

**Board of Directors**

Pukhraj Bafna	Chairman
Sidhraj Bafna	Managing Director
B Nagabhushnam	Director
Vinod Jain	Director
R Sudheendra	Director
Uma Bafna	Director

**Registered Office**

"Visweswaram"  
132 West Venkatsamy Road  
RS Puram  
COIMBATORE - 641 002

**Factory**

Naranapuram Village  
Annur Taluk  
Coimbatore Dist.  
Tamilnadu

**Auditors**

V. Nagarajan F.C.A.  
Chartered Accountants  
COIMBATORE

**Registrars & Share Transfer Agents**

M/s. Purva Sharegistry (India) Pvt. Ltd.,  
9, Shiv Shakthi Industrial Estate  
J R Boricha Road (Opposite Kasturba Hospital)  
Lower Parel East  
MUMBAI - 400 011

**Bafna Spinning Mills & Exports Limited**  
**Coimbatore**

**NOTICE**

Notice is hereby given that the **Nineteenth** Annual General Meeting of the members of the Company will be held at Company's Registered Office on **Thursday, 30th September 2010** at 11.00 AM to transact the following business:

**Ordinary Business :**

1. To receive, consider, and adopt the Directors' Report, the Audited Balance Sheet, and the Profit & Loss Accounts of the Company for the year ended March 2010.
2. To appoint a Director in place of Mr. Vinod Jain who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors for the year 2010 - 2011 and fix their remuneration.

By Order of the Board

**Pukhraj Bafna**  
Chairman  
Coimbatore: **August 30, 2010**

**Registered Office:**  
"Visweswaram"  
132 West Venkatsamy Road  
RS Puram  
Coimbatore - 641 002

**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 such a proxy need not be a member of the Company. The instrument appointing proxy should, however be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the meeting..
2. The Register of Members and the Share Transfer Books of the Company shall remain closed from Friday the 24<sup>th</sup> September 2010 to Thursday, the 30<sup>th</sup> September 2010 (both days inclusive)
3. Re-appointment of Director:  
At the ensuing Annual General Meeting, Mr.Vinod Jain and retires by rotation and being eligible, offers himself for re-appointment. The information or details pertaining to Director to be provided in terms of clause 49 of the Listing Agreement with stock exchanges are furnished in the statement on Corporate Governance published in the Annual Report.

By Order of the Board

**Pukhraj Bafna**

Chairman

Coimbatore : **August 30, 2010**

**Registered Office:**

"Visweswaram"

132 West Venkatsamy Road

RS Puram

**Coimbatore - 641 002**

## AUDITOR'S REPORT

### To the Members of Bafna Spinning Mills & Exports Limited

1. I have audited the attached Balance sheet of "BAFNA SPINNING MILLS & EXPORTS LIMITED" as on 31<sup>st</sup> March 2010 and the profit & loss account for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on my audit.
2. I conducted my audit in accordance with auditing standards generally accepted in India. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.
3. As required by the Companies (Auditor's Report) Order 2003, issued by the Central Government of India in terms of Sec. 227 (4A) of the companies Act, 1956, I enclose in the annexure, a statement on matters specified in paragraphs 4 and 5 of the said Order.
4. Further to my comments in the Annexure referred to in paragraph 3 above, I report that:
  - a. I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purpose of my audit.
  - b. In my opinion, proper books of accounts as required by law have been kept by the company as far as appears from my examination of such books.
  - c. The Balance sheet, profit & loss account dealt with by this report are in agreement with the books of accounts.
  - d. In my opinion, the Balance sheet, Profit & Loss account dealt with by this report comply with the Accounting Standards referred to in sub-sec. (3C) of sec.211 of the Companies act, 1956.
  - e. On the basis of the written representation received from the directors as on 31<sup>st</sup> March 2010 and taken on record by the board of directors, I report that none of the directors are disqualified as on 31.03.2010 from being appointed as a director in terms of clause (g) of sub-sec. (1) of sec. 274 of the Companies Act, 1956.
  - f. In my opinion and to the best of my information and according to the explanations given to me, the said accounts read together with significant accounting policies and other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true & fair view in conformity with the accounting principles generally accepted in India:
    - i. In the case of Balance sheet, of the state of affairs of the Company as at 31.03.2010.
    - ii. In the case of Profit & Loss account of the profit for the year ended on that date.
    - iii. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

PLACE : COIMBATORE  
DATE : 30.09.2010

Sd/-  
Chartered Accountant

**Annexure to Auditor's Report:**

In terms of the information and explanations given to me and the books and records examined by me in the normal course of audit and to the best of my knowledge and belief, I state as under:

