### FIXED DEPOSITS :

During the year under review your Company has neither invited nor accepted any public deposit or deposits from the public as defined under Section – 58A of the Companies Act, 1956 and Rules made there under.

#### **CORPORATE GOVERNANCE :**

A separate section on Corporate Governance and a Certificate from Auditors of the company regarding compliance of conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement together with the Management Discussion and Analysis of the financial position of the company forms part of the Annual Report.

#### **MANAGEMENT DISCUSSION AND ANALYSIS:**

The Management Discussion and Analysis Report is attached herewith and forms part of the Director Report.

#### **DIRECTORS RESPONSIBILITY STATEMENT :**

Pursuant to the requirement under section 217 (2AA) of the Companies Amendment Act, 2000 with respect to Director Responsibility Statement it is hereby confirmed:

1. That in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2011 the applicable accounting standards had been followed along with proper explanation relating to material departures.
2. That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.
3. That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. That the directors had prepared the accounts for the financial year ended 31<sup>st</sup> March, 2011 on a going concern basis.

#### **AUDITORS :**

M/S Vishves A. Shah & Co., Chartered Accountants, Auditors of the Company retires at the conclusion of this Annual General Meeting and being eligible, are recommended for reappointment.

#### **AUDITORS REPORTS :**

The observations of the Auditors in their Report and Notes Attached to the Accounts to the Accounts are Self-Explanatory and do not require any Further Clarifications.

#### AUDIT COMMITTEE :

The company's present Board of Directors is properly constituted and the company has also formed an Audit Committee in compliance with provisions of Section – 292A of the Companies Act, 1956 and also in compliance with the Clause 49 relating to Corporate Governance. The duties, powers, responsibilities assigned to the Audit Committee are in line with the Clause 49 of the Listing Agreement.

#### LISTING :

Equity Shares of the company are listed on Ahmedabad Stock Exchange (ASE) and Bombay Stock Exchange Limited (BSE). Suspension in trading of shares of the company with Bombay Stock Exchange Limited has been revoked and Trading in the shares of the company has been started on BSE w.e.f. July, 2011. The Company has paid the Listing Fees to the Stock Exchange.

#### PARTICULARS OF THE EMPLOYEES :

Company has no employee who were in receipt of the remuneration of Rs. 24,00,000/- in the aggregate, if employed for the year and in receipt of the monthly remuneration of Rs. 2,00,000/- p.m. if employed for a part of the year as per the provision of Section 217(2A) of the Companies Act, 1956 read with the Companies (particulars of employees) Rules, 1975. Hence the information required under S-217(2A) of the Companies Act, 1956 being not applicable are not given in this report.

#### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUT GO :

The Additional information required under Section 217(1)(e) of the Companies Act, 1956 relating to Conservation of energy, technology absorption are not applicable to the Company, as the company is not engaged in the manufacturing activities. The Company has no any Foreign exchange earnings or outgoes during the financial year.

#### ACKNOWLEDGMENT :

Your company & Directors wish to place on record their appreciation of the assistance and co-operation extended by Investors, Bankers, Customers, Business Associates, Suppliers and Government. We are deeply grateful to shareholders for their continued faith, confidence and support to the company. The Directors wishes to place on record its appreciation of sincere and dedicated work of employees at all levels, which has largely contributed to the present growth of the Company.

On behalf of the Board of Directors



*Rm Patej*

Director  
Ahmedabad, 31.05.2011

## REPORT ON CORPORATE GOVERNANCE

### **Governance Philosophy**

The Company's philosophy on Corporate Governance is based on the principles of ethical and responsible decision making, transparency and accountability, integrity in financial reporting and recognizing the interest of the stakeholders. Company has a focused Board of Directors with expertise and integrity which is supported by a strong and professional management team. Your Company is committed to good corporate governance practices that create a long term relation of trust and harmony between the company and stakeholders.

### **BOARD OF DIRECTORS**

#### **a) Size and Composition of the Board:**

The Company has a proper blend of Executive and Independent Directors to maintain the independence of the Board. The Board consists of Four members, One being Executive Director and Three being non-executive Directors.

The details in regard to the attendance of Directors at Board Meetings/Shareholders Meetings held during the year as also the number of Directorship/s held by them in other Companies and the position of membership of Committee/s are given below:

During the financial year April 1, 2010 to March 31, 2011 Six meetings of the Board of Directors were held on 30.04.2010, 31.07.2010, 04.09.2010, 31.10.2010, 17.01.2011 and 31.03.2011.

Name of Director	Category of Director	No. of Board Meetings attended	Attendance at the last AGM	Directorships in other Indian Public Companies	Other Mandatory Committee memberships	
					Chairman	Member
Mr. Ramniklal M. Patel	Promoter, Non Executive	6	Yes	NIL	NIL	NIL
Mr. Dalsukh D. Patel	Promoter, Executive	6	Yes	NIL	NIL	NIL
Mr. Vitthalkumar K. Jajoo	Non Executive, Independent	6	Yes	NIL	NIL	NIL
Mr. Shiv shankar Bhootra	Non Executive, Independent	6	Yes	NIL	NIL	NIL

#### **b) Management & Function of the Board:**

The day-to-day management of the Company is conducted by the Executive Director in consultation with other Directors and subject to the supervision and control of the Board of Directors. The required information as enumerated in Annexure I to Clause 49 of the Listing Agreement is made available to the Board of Directors for discussions and consideration at Board Meetings.

### c) Committees of the Board

Currently the Board has three committees viz:

#### 1) Audit Committee

##### Composition:

The Audit Committee has been constituted in conformity with the requirements of Section - 292A of the Companies Act, 1956 and Clause – 49 of the Listing Agreement with Stock Exchanges.

At present the Audit Committee comprises of three Directors. Details of the composition, number of meetings held during the year and attendance thereat are as under :

Name	Position held	Attendance at Audit Committee meeting held on				
		30.04.10	31.07.10	04.09.10	31.10.10	17.01.11
Mr. Vitthalkumar Jajoo	Chairman	Yes	Yes	Yes	Yes	Yes
Mr. Dalsukh D. Patel	Member	Yes	Yes	Yes	Yes	Yes
Mr. Shiv Shankar Bhootra	Member	Yes	Yes	Yes	Yes	Yes

Minutes of meetings of the Audit Committee are circulated to members of the Committee and the Board is kept apprised.

Members of the Audit Committee have requisite financial and management expertise. The Statutory Auditors, Internal Auditor and the Chief Financial Officer are invited to attend and participate at meetings of the Committee.

Powers of the audit committee includes :

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

The terms of reference are broadly as under :

- a. Oversight of the company's financial reporting process and the disclosure of its financial Information to ensure that the financial statement is correct, sufficient and credible.
- b. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- c. Reviewing with management the annual financial statements before submission to the Board, focusing primarily on;
  - Matters required to be included in the Director's Report in terms of clause 2AA of Section 217 of the Companies Act, 1956
  - Any changes in accounting policies and practices.
  - Major accounting entries based on exercise of judgment by management.
  - Qualifications in draft audit report.
  - Significant adjustments arising out of audit.
  - The going concern assumption.
  - Compliance with accounting standards.



- Compliance with stock exchange and legal requirements concerning financial statements
- Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.
- d. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- e. Reviewing the periodical financial statements with management before submission to the board for their approval.
- f. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- g. Discussion with internal auditors any significant findings and follow up there on.
- h. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- i. Discussion with external auditors before the audit commences nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- j. Reviewing the Company's financial and risk management policies.
- k. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

## 2) Shareholders'/Investors Grievance Committee

The Shareholders'/Investors' Grievance Committee of the Company comprises of the following members of the Board:

Mr. Shiv Shankar Bhootra - Chairman  
 Mr. Vitthalkumar K. Jajoo - Member  
 Mr. Ramniklal M. Patel - Member

During the financial year Five meetings were held on 30.04.2010, 31.07.2010, 31.10.2011, 17.01.2011 and 31.03.2011.

Attendance at Shareholders / Investors Grievance Committee meetings is as under :

Name	No. of meetings attended
Mr. Shiv Shankar Bhootra	5
Mr. Vitthalkumar Jajoo	5
Mr. Ramniklal M. Patel	5

The Company addresses all complaints, suggestions and grievances expeditiously and replies have been sent / issues resolved usually within 15 days except in case of dispute over facts or other legal constraints.

During the year company has not received any complaints from shareholders.

No requests for share transfers are pending except those that are disputed or sub-judice. Mr. Dalsukh D. Patel, Director is the Compliance Officer of the Company.

### 3) Remuneration Committee:

The remuneration committee consists of the following two Non - Executive, Independent Directors:

- (1) Mr. Vitthalkumar Jajoo , Chairman
- (2) Mr. Ramniklal Patel, Member

At present, no remuneration is paid to any Directors of the company. As there was no business to discuss, meeting of the Remuneration committee was not held during the year.

### DETAILS ON GENERAL BODY MEETINGS

Location, date and time of Annual General Meetings held in last three years are as follow.

For the Year	Location	Date & Time
2007-08	Vijapur Road, Mansa, Gandhinagar - 382845	September 30 <sup>th</sup> 2008, Saturday at 11.00 a.m.
2008-09	Vijapur Road, Mansa, Gandhinagar - 382845	September 30 <sup>th</sup> 2009, Wednesday at 11.00a.m.
2009-10	Vijapur Road, Mansa, Gandhinagar - 382845	September 30 <sup>th</sup> 2010, Thursday at 11.00 a.m.

### Passing of the Resolution by postal Ballot

During the year under review no resolution(s) were transacted through Postal Ballot. At the ensuing annual general meeting there are no resolutions proposed to be put through postal ballot.

### DISCLOSURES

#### Disclosures on materially significant related party transactions that have potential conflict with the interest of the Company at large.

There are no materially significant related party transactions of the Company with key managerial personnel during the financial year 2010-11 which have potential conflict with the interest of the Company at large.

#### Disclosure of Accounting Standards

The Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India, to the extent applicable, in the preparation of the financial statement.