- i)
  - a) The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets.
  - b) The Fixed Assets of the company have been physically verified by the management during the year. We have been informed by the company that no material discrepancies were noted on such physical verifications.
  - c) In my opinion and according to the information and explanations given to me, a substantial part of fixed assets has not been disposed of by the company during the year.
- ii) The Company does not hold any stock of finished goods, stores, spare parts, work-in-progress or raw materials. Hence the question of physical verification, reconciliation, maintenance of records, discrepancies or valuation does not arise.
- iii)
  - a) The Company has taken loans from Mr. SR Bafna, the Managing Director of the Company. The Maximum amount involved during the year was Rs. 782162/- and the outstanding balance at the end of the year is Rs. 782162/-. The Company has not granted any loans to the parties covered in the register required to be maintained under section 301 of the Companies Act, 1956.
  - b) No Interest is charged for the above loan taken.
  - c) There is no stipulated repayment schedule for the above loan.
- iv) In my 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 fixed assets and other stock in trade. Further on the basis of the examination of books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.
- v) In my opinion there are no contracts or arrangements referred to in section 301 of the Act that need to be entered in the register required to be maintained under that section.
- vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under, where applicable. According to the information and explanations given to me, no order under the aforesaid sections has been passed by the Company Law Board or National Company Law Tribunal or the Reserve Bank of India or any court or any other Tribunal on the Company.
- vii) The Company has no separate Internal audit system during the year under audit.
- viii) Since the Company has not commenced its production activity during the year under audit, the question of maintenance of cost records does not arise.
- ix) As the Company has not commenced its production activity, it has not implemented the Provident Fund & ESI schemes. Hence the question of undisputed statutory dues with respect to the Provident Fund & ESI Schemes does not arise. The company has not deposited any amount on account of any dispute under any statute. But the company has undisputed Income Tax Dues payable as given below

## Bafna Spinning Mills & Exports Limited

### Statement of Arrears of Statutory Dues Outstanding for more than Six months

Name of the Statute	Nature of Dues	Amount (Rs.)	Period to which the amount relates	Due Date	Date of Payment
Income Tax Act, 1961	Income Tax with Interest	181010/-	A. Y 2008-2009	30-09-2008	Outstanding
Income Tax Act, 1961	Income Tax	1041601.35	A. Y 2009- 2010	30-09-2009	Outstanding
Income Tax Act, 1961	Income Tax	988864.80	A. Y 2010- 2011	30-09-2010	Outstanding

- x) The Company has no accumulated losses as at 31st March, 2010 and it has not incurred cash losses in the financial year ended on that date or in the immediately preceding financial year.
- xi) As the Company has not obtained any loans from financial institutions, the question of default in repayment of dues does not arise.
- xii) The maintenance of documents and records does not arise as the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The Company is not a chit fund, nidhi or mutual benefit fund/society. Therefore the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order are not applicable to this company.
- xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments.
- xv) The Company has not given any guarantee for loans taken by others from banks and other financial institutions.
- xvi) The Company has not obtained any term loans from banks and financial institutions.
- xvii) The Company has not raised any funds on short term basis.
- xviii) The Company has not made any issue of shares during the year under audit. Hence the question of preferential allotment of shares to parties and companies covered in the register mentioned under section 301 does not arise.
- xix) No debentures has been issued by the company, hence the question of creation of security or charges in respect of debentures issued does not arise.
- xx) No money has been raised by the company through public issue of shares during the year under audit. Hence the question of verification of end use of money raised on public issue does not arise.
- 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 audit.

PLACE : COIMBATORE  
DATE : 29.08.2010

Sd/-  
Chartered Accountant

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

**To the Members of Bafna Spinning Mills & Exports Limited**

I have examined the compliance of conditions of Corporate Governance by Bafna spinning Mills & Exports Limited, for the year ended on March 31, 2010 as stipulated in Clause 49 of the Listing Agreement of the said company with the stock exchange.

The compliance of conditions Corporate Governance is the responsibility of the management. My examination was limited to procedures and implementations thereof, adapted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In my opinion and to the best of the information and according to the explanations given to me and the representations made by the directors and the management, except that no Audit Committee meeting has been conducted and the composition of the Audit committee during the year ended 31<sup>st</sup> March, 2010, I certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement.

I state that as per the records maintained by the company, there were **eleven** investor grievances pending but attended to for more than 30 days as on 30<sup>th</sup> June, 2010 as per the complaints received through SEBI, Chennai.

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

**PLACE : COIMBATORE**

**DATE : 30.08.2010**

**Sd/-  
Chartered Accountant**

## DIRECTORS' REPORT

To  
The Members  
BAFNA SPINNING MILLS & EXPORTS LIMITED

The Directors have pleasure in presenting the **nineteenth** Annual Report of the Company and the Audited Statement of Accounts for the year ended **31<sup>st</sup> March 2010**.

**1. FINANCIAL HIGHLIGHTS:**

Your Company during this financial year has started trading activities in Textiles.

**2. DIVIDEND**

As the commercial production is yet to be started, your Directors regret that no dividend is declared.

**3. DIRECTORS:**

Mr Vinod Jain retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. Your Directors recommend her re-appointment.

**4. AUDITORS REPORT:**

The observations made in the Auditors' Report are self-explanatory and therefore do not call for further comments under Section 217 of the Companies Act, 1956.

**5. AUDITORS:**

Your Directors recommend the re-appointment of M/s. V. Nagarajan, B.Com., F.C.A., Chartered Accountant, 208, T V Samy Road, R S Puram, Gowtham Arcade, 3<sup>rd</sup> Floor, Coimbatore – 641002 .

**6. PERSONNEL:**

There were no employees during the year drawing remuneration which falls within the preview of the provisions of Section 217 (2A) of the Companies Act, 1956. Therefore the statement for the same is not attached.

**7. FUTURE PROJECTS:**

- A. The process of locating and establishing an overseas office at Strasbourg (near Paris) France is on.
- B. The land for the Residential Row Houses Project "Sankeshwar Darshan" , about 7 kms from the Jain religious centre Sankeshwar in Gujarat has been identified and the negotiations are on. **The envisaged project cost is Rs.200 crores.**

**8. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, & INNOVATION AND FOREIGN EXCHANGE EARNINGS & OUTGOINGS:**

The details pertaining to Conservation of Energy, Technology Absorption, & Innovation and Foreign Exchange are not furnished as the Company is yet to commence Commercial Production.

**9. FIXED DEPOSITS:**

The Company has not invited / accepted / renewed / any fixed deposits as per the provisions of Section 58A of the Companies Act, 1956 from the Public during the financial year.



**10. CORPORATE GOVERNANCE:**

As per the Clause 49 of the Standard Listing Agreement, the provisions relating to the Corporate Governance has become applicable to the Company from the year 2003-2004. The Company has constituted various committees during the current year. The Company has obtained a certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance. The same is annexed to this Report.

**11. DIRECTORS RESPONSIBILITY STATEMENT**

In Compliance of Section 217 (2AA), as incorporated by the Companies (Amendment) Act, 2000 in the Companies Act, 1956 your Directors confirm that:

- a) The Company has followed the applicable standards in the preparation of the Annual Accounts and there had been no material departure.
- b) Directors had selected the 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 end of the financial year and of the profit and loss of the Company for the aforesaid period.
- c) The Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The Directors have prepared the Annual Accounts on a going concern basis.

**12. ACKNOWLEDGEMENT:**

The Board of Directors express their deep gratitude for the co-operation and support extended to your Company by its shareholders, and various officials of SEBI, The Stock Exchange, Mumbai, the Department of Company Affairs, Registrar of Companies. Your Directors also place on record the commitment and involvement of the employees at all levels and looks forward to their continued co-operation.

**For and on behalf of the Board**  
**BAFNA SPINNING MILLS & EXPORTS LIMITED**

**Sd/-**  
**S R Bafna**  
Chairman  
Coimbatore : **August 30, 2010**

**ANNEXURE TO THE DIRECTORS' REPORT**

**CORPORATE GOVERNANCE REPORT**

The detailed Report on Corporate Governance as per the Format prescribed by SEBI and incorporated in Clause 49 of the Listing Agreement is set out below.

**1) COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE**

The Company's philosophy on Corporate Governance lays strong emphasis on transparency, accountability and integrity. The Company has implemented mandatory requirements of the Code of Governance as mentioned in Clause 49 of the Listing Agreement.

**2) BOARD OF DIRECTORS**

**Composition and number of meeting held:**

The strength of the Board of Directors is Six. The Board comprises of non-executive Chairman and five other Directors. Two are independent Directors.

During the financial year ending 31.03.2010, 7 (seven) meetings of the Board of Directors were held on 11.04.2009; 02.06.2009; 30.06.2009; 02.08.2009; 01.09.2009; 03.10.2009; 24.10.2009 & 17.01.2010.

The composition of the Board, attendance at Board Meetings held during the year and the last Annual General Meeting, number of Directorships in other Companies and Memberships in committees across various Companies of which the Director is a Member/Chairman are given below:

<b>Name of Directors</b>	<b>Category</b>	<b>No. of other Directorship</b>	<b>Committee No. of Membership</b>	<b>Position Chairman</b>	<b>No. of Board Meetings attended</b>	<b>Last AGM Attended</b>
Pukhraj Bafna	Non Executive Chairman	NIL	2	1	4	YES
Sidhraj Bafna	Managing Director	NIL	2	NIL	4	YES
B Nagabhushnam	Independent and Non Executive Director	2	2	NIL	3	YES
Vinod Jain	Non Executive Director	NIL	2	NIL	NIL	YES
Uma Bafna	Director	NIL	2	NIL	4	YES
R.Sudheendra	Independent and Non Executive Director	NIL	2	NIL	NIL	NO

**Reappointment of Director:**

Mr. Vinod Jain who retires by rotation during the ensuing Annual General Meeting and is eligible for reappointment.