#### Disclosure of Risk Management

The company has laid down procedures to inform Board Members about the risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that executive management controls risks through means of a properly defined framework.

**Details of non-compliance by the company, penalties, strictures imposed on the company by stock exchange(s) or Securities and Exchange of Board of India (SEBI) or any other statutory authority or any matters related to Capital Markets.**

There are no penalties or strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the period from 1<sup>st</sup> April 2010 to 31<sup>st</sup> March 2011.

**Details of Compliance with mandatory requirement.**

Clause 49 of the Listing Agreement mandates to obtain a certificate from either the Auditors or practicing company secretaries regarding compliance of conditions of Corporate Governance as stipulated in the clause and annex the certificate with the Director's Report, which is sent annually to all the Shareholders. The Company has obtained a certificate from its Auditors to this effect and the same is given as annexure to this report.

**Unclaimed Dividends**

The Company will be required to transfer dividends which have remained unpaid/unclaimed for the period of 7 years to the Investor Education & Protection Fund established by the Government. However there is no such unclaimed/unpaid dividend for which Company has to transfer the same to the Investor Education & Protection Fund in this financial year.

**Code of Conduct for Senior Management**

The Company has adopted a Code of Conduct for Directors and Senior Management. It is the responsibility of all employees and Directors to familiarise themselves with the Code and comply with the same. The Code includes provisions where the employees of the Company can voice their concerns on violation and potential violation of this Code in a responsible and effective manner. All Board members and senior management personnel have confirmed compliance with the code. A declaration signed by the Managing Director is attached and forms part of the Annual Report of the company.

**CEO Certification**

Chief Executive Office (CEO) certification on financial statements pursuant to the provisions of Clause 49 of the listing agreement is annexed and forms part of the Annual Report of the company.

## GENERAL SHAREHOLDERS INFORMATION

Financial year	:	1 <sup>st</sup> April 2010 to 31 <sup>st</sup> March 2011
Date & Time of Annual General Meeting	:	30 <sup>th</sup> September 2011 at 11.00 a.m.
Venue	:	Vijapur Road, Mansa, Gandhinagar – 382845
Book closure date	:	24 <sup>th</sup> September 2011 to 30 <sup>th</sup> September 2011 (both days inclusive) for Annual General Meeting
Dividend payment date	:	No Dividend proposed to be declared at the ensuing Annual General Meeting
Compliance officer	:	Mr. Dalsukh D. Patel Executive Director

### Financial calendar

The Company has announced/expects to announce the unaudited quarterly results for the year 2010-11 as per the following schedule:

First quarter	:	on or before 31 <sup>st</sup> July, 2011
Second quarter	:	on or before 31 <sup>st</sup> October, 2011
Third quarter	:	on or before 31 <sup>st</sup> January, 2012
Fourth quarter	:	on or before 30 <sup>th</sup> April, 2012

### Means of communication

The quarterly/half yearly results of the Company are published in leading financial newspapers.

### Outstanding ADRs /GDRs / Warrants / any other convertible instruments.

The Company has not issued any such instruments.

### Listing on Stock Exchange

The shares of the Company are listed on Bombay Stock Exchange and Ahmedabad Stock Exchange.

Stock Code at BSE : 531401

### Dematerialization Information

The company has already entered the agreement for Dematerialization with NSDL AND CDSL and ISIN of the Company is INE843CO1011.

### Stock Market Price Data:

Suspension in trading of shares of the company on Bombay Stock Exchange Limited has been revoked and Trading in the shares of the company has been started on BSE w.e.f. July, 2011. As such Stock Price during March 2011 is not available.

Shareholding pattern as at March 31, 2011

Distribution of Shareholding as on March 31, 2011

No. of Equity shares held	No of share holders	% of shareholders	No of shares held	% of holding
Upto 5000	466	92.83	15,97,258	25.21
5001-10000	4	0.80	29,000	0.46
10001-20000	8	1.59	1,15,436	1.82
20001-30000	1	0.20	26,100	0.41
30001-40000	-	-	-	-
40001-50000	1	0.20	50,000	0.80
50001-100000	5	1.0	4,17,200	6.58
100001 & above	17	3.27	41,01,281	64.72
<b>Total</b>	<b>502</b>	<b>100.00</b>	<b>63,36,275</b>	<b>100.00</b>

Categories of Shareholders as on March 31, 2011

Category	No. of Shares	% of Shares
<b>Promoter's Holding</b>		
A. Indian Promoters	3,04,900	4.81
B. Body Corporates	NIL	NIL
<b>Sub total</b>	<b>3,04,900</b>	<b>4.81</b>
<b>Non-Promoter's Holding</b>		
A. Private corporate Bodies	1,93,740	3.06
B. Indian Public	58,37,635	92.13
<b>Sub total</b>	<b>60,31,375</b>	<b>95.19</b>
<b>GRAND TOTAL</b>	<b>63,36,275</b>	<b>100.00</b>

**Address for Correspondence**

Shareholders can do the correspondence at:  
Vijapur Road, Mansa, Gandhinagar - 382845

## DECLARATION – CODE OF CONDUCT

All Board Members and the Senior Management of personnel of the Company have, for the year ended March 31, 2011 affirmed compliance with the code of conduct laid down by the Boar of Directors in terms of the Listing Agreement entered with the Stock Exchanges.