**Responsibilities:**

At the Board meetings of the Company the Directors are being provided information stipulated in clause 49 of the Listing Agreement. The Board has a formal schedule of matters reserved for its consideration, which includes reviewing performance. The Company has designated the required information system for the purpose.

**Role of Independent Directors:**

The independent Directors play an important role in deliberation in the Board Meetings and bring to the Company, their wider experience in the fields of Accountancy, Finance, Management, etc.

**Board Meetings:**

The meetings of the Board of Directors are being held at regular intervals of not more than four months at the Company's Registered Office at Coimbatore and are generally scheduled well in advance and the provisions under the Companies Act, 1956 and those under clause 49 of the Listing Agreement are followed in this regard. The Board meets at least once in a quarter to review quarterly financial results.

The agenda of the meeting is prepared and circulated to the Directors well in advance. The members of the Board have access to all information pertaining to the Company and are free to recommend inclusion of any matter in the agenda for the discussions.

**3) AUDIT COMMITTEE**

The Board of Directors constituted the Audit Committee. The composition, procedure, role/function of the Audit Committee comply with the requirements of the Listing Agreement. The brief terms of reference of the Audit Committee includes the following.

- Ø Overseeing the Company's Financial report process and disclosure of Financial information.
- Ø To review quarterly and annual financial results before submission to the Board.
- Ø Disclosure with External Auditors about the nature and scope of Audit during their observations.
- Ø To investigate any matter referred to by the Board.

The Composition of the Audit Committee:

<b><u>Members</u></b>	<b><u>Category</u></b>
Sidhraj Bafna	Managing Director
B.Nagabhushnam	Independent
R Sudheendra	Independent
Vinod Jain	Director

During the year under review no meeting of the Audit Committee was held.

**4. SHAREHOLDERS/INVESTORS GRIEVANCES COMMITTEE**

The Board of Directors had constituted Shareholders/Investors Grievances Committee to look into the specific complaints received from the Shareholders of the Company. The composition of the said committee is as follows.

<b><u>Members</u></b>	<b><u>Category</u></b>
Sidhraj Bafna	Managing Director
B.Nagabhushnam	Independent
R Sudheendra	Independent
Vinod Jain	Director

During the year under review six meetings of Shareholders/Investors Grievances Committee were held.

**5. GENERAL BODY MEETINGS**

The previous three Annual General Meetings of the Company held are given below.

<b>Financial Year</b>	<b>Date</b>	<b>Time</b>	<b>Venue</b>
2006-2007	29.09.2007	11:00 AM	Registered Office
2007-2008	09.08.2008	11.00 AM	Registered Office
2008-2009	30.09.2009	11.00 AM	Registered Office

**6) DISCLOSURES**

During the Financial year ended March 31, 2010 there were no materially significant related party transactions with the Company's Directors are their relatives.

The Company has complied with the entire statutory requirement comprised in the Listing Agreements/Regulations/Rules of the Stock Exchanges/SEBI/Other Statutory Authorities.

**7) GENERAL SHAREHOLDERS INFORMATION**

**Annual General Meeting:**

Day : Thursday  
Date : 30.09.2010  
Time : 11.00 A M  
Venue : Registered Office : "Visweswaram" 132 West Venkatsamy Road  
RS Puram, Coimbatore – 641 002

**Financial Year:**

01<sup>st</sup> April 2009 to 31<sup>st</sup> March 2010

**Date of Book Closure:**

From Friday, 24<sup>th</sup> September 2010 to Thursday, 30<sup>th</sup> September 2010 (Both days inclusive)

**Listing of Securities and Stock Code:**

The Company has paid the Listing Fees till March 2010. The securities are traded at The Bombay Stock Exchange Limited Mumbai and the Scrip Code is 531733

**Registrar and Share Transfer Agents:**

The Company appointed M/s. Purva Sharegistry (India) Private Limited of Mumbai as its Share Transfer Agents w.e.f 1<sup>st</sup> April 2003 (for both Physical as well as Demat segment).

For any assistance regarding Share Transfers, Transmissions, change of address, duplicate /missing Share Certificates other relevant matters, please write to the Registrar and Share Transfer Agents of the Company at the address given below:

M/s.Purva Sharegistry (India) Private Ltd.,  
9, Shiv Sakthi Industrial Estate, J R Boricha Marg  
MUMBAI – 400 011

**Phone:23010771 / 23016761 Contact Person: Mr. Rajesh Shah**

**Demat ISIN Number For NSDL**

ISIN Number has been issued to the Equity Shares by NSDL is **INE657F01026**

The company has also submitted the application to CDSL for the scrip to be dematerialized.

The Company has not issued and GDRs or ADRs.

**Plant Location:**

Naranapuram Village, Annur Taluk, Coimbatore District.

**Address for correspondence:**

"Visweswaram" 132 West Venkatsamy Road, RS Puram, Coimbatore - 641 002

Bafna Spinning Mills & Exports Limited

**BALANCE SHEET AS ON 31/03/2009**

PARTICULARS	SCHED	31/03/2010	31/03/2009
<b><u>SOURCES OF FUNDS</u></b>			
<b>SHARE HOLDERS FUNDS</b>			
Share Capital	1	194,522,000.00	194,522,000.00
<b>LOAN FUNDS</b>			
Unsecured Loans		782,162.00	1,090,662.00
<b>CURRENT LIABILITIES</b>			
Provision for Income Tax		988,864.80	1,041,601.35
<b>PROFIT &amp; LOSS ACCOUNT</b>			
Opening Balance		2,202,122.60	660,091.02
Current Period		1,464,285.53	1,542,031.58
<b>TOTAL</b>		<b><u>199,959,434.75</u></b>	<b><u>198,856,385.95</u></b>
<b><u>APPLICATION OF FUNDS</u></b>			
<b>FIXED ASSETS</b>			
Add: Pre operative expenses to be capitalised on commencement of production	2	38,724,332.32	39,062,441.20
	3	27,898,117.49	27,898,117.49
		<b><u>66,622,449.81</u></b>	<b><u>66,960,558.69</u></b>
<b><u>CURRENT ASSETS, LOANS &amp; ADV.</u></b>			
Sundry Debtors	7	752,575,592.70	695,408,721.32
Cash & Bank Balances	4	33,455.68	80,634.66
Loans & Advances	5	126,385,489.00	126,382,489.00
		<b><u>878,994,547.38</u></b>	<b><u>821,874,844.98</u></b>
<b><u>LESS: CURRENT LIABILITIES</u></b>			
Sundry Creditors for Purchase	8	745,675,855.00	689,975,650.00
Sundry Creditors for Expenses	6	-	29,500.00
		<b><u>745,675,855.00</u></b>	<b><u>690,005,150.00</u></b>
<b>NET CURRENT ASSETS</b>			
Preliminary Expenses		133,318,692.38	131,869,694.98
		18,292.56	26,132.28
<b>TOTAL</b>		<b><u>199,959,434.75</u></b>	<b><u>198,856,385.95</u></b>

Subject to my Report  
attached of even date

For & On Behalf of the Board

(sd/-) V. Nagarajan  
Chartered Accountant

(sd/-) SR Bafna  
Managing Director

(sd/-) Uma Bafna  
Director

Place: Coimbatore  
Date: 30.08.2010

Place: Coimbatore  
Date: 30.08.2010

TRADING, PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31/03/2009

PARTICULARS	31/03/2010	31/03/2009
<b>INCOMES</b>		
Sales	61,825,450.00	621,845,250.00
Less: Purchases	55,700,205.00	615,397,900.00
	<b>6,125,245.00</b>	<b>6,447,350.00</b>
Add: Closing Stock	-	-
Less: Opening Stock	-	-
<b>GROSS PROFIT</b>	<b>6,125,245.00</b>	<b>6,447,350.00</b>
<b>INDIRECT INCOME</b>		
Discount Earned	-	10,700.00
<b>INDIRECT EXPENSES</b>		
Accountancy Charges	18,000.00	7,000.00
Ahemedabad Office Rent	48,000.00	-
Audit Fees	37,000.00	20,000.00
Bank Charges	5,206.00	5,888.00
Club Membership Fees	20,000.00	11,000.00
Depreciation	338,108.88	354,234.41
Electricity Charges	24,375.00	1,181.00
General Expenses	166,994.00	31,328.00
House Rent	120,000.00	-
Legal Expenses	10,000.00	10,000.00
Listing Fees	60,000.00	1,099,264.00
Momentos & Gift	-	30,147.00
NSDL Fee	72,000.00	53,378.00
Office Expenses	37,623.00	6,300.00
Office Rent	120,000.00	-
Purchase of Samples	29,351.00	23,405.00
Postage, Telegram & Courier	908,326.15	920,947.00
Preliminary Expenses Written Off	17,508.62	13,066.14
Printing & Stationery	416,949.00	368,828.00
Software Purchase	-	11,232.00
Salary Paid	360,000.00	245,900.00
Share Transfer Charges	90,000.00	90,000.00
Telephone Expenses	113,905.10	56,164.43
Travelling & Conveyance	599,648.10	491,542.00
Vehicle Maintenance	59,100.00	12,912.00
	<b>3,672,094.85</b>	<b>3,863,716.98</b>
<b>NET PROFIT BEFORE TAX</b>	<b>2,453,150.15</b>	<b>2,583,632.93</b>
Provision for Income Tax	988,864.80	1,041,601.35
<b>NET PROFIT AFTER TAX</b>	<b>1,464,285.35</b>	<b>1,542,031.58</b>
<b>Basic Earnings per Share</b>	<b>0.04</b>	<b>0.04</b>