For Shri khodiyar Industries Limited

Director  
May 31, 2011

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## CEO CERTIFICATION

We, Mr. Dalskh D. Patel Executive Director certify to the Board that :

(a) We have reviewed financial statements and the cash flow statement for the year and that to the best of their 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.

(b) 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 violative of the company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the auditors and the Audit committee

- (i) significant changes in internal control during the year;
- (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
- (iii) instances of significant fraud of which they 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.

For Shri khodiyar Industries Limited

*Rm Patel*

Director  
May 31, 2011



## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **(A) FINANCIAL PERFORMANCE:**

The Company has improved its Financial performance and accounted profit of Rs 4.76 Lacs as compared to Profit for previous year of Rs. 1.19 Lacs and it has been Continuously trying to improve its financial performance in order to strengthen company's financial position in the industry in which it exist and also for the betterment of all stakeholders.

### **(B) INTERNAL CONTROL SYSTEMS:**

The Company has a risk focused, Internal Control System to analyze and report to the management on the day-to-day operations of the Company. Efforts are being made to continuously strengthen it further. The internal control system ensures protection of assets and proper recording of all transactions.

The Internal Audit programme is finalized in consultation with the internal Auditors and the audit committee of the Board. The reports of the internal auditors, observations and recommendations, significant risk area assessments and adequacy of internal controls are periodically discussed and reviewed in Audit Committee's observations.

### **(C) OUTLOOK:**

The performance of the Company is expected to remain encouraging and the company looks for the better future with all-round expansion and developments taking place in the paper markets.

### **(D) INDUSTRIAL RELATIONS :**

There is conscious effort on the part of the management to continuously develop knowledge, skills and attitudes of its employees. Throughout the year Industrial relations continued to remain cordial and harmonious in the Company.

### **(E) CAUTIONARY STATEMENT:**

Statements in the Management Discussion and Analysis describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities, laws and regulations. Actual results may differ materially from those expressed in the statement.

**VISHVES A. SHAH & CO.**  
Chartered Accountants  
22, Narayan Park -1, Bopal, Ahmedabad - 380038  
Ph. 98254 71182

**CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE  
GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT(S)**

1. We have examined the Compliance of conditions of Corporate Governance by **Khodiyar Industires Limited** ("the Company ") for the period from during the year ended 1st April, 2010 to 31st March, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchange.
2. The compliance of conditions of corporate governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us , and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
4. As required by the Guidance Note issued by the Institute of Chartered Accountant of India we have to state that based on the report given by the the Company to the Investor's Grievance Committee, as on 31st March, 2011, there were no investor grievance matter against the Company remaining unattended /pending for more than 30 days.
5. 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.

Date :31<sup>st</sup> May, 2011  
Place : Ahmedabad

**For, Vishves A. Shah & Co.**  
Chartered Accountants  
Firm No:-121356W  
Sd/-  
(Vishves A. Shah)  
Proprietor  
M. No. 109944



AUDITORS' REPORT

Auditor's Report to the Members of KHODIYAR INDUSTRIES LIMITED.

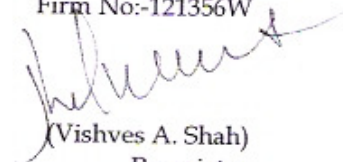
1. We have audited the attached Balance sheet of KHODIYAR INDUSTRIES LIMITED as at 31<sup>st</sup> March, 2011 and the related Profit & Loss Account for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conduct 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 as amended by Companies (Auditor's Report) amendment Order, 2011 (together with the order) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we annex here to a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph (3) above and information and explanations provided to us, we report that:
  - 1) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of the audit.
  - 2) In our opinion, proper books of accounts as required by the law have been kept by the Company so far as it appears from our examination of such books.
  - 3) The Balance Sheet, Profit & Loss Account and the Cash Flow Statement referred to in this report are in agreement with the books of accounts of the company.
  - 4) In our opinion, these financial statements comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act 1956, except as stated in para 6(a) and (b) below.
  - 5) On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act 1956.



- 6) In our opinion and to the best of our information and according to the explanations given to us, the accounts together with the notes thereon of schedule 12 and in particular; 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 the case of the Balance Sheet, of the State of affairs of the Company as at 31<sup>st</sup> March, 2011. and
- b) In the case of Profit and Loss Account, of the profit for the year ended on 31<sup>st</sup> March, 2011.

Date :31<sup>st</sup> May, 2011  
Place : Ahmedabad

For, Vishves A. Shah & Co.  
Chartered Accountants  
Firm No:-121356W

  
(Vishves A. Shah)  
Proprietor  
M. No. 109944

Re: KHODIYAR INDUSTRIES LIMITED

Annexure referred to in paragraph 3

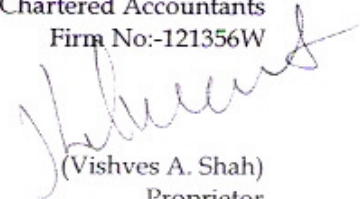
1. At the end of the year company has inventory Which is Phusically Verified Certified & Valued By The Director Of The Company.
2. (a) The company has not taken any loans from Companies, Firms or other parties other than directors; Register maintained under section 301 of the Act. No amount was borrowed from the directors of the company during the year & other financial institutes.  
(b) There are no overdue payments.
3. 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.
4. (a) According to the information and explanation given to us, we are of the opinion at the transactions that need to be entered into the register maintained under section 301 of the Act, have been so entered.  
(b) In our opinion and according to the information and explanation given to us, There is no any transaction more than Rs. 500000/ or more of purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the registers maintained under section 301 and aggregating during the year in respect of each party, so this provision is not applicable.
5. In our opinion and according to the information and explanation given to us, the company has not accepted any deposits; hence the provision of section 58A of the Companies Act 1956 and Companies (acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public are not applicable.
6. In our opinion, the company has no required any internal audit system commensurate with the size and nature of its business.
7. The Central Government has not prescribed for maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 for the products of the Company.
8. (a) According to the information and explanation given to us, the company is generally regular in depositing with the appropriate authorities, undisputed statutory dues including Provident Fund, ESIC, Income Tax, Sales Tax, Excise Duty, Cess and any other material statutory dues applicable to it.  
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty, excise duty and cess were outstanding, as at 31<sup>st</sup> March' 2011 for a period of more than six months from the date they become payable as the co has not started business yet.
9. The company have Rs.34959954 accumulated losses.
10. In our opinion and according to the information and explanation given to us, the company has not defaulted in repayment of dues to financial institutions or banks.
11. According to the information and explanations given to us, the company has not granted loans and advances on the basis of securities by way of pledge of shares, debentures and other securities. Therefore the provisions of clause 4(xii) of the Companies (Auditors Report) order, 2003 are not applicable to the company.
12. In our opinion, the company is not a Chit Fund or a NIDHI Mutual Benefit Fund/Society. Therefore the provisions of clause 4(xiii) of the Companies (Auditors Report) order, 2003 are not applicable to the company.



13. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Therefore the provisions of clause 4(xiv) of the Companies (Auditors Report) order, 2003 are not applicable to the company.
14. As informed to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
15. According to the information and explanations given to us, and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for Long-term assets. No long-term funds have been used to finance short-term assets.
16. The company has not made any preferential allotment of shares to companies, firms or other parties listed in the register maintained u/s 301 of the Companies Act.
17. The company has not issued any debentures.
18. During the period covered by our audit report, the company has not raised any money by public issue.
19. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

Date :31<sup>st</sup> May, 2011  
Place : Ahmedabad

For, Vishves A. Shah & Co.  
Chartered Accountants  
Firm No:-121356W



(Vishves A. Shah)  
Proprietor  
M. No. 109944



M/S KHODIYAR INDUSTRIES LIMITED

Balance Sheet (As per schedule VI of the Companies Act) as on  
31st March, 2011

Particulars	Sch No.	As on 31.03.2011	As on 31.03.2010
<b>SOURCES OF FUNDS:</b>			
[1] Share Holders' Fund			
(a) Capital	1	63,362,750	63,362,750
(b) Reserves & Surplus	2	2,180,276	2,180,276
[2] Borrowed Fund			
(a) Secured Loans	3	23,588,117	23,588,117
(b) Unsecured Loans	4	NIL	NIL
<b>TOTAL Sources of Funds:</b>		<b>89,131,143</b>	<b>89,131,143</b>
<b>APPLICATION OF FUNDS:</b>			
[1] Fixed Assets			
(a) Gross Block		58,220,301	58,220,301
(b) (Less) Depreciation		13,342,327	13,342,327
(c) Net Block	5	44,877,974	44,877,974
Capital work in Progress		NIL	NIL
[2] Investments	6	NIL	NIL
[3] Current Assets, Loan & Advances			
(a) Inventories		0	0
(b) Sundry Debtors	7	NIL	NIL
(c) Cash & Bank Balance	8	173,522	152,522
(d) Other Current Assets	9	7,615,485	7,185,585
(e) Loans & Advances	10	1,995,108	1,955,108
		<u>9,784,115</u>	<u>9,293,215</u>
Less: Current Liabilities & Provisions			
(a) Liabilities	11	NIL	NIL
(b) Provisions	12	15,000	NIL
		<u>15,000</u>	<u>NIL</u>
Net Current Assets		9,769,115	9,293,215
[4] Preliminary Expenses (to the extent not Written off)	13	NIL	NIL
[5] Net Loss as per Profit & Loss Account		34,484,054	34,959,954
<b>TOTAL :</b>		<b>89,131,143</b>	<b>89,131,143</b>

Signature to Schedule 1 to 18

For & on behalf of Board of Directors of  
M/S KHODIYAR INDUSTRIES LIMITED

Directors

Date: 31<sup>st</sup> MAY, 2011  
Place: Mumbai

As per our Saperate Report  
of Even Date

For, Vishves A. Shah & Co.