Subject to my Report  
attached of even date

For & On Behalf of the Board

(sd/-) V. Nagarajan  
Chartered Accountant

(sd/-) SR Bafna  
Managing Director

(sd/-) Uma Bafna  
Director

Place: Coimbatore  
Date: 30.09.2010

Place: Coimbatore  
Date: 30.09.2010

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31/03/2009

PARTICULARS	31/03/2010	31/03/2009
<b>A) Cash Flow from Operating Activities:</b>		
Profit before taxation and exceptional items	2,453,153.15	2,583,632.93
<u>Adjustments for:</u>		
Depreciation	338,108.88	354,234.41
Preliminary Expenses Written off	18,292.56	13,066.14
<b>Operating Profit Before Working Capital Changes</b>	<b>2,809,554.59</b>	<b>2,950,933.48</b>
<u>Adjustments for:</u>		
Increase in Sundry Creditors	141,459,350.00	604,216,500.00
Increase in Audit Fees Payable	-	20,000.00
Increase in Sundry Debtors	(144,416,471.38)	(608,159,121.32)
Increase in Telephone Deposit	-	(3,000.00)
<b>Net Cash used in Operating Activities (A)</b>	<b>(974,687.84)</b>	<b>(974,687.84)</b>
<b>B) Cash Flow from Investing Activities:</b>		
Purchase of Fixed Assets	273,704.00	(91,812.00)
<b>Net Cash used in Investing Activities (B)</b>	<b>(91,812.00)</b>	<b>(91,812.00)</b>
<b>C) Cash Flow from Financing Activities:</b>		
Unsecured Loans from Managing Director	782,162.00	970,662.00
<b>Net Cash used in Financing Activities (C)</b>	<b>782,162.00</b>	<b>970,662.00</b>
<b>Net Increase/ Decrease in Cash and Cash Equivalents (A+B+C)</b>	<b>(47,178.98)</b>	<b>(95,837.84)</b>
Cash and Cash equivalents at the Beginning of the year (as per Schedule - 4)	80,634.66	176,472.50
<b>Cash and Cash equivalents at the end of the year (as per Schedule - 4)</b>	<b>33,455.68</b>	<b>80,634.66</b>

Subject to my Report  
attached of even date

(sd/-) V. Nagarajan  
Chartered Accountant

Place: Coimbatore  
Date: 30.08.2010

For & On Behalf of the Board

(sd/-) SR Bafna  
Managing Director

Place: Coimbatore  
Date: 30.08.2010

(sd/-) Uma Bafna  
Director

**SCHEDULE - 1 SHARE CAPITAL****Authorised Capital:**

Equity Shares of Rs. 5 each	220,000,000.00	220,000,000.00
-----------------------------	----------------	----------------

**Issued, Subscribed and Paid up Capital:**

38904400 Equity shares of Rs. 5 each fully paid up	194,522,000.00	194,522,000.00
	<b>194,522,000.00</b>	<b>194,522,000.00</b>