Chartered Accountants

Firm No. 121356W

Proprietor

M. No. 109944

Date: 31<sup>st</sup> MAY, 2011  
Place: Ahmedabad



*[Handwritten Signature]*

**M/S KHODIYAR INDUSTRIES LIMITED**

Profit & Loss Account for the year ended  
31st March, 2011

Particulars	Sch No.	Year 2010-2011	Year 2009-2010
<b>INCOME:</b>			
Sales		71,154,850	3,654,451
Direct and Indirect Incomes	14	NIL	NIL
Closing Stock		4,730,175	4,730,175
Sub Total (A)		<u>75,885,025</u>	<u>8,384,626</u>
<b>EXPENDITURE:</b>			
Opening Stock		4,730,175	4,730,175
Purchases		68,839,550	3,241,236
Direct Expenses	15	387,956	31,245
Employees Cost	16	320,000	220,000
Indirect Expenses	17	727,005	42,574
Selling Expenses	18	404,439	NIL
Preliminary Expenses (written off)			
Depreciation	5	NIL	
Sub Total (B)		<u>75,409,125</u>	<u>8,265,230</u>
Net Profit (Loss) Before Tax	(A-B)	475,900	119,396
Less: Provision for Taxation			
Profit (Loss) after Taxation		475,900	119,396
Surplus (Deficit) Carried Forward		(34,959,954)	(35,079,350)
Proposed Dividend			
Less: Tax on Dividend			
Balance Carried to Balance Sheet		<u>(34,484,054)</u>	<u>(34,959,954)</u>

Signature to Schedule 1 to 18

For & on behalf of Board of Directors of  
M/S KHODIYAR INDUSTRIES LIMITED

Directors

Date: 31th MAY, 2011  
Place: Mumbai

As per our Saperate Report  
of Even Date

For, Vishves A. Shah & Co.

Chartered Accountants

Firm No. 121356W



*(Signature)*  
Proprietor  
M. No. 109944

Date: 31th MAY, 2011  
Place: Ahmedabad

M/S KHODIYAR INDUSTRIES LIMITED

Schedules for Balance sheet as on 31st March, 2011

Particulars	As on 31.03.2011	As on 31.03.2010
<b>Schedule 1:</b>		
<b>Share Capital</b>		
Authorised Share Capital 8000000 Equity shares of Rs. 10 Each	80,000,000	80,000,000
Issued, Subscribed & Paid up capital 6336275 Equity shares of Rs. 10 Each (Prev. Year: 6336275 Equity shares of Rs. 10 Each Addition: NIL Less: Calls in Arrears	63,362,750	63,362,750
	<u>63,362,750</u>	<u>63,362,750</u>
<b>Schedule 2:</b>		
<b>Reserves &amp; Surplus</b>		
Profit & Loss Account	NIL	NIL
Investment Allowance Reserve(Utillised)	807,145	807,145
Cash Subsidy	1,373,131	1,373,131
	<u>2,180,276</u>	<u>2,180,276</u>
<b>Schedule 3:</b>		
<b>Secured Loans</b>		
Loan From GSFC	7,478,117	7,478,117
Loan From GIIC	16,110,000	16,110,000
	<u>23,588,117</u>	<u>23,588,117</u>
<b>Schedule 4:</b>		
<b>Unsecured Loans</b>		
	<u>NIL</u>	<u>NIL</u>
<b>Schedule 6:</b>		
<b>Investments</b>		
	<u>NIL</u>	<u>NIL</u>



Schedule 7:  
Sundry Debtors

Total :           NIL                     NIL          

Schedule 8:  
Cash & Bank Balances

Cash On Hand	145,059	124,059
Bank Balance	28,463	28,463

Total :           173,522                     152,522          

Schedule 9:  
Inventory

(as per Physically Verified, Certified & Valued By  
The Director Of The Company)

Raw Meterial	2,555,410	2,455,410
Finished Goods	4,353,495	4,053,495
Waste Finished Goods	706,580	676,680

Total :           7,615,485                     7,185,585          

Schedule 10:  
Loans & Advances

Advances Receivable in Cash or Kind	1,187,768	1,147,768
Deposites	807,340	807,340