**SCHEDULE - 2 FIXED ASSETS**

Particulars	Cost as on	Additions	Cost as on	Dep. Up to	WDV s on	Dep. Curr	Dep. Up to	WDV as on
	01.04.09		31.03.10	31.03.09	01.04.09	Year	31.3.10	31.3.10
LAND	3,288,220.87	0	3,288,220.87	0	3,288,220.87	0	0	3,288,220.87
BUILDING FACTORY	33,610,905.50	0	33,610,905.50	0	33,610,905.50	0	0	33,610,905.50
BOREWELL	53,846.50	0	53,846.50	0	53,846.50	0	0	53,846.50
ELEC.FITT-FACTORY	94,208.75	0	94,208.75	0	94,208.75	0	0	94,208.75
GENERATOR SHED	140,369.50	0	140,369.50	0	140,369.50	0	0	140,369.50
GENERATOR FACT	134,158.00	0	134,158.00	0	134,158.00	0	0	134,158.00
FURNITURE-FACT	278,758.00	0	278,758.00	0	278,758.00	0	0	278,758.00
STORES & SPARES	54,787.50	0	54,787.50	0	54,787.50	0	0	54,787.50
ELEC. FITT- OFFICE	99,998.75	0	99,998.75	58,735.36	41,263.39	13,999.82	72735.18	85,998.93
FURNITURE - OFF	337,609.49	156,413.00	494,022.49	220,803.75	273,218.74	98,804.50	319608.25	395,217.99
AIR CONDITIONERS	151,732.09	25,500.00	177,232.09	80,873.91	96,358.18	26,584.81	107458.72	150,647.28
UPS- OFFICE	36,644.21	0	36,644.21	23,490.79	13,153.42	5,496.63	28987.42	31,147.58
VEHICLES- CARS	437,402.16	0	437,402.16	499,530.50	62,128.34	109,350.54	608881.04	328,051.62
VEHICLES - SCOOTER	14,932.88	0	14,932.88	19,053.12	4,120.24	3,733.22	22786.34	11,199.66
VEHICLES -CYCLE	2,442.24	0	2,442.24	2,327.76	114.48	488.45	2816.21	1,953.79
REFRIDGERATOR	16,553.42	0.00	16,553.42	10,611.58	5,941.84	2,483.01	13094.59	14,070.41
COMPUTERS	220,752.32	57,935.00	278,687.32	190,461.68	88,225.64	61,311.21	251772.89	217,376.11
FAX MACHINE	44,839.84	0	44,839.84	26,337.16	18,502.68	6,725.98	33063.14	38,113.86
FILING CABINET	4,248.73	0	4,248.73	2,789.27	1,459.46	899.75	3689.02	3,348.98
VACUUM CLEANER	2,488.41	0	2,488.41	1,461.59	1,026.82	373.26	1834.85	2,115.15
FRANKING MACHINE	11,135.94	0	11,135.94	6,540.81	4,595.13	1,670.39	8211.2	9,465.55
PRINTERS	9,560.00	24,626.00	34,186.00	2,390.00	31,796.00	5,605.90	7995.9	28,580.10
TELEPHONE- MOBILE	16,846.09	0	16,846.09	2,721.91	14,124.18	2,526.91	5248.82	14,319.18
INTERCOM	0.00	9,230.00	9,230.00	0.00	9,230.00	1,384.50	1384.5	7,845.50
	<b>39,062,441.19</b>	<b>273,704.00</b>	<b>39,336,145.19</b>	<b>1,148,129.19</b>	<b>38,188,016.00</b>	<b>341,438.88</b>	<b>1,489,568.07</b>	<b>38,994,706.31</b>



**SCHEDULE - 3 PREOPERATIVE EXPENSES TO BE CAPITALISED**

Opening balance of last year	27,898,117.49	27,898,117.49
	<b><u>27,898,117.49</u></b>	<b><u>27,898,117.49</u></b>

**SCHEDULE - 4 CASH AND BANK BALANCE**

Balance with ICICI Bank	4,788.00	4,788.00
Indian Overseas Bank	867.96	867.96
Navnirman Co-op Bank - Ahmedabad	1,127.68	1,127.68
Punjab National Bank	3,457.72	1,392.00
Cash in Hand	23,214.32	72,459.02
	<b><u>33,455.68</u></b>	<b><u>80,634.66</u></b>

**SCHEDULE - 5 DEPOSITS, LOANS & ADVANCES**

**Deposits**

Office Advance	25,000.00	25,000.00
Electricity Temporary Deposit	83,100.00	83,100.00
Electricity EMD HT	718,100.00	718,100.00
Telephone Deposit	87,600.00	84,600.00
Sales Tax Deposit	2,000.00	2,000.00
Security Deposit Public Issue	918,000.00	918,000.00
Fixed Deposit	17,500,000.00	17,500,000.00
	<b><u>19,333,800.00</u></b>	<b><u>19,330,800.00</u></b>

**Loans & Advances**

Southern Pest Control	67,000.00	67,000.00
Abulkaria Stone Contractor	219,707.00	219,707.00
Neelgiri Enginnering Co.,	3,843,438.00	3,843,438.00
Bafna Constructions	20,870,000.00	20,870,000.00
Shivkumaran Spinning Mills (P) Ltd	3,357,405.00	3,357,405.00
	<b><u>28,357,550.00</u></b>	<b><u>28,357,550.00</u></b>

**Machinery Advance**

Allied Engineering Company	100,000.00	100,000.00
Sampath Plastics	3,775,000.00	3,775,000.00
ALS Engineering Works	44,000.00	44,000.00
Marzoli - Italy	25,555,500.00	25,555,500.00
Luwa India	9,900,000.00	9,900,000.00
Control Engg. Co.,	2,000,000.00	2,000,000.00
Shree Precoated Steels	400,000.00	400,000.00
Bakelite Hylum	1,350,000.00	1,350,000.00
Savio Tessili	6,912,639.00	6,912,639.00
Jaydeep Engg.	350,000.00	350,000.00
Nicco Corporation	300,000.00	300,000.00
Jwala Aluminium	300,000.00	300,000.00
LuvaAG	27,707,000.00	27,707,000.00
	<b><u>78,694,139.00</u></b>	<b><u>78,694,139.00</u></b>
	<b><u>126,385,489.00</u></b>	<b><u>126,382,489.00</u></b>

**SCHEDULE - 6 SUNDRY CREDITORS FOR EXPENSES**

Audit Fees Payable	-	29,500.00
	-	<b>29,500.00</b>

**SCHEDULE - 7 SUNDRY DEBTORS**

Shilpa Enterprises - Ahmedabad	752,575,592.50	695,408,721.32
	<b>752,575,592.50</b>	<b>695,408,721.32</b>