Total :           1,995,108                     1,955,108          

Schedule 11:  
Current Liabilities

Total :           NIL                     NIL          

Schedule 12:  
Provisions

Audit Fees	15,000	0
------------	--------	---

Total :           15,000                     NIL          

Schedule 13:  
Misc. Assets

Total :           NIL                     NIL          





M/S KHODIYAR INDUSTRIES LIMITED

Schedules for Profit & Loss Account for the year ended 31st March, 2011

PARTICULARS	For Year 2010-2011	For Year 2009-2010
<b>Schedule 14:</b>		
<b>Othe Income</b>		
Other Income		
<b>Total :</b>	<b>NIL</b>	<b>NIL</b>
<b>Schedule 15:</b>		
<b>Direct Expenses</b>		
Purchase of Traded Goods		
other Direct Expenses	387,956	31,245
<b>Total :</b>	<b>387,956</b>	<b>31,245</b>
<b>Schedule 16:</b>		
<b>Cost of Employees</b>		
Employee Cost	320,000	220,000
<b>Total :</b>	<b>320,000</b>	<b>220,000</b>
<b>Schedule 17:</b>		
<b>Indirect Expenses</b>		
Audit Fees	15,000	15,000
Accounting Expenses	84,000	0
Stationery And Printing	19,785	3,425
Post Telephone & Telegrams Exp	12,548	5,432
Insurance	5,463	1,287
Travelling Exp	157,890	5,218
Staff Wel Fare Expense	28,575	
Transpotation Exp	54,785	
Conveyance Exp	18,542	
Petrol Expenses	48,572	
Office Administrative Exp	36,450	
Legal And Other Charges	19,250	
Office Mis Exp	25,689	6,758
Re4pairs & Maitaince	32,456	5,454
Rent Expenses	168,000	
<b>Total :</b>	<b>727,005</b>	<b>42,574</b>
<b>Schedule 18:</b>		
<b>Selling Expenses</b>		
Marketing Exp	245,689	
Business Promotion Expenses	158,750	
<b>Total :</b>	<b>404,439</b>	<b>NIL</b>

M/S KHODIYAR INDUSTRIES LIMITED  
Schedule 5:

Schedule of Fixed Assets as per the Companies Act for the year ended 31st March, 2011

Block of Asset	Gross Block		Depreciation		Net Block	
	As on 31.03.2010	Addition for period 31.03.2011	As on 31.03.2010	Provided for period 31.03.2011	As on 31.03.2010	As on 31.03.2011
Factory Land(Mansa)	1,109,911				1,109,911	1,109,911
Tube Well	339,337			0	339,337	339,337
Factory Land(Mansa)	7,520,909		1,127,674		6,393,235	6,393,235
Factory Land & Building(Narol)	2,235,310		86,769		2,148,541	2,148,541
Office Building	899,170		71,894		827,276	827,276
Moulds	39,800,000		11,096,744		28,703,256	28,703,256
Electricals Installments	3,060,059		407,605		2,652,454	2,652,454
Furniture & fixtures	449,656		92,634		357,022	357,022
Type Writer	8,141		3,196		4,945	4,945
Office Equipment	316,732		80,126		236,606	236,606
Computers	200,830		137,633		63,197	63,197
Other Fix Asset	2,280,246		238,052		2,042,194	2,042,194
<b>Total :</b>	<b>58,220,301</b>	<b>NIL</b>	<b>13,342,327</b>	<b>NIL</b>	<b>44,877,974</b>	<b>44,877,974</b>



M/S KHODIYAR INDUSTRIES LIMITED

Cash Flow for the Year ended 31st March, 2011

Particulars	2010-2011		2009-2010	
	Rupees		Rupees	
<b>A. Cash Flow from Operating Activity:</b>				
Net profit before tax and Extraordinary items		475,900		119,396
Adjustments for Non cash Items:				
		0		0
<b>Adjustments for in Receivables &amp; Payables:</b>				
Increase in Receivables & Othe Assets	(469,900)			
Increase In Payable	15,000	(454,900)		0
<b>Net Cash Flow from Operating Activity [Total-A]:</b>		<b>21,000</b>		<b>119,396</b>
<b>B. Cash Flow from Investing Activity:</b>				
		0		0
<b>Net Cash Flow from Investing Activity [Total-B]:</b>		<b>0</b>		<b>0</b>
<b>C. Cash Flow from Financing Activity:</b>				
		0		0
<b>Net Cash Flow from Financing Activity [Total-C]:</b>		<b>0</b>		<b>0</b>
<b>Net Increase/Decrease in Cash &amp; Cash Equivalents [A+B+C]:</b>		<b>21,000</b>		<b>119,396</b>
Cash & Cash Equivalents - Opening Balance	152,522		33,126	
Cash & Cash Equivalents - Closing Balance	173,522		152,522	
<b>Net Increase/Decrease in Cash &amp; Cash Equivalents (Closing - Opening Balance)</b>		<b>21,000</b>		<b>119,396</b>

As per our Saperate Report  
of Even Date

For & on behalf of Board of Directors of  
M/S KHODIYAR INDUSTRIES LIMITED

*R m Patel*

Directors



Date: 31th MAY, 2011  
Place: Mumbai

For, Vishves A. Shah & Co.

Chartered Accountants

*Vishves A. Shah*

(Vishves A. Shah)

(Proprietor)

M. No. 109944



Date: 31th MAY, 2011  
Place: Ahmedabad

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF  
THE ACCOUNTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2011.

1. SIGNIFICANT ACCOUNTING POLICIES

a) **BASIS FOR PREPARATION OF FINANCIAL STATEMENTS.**

The financial statements have been prepared under the historical cost convention, in accordance with Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956, as adopted consistently by the company. All income and expenditure having a material bearing on the financial statements are recognized on accrual basis.

b) **REVENUE RECOGNITION.**

The Company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis except in case of significant uncertainties.

c) **FIXED ASSETS AND DEPRECIATION.**

Fixed Assets are stated at historical cost. Depreciation on the assets is not provided in the books of Accounts.