**SCHEDULE - 8 SUNDRY CREDITORS FOR PURCHASE**

Young Enterprises - Ahmedabad	745,675,855.00	689,975,650.00
	<b>745,675,855.00</b>	<b>689,975,650.00</b>

**SCHEDULE: "9"**

**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:**

1. Significant Accounting Policies:
  - a. Basis of Accounting: The Accounts are prepared under the historical cost convention on accrued basis.
  - b. Fixed Assets: Fixed Assets includes all expenditure of capital nature and are stated at cost  
 Depreciation on fixed assets acquired/installed will be provided on written down value method at the rates prevailing at the time of acquisition/installation and assets acquired after the aforesaid date at the rates specified in Schedule XIV of the Companies Act, 1956 (as amended). However, no depreciation is provided during the year for Building as it is under construction and Plant is not put to use.
2. Preliminary Expenses shown in Balance Sheet under Miscellaneous Expenditure will be amortised from the year the Company commences commercial activity/production
3. Preoperative Expenditure pending Capitalisation will be allocated on completion of project.

**SCHEDULE : "10"**

**NOTES FORMING PART OF THE ACCOUNTS**

1. Security Deposit made with Coimbatore Stock Exchange at the time of Public Issue, is still with the Coimbatore Stock Exchange.
2. Fixed Deposits made with Bank of Madura as lien for the Letter of Credit in favor of Import of Machinery for which no interest accrued is accounted for.

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:**

**A. Registration Details**

State Code	18
Registration Number	2611
Balance Sheet Date	31/03/2010

Subject to my Report  
attached of even date

For & On Behalf of the Board

(sd/-) V. Nagarajan  
Chartered Accountant

(sd/-) SR Bafna  
Managing Director

(sd/-) Uma Bafna  
Director

Place: Coimbatore  
Date: 30.08.2010

Place: Coimbatore  
Date: 30.08.2010

**B. Capital Raised during the year (Rs.) in lakhs**

Public Issue		NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL	

**C. Position of Mobilization and Deployment of Funds**

	Rs. In Lakhs
Total Liabilities	8789.94
Total Assets	8789.94
<b>Sources of Funds</b>	
Paid up Capital	1945.22
Reserves & Surplus	36.64
Secured Loans	NIL
Unsecured Loans	7.82
<b>Application of Funds</b>	
Net Fixed Assets	666.22
Investments	NIL
Net Current Assets	1333.18
Miscellaneous Expenses	0.18
Accumulated Losses	NIL

**D. Performance of the Company**

Turnover & Other Income	6182.54
Total Expenditure	6125.24
Profit before Tax	24.53
Profit after Tax	14.64
Earnings per Share in Rupees	0.04
Dividend Rate	NIL

**E. Generic Names of Three Principal Products of the Company (in monetary terms)**

I	Item Code No.	Product Description
	NOT APPLICABLE	

As per my Report attached of even date

V. Nagarajan  
Chartered Accountant

S.R. Bafna  
Managing Director

Uma Bafna  
Director

**BAFNA SPINNING MILLS & EXPORTS LIMITED**

**Registered Office**  
132, West Venkatasamy Road, RS Puram, COIMBATORE – 641 002

**PROXY FORM**

**Nineteenth Annual General Meeting to be held on 30<sup>th</sup> September 2010**

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

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

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

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

of \_\_\_\_\_ in the district of \_\_\_\_\_ or failing him of

\_\_\_\_\_ in the district of \_\_\_\_\_ as my/our proxy to vote

me/us on my/our behalf at the Eighteenth Annual General Meeting of the Company to be held at 11.00 AM on 30<sup>th</sup> September 2010 at "Visweswaram" 132, West Venkatsamy Road, R S Puram, Coimbatore – 641 002.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010

Signature \_\_\_\_\_ Re. 1 \_\_\_\_\_  
Revenue  
Stamp

*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.

**BAFNA SPINNING MILLS & EXPORTS LIMITED**

**Registered Office**  
"Visweswaram" 132 West Venkatsamy Road, R S Puram, COIMBATORE – 641 002

**ATTENDANCE SLIP**

**Nineteenth Annual General Meeting to be held on Thursday 30<sup>th</sup> September 2010**

Regd. Folio No. \_\_\_\_\_

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

I hereby record my presence at the Nineteenth Annual General Meeting of the Company at 11.00 AM on 30.09.2010 at "Visweswaram" 132, West Venkatsamy Road, RS Puram, Coimbatore – 641 002.

Member's/Proxy's name in BLOCK Letters.

Member's/Proxy's Signature

*Note:* Please fill in this attendance slip and hand over at the ENTRANCE OF THE MEETING VENUE.