2. NOTES FORMING PART OF ACCOUNTS

- (i) Balance of cash on hand at the end is accepted as certified by the management of the company
- (ii) The figures of the previous year are regrouped or rearranged wherever it is necessary.
- (iii) Provision in respect of Audit Fees Rs.15,000.

For and on behalf of the board of directors

For, Khodiya Industries Limited

*Rm Patel*

Directors

Place : Ahmedabad  
Date : 31<sup>st</sup> May, 2011



As per our attached report of even date

For, Vishves A.. Shah & Co,  
Chartered Accountants

Firm No:-121356W

*Vishves A. Shah*

(Vishves A. Shah)  
(Proprietor)

M No:-109944

Place : Ahmedabad  
Date : 31<sup>st</sup> May, 2011



# SHRI KHODIYAR INDUSTRIES LIMITED

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

**Registration Details**

Registration No.

		0	7	1	7	7
--	--	---	---	---	---	---

 State Code

0	4
---	---

Balance Sheet Date

3	1	0	3	1	1
---	---	---	---	---	---

**Capital Raised during the year (Amount in Rs. Thousands)**

Public Issue

				N	I	L
--	--	--	--	---	---	---

Rights Issue

				N	I	L
--	--	--	--	---	---	---

Bonus Issue

				N	I	L
--	--	--	--	---	---	---

Private Placement

				N	I	L
--	--	--	--	---	---	---

**Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)**

Total Liabilities

		8	9	1	3	1
--	--	---	---	---	---	---

Total Assets

		8	9	1	3	1
--	--	---	---	---	---	---

**Uses of Funds**

Paid up Capital

		6	3	3	6	3
--	--	---	---	---	---	---

Reserves &amp; Surplus

		2	1	8	0
--	--	---	---	---	---

Secured Loans

		2	3	5	8	8
--	--	---	---	---	---	---

Unsecured Loans

				N	I	L
--	--	--	--	---	---	---

**Application of Funds**

Net Fixed Assets

		4	4	8	7	8
--	--	---	---	---	---	---

Investments

				N	I	L
--	--	--	--	---	---	---

Net Current Assets

		9	7	6	9
--	--	---	---	---	---

Misc. Expenditures

				N	I	L
--	--	--	--	---	---	---

Accumulated Losses

		3	4	4	8	4
--	--	---	---	---	---	---

**Performance of Company (Amount in Rs. Thousands)**

Turnover\*

		7	1	1	5	5
--	--	---	---	---	---	---

Total Expenditure

		7	0	6	7	9
--	--	---	---	---	---	---

\*Including other Income &amp; Increase in Stock

+ - Profit/Loss Before Tax

		4	7	6
--	--	---	---	---

+ - Profit/Loss After Tax

		4	7	6
--	--	---	---	---

Earning Per Share in Rs.

		0.	0	6
--	--	----	---	---

Dividend Rate%

N	I	L
---	---	---

**Generic Names of Three Principal Products/ Services of Company (as per monetary terms)**

I.T.C. Code

				N	A
--	--	--	--	---	---

Product Description

				N	A
--	--	--	--	---	---

I.T.C. Code

				N	A
--	--	--	--	---	---

Product Description

				N	A
--	--	--	--	---	---

I.T.C. Code

				N	A
--	--	--	--	---	---

Product Description

				N	A
--	--	--	--	---	---

**SHRI KHODIYAR INDUSTRIES LIMITED**  
Registered office : Vijapur Road, Mansa, Gandhinagar - 382845

**ATTENDANCE SLIP**

To be handed over at the entrance of the Meeting Hall

Full Name of the member attending.....

Full Name of the first Joint-holder.....

(To be filled in if first named joint-holder does not attend the meeting)

Name of Proxy.....

(To be filled in if Proxy Form has been duly deposited with the Company)

I hereby record my presence at the Annual General Meeting of the Company held on Friday, the 30<sup>th</sup> day of September, 2011 at 11:00 A.M. at Vijapur Road, Mansa, Gandhinagar, PIN - 382845.

Ledger Folio No.....

No. of Share held.....

.....  
Member's/Proxy's Signature  
(To be signed at the time of handling over the slip)

**SHRI KHODIYAR INDUSTRIES LIMITED**  
Registered office : Vijapur Road, Mansa, Gandhinagar - 382845

**PROXY**

I/We..... of.....  
..... in the district  
of..... being a Member / Members of  
**SHRI KHODIYAR INDUSTRIES LIMITED** hereby appoint  
..... of

..... in the district of ..... or  
..... failing him, .....

..... of .....  
..... in the district of .....  
..... as my / our  
proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company held on Friday,  
the 30<sup>th</sup> day of September, 2011 at 11:00 A.M. at Vijapur Road, Mansa, Gandhinagar, PIN - 382845 and  
at any adjournment thereof.

Signed this ..... day of .....2011.

Ledger Folio No.....

No. of Shares held.....

(Signature of Member)

**Note :** Proxy must be deposited at the Registered Office of the Company not less than 48 Hours before the commencement of the meeting.