

TWENTY THIRD
A N N U A L
R E P O R T
2008 - 2009

Chandni Textiles Ltd.

23rd ANNUAL REPORT 2008 - 2009

BOARD OF DIRECTORS

Mr. Jayesh R. Mehta

Mrs. Amita J Mehta

Mr. Bharat Bhatia

Mr. N. L. Bhatia

Mr. V. G. Joshi

Auditors

Chandan Parmar & Co.
Chartered Accountants

Bankers

Union Bank of India
Bank of India

Registered Office

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

Works

(Present)

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

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REGISTRAR AND SHARE TRANSFER AGENTS PURVA SHAREGISTRY (INDIA) PVT LTD.

9, Shiv Shakti Industrial Estate, Ground Floor,
Sitaram Mill Compound, J. R. Boricha Marg,
Lower Parel, Mumbai - 400 011
Tel.: 23016761, 23018261
E-mail: busicomp@vsnl.com

NOTICE

NOTICE is hereby given that the 23rd Annual General Meeting of the Members of Chandni Textiles Limited will be held at The Queenie Captain Auditorium C/o the NAB – Workshop for the blind, Dr. Annie Besant Road, Prabhadevi, Mumbai – 400 030 on **Wednesday the 30th day of September, 2009** at 1.30 p.m. to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet as at and the Profit and Loss Account for the year ended 31st March, 2009 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr.N.L. 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.

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. The Register of Members and share transfer books of the Company has been declared to be closed from Monday, the **28th September, 2009** to Wednesday, the **30th September, 2009** (both days inclusive).
3. **Directors**
Mr. N.L. Bhatia is retiring by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.
The information/data to be provided for these Directors 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 :25th August,2009

By Order of the Board

J.R. Mehta

Chairman

REPORT OF CORPORATE GOVERNANCE

A. MANDATORY REQUIREMENTS

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

2. BOARD OF DIRECTORS COMPOSITION AND CATEGORY

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 |
|---------------------|----------------------------|---|--|
| Mr. J. R. Mehta | Promoter, Executive | Nil | Nil |
| Mrs. Amita J. Mehta | Promoter, Non-Executive | Nil | Nil |
| Dr. Bharat Bhatia | Independent, Non-Executive | Nil | Nil |
| Mr. N. L. Bhatia | Independent, Non-Executive | 1 | 1 |
| Mr. 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

During the financial year ended March 31, 2009, ten Board Meetings were held on 15th April, 2008, 28th May, 2008, 30th June, 2008, 31st July, 2008, 21st August, 2008, 31st October, 2008, 5th December, 2008, 24th December, 2008, 31st January, 2009 and 3rd March, 2009. The attendance of each Director at Board Meetings and the last Annual General Meeting (AGM) is as under:-

| Name of Director | No. of Board Meetings held during the tenure | No. of Board Meetings attended | Attendance at last A.G.M held on 30.09.2008 |
|---------------------|--|--------------------------------|---|
| Mr. J. R. Mehta | 10 | 10 | Yes |
| Mrs. Amita J. Mehta | 10 | 10 | Yes |
| Dr. Bharat Bhatia | 10 | 10 | Yes |
| Mr. N. L. Bhatia | 10 | 10 | Yes |
| Mr. V. G. Joshi | 10 | 10 | Yes |

Shareholding of Non-executive Directors

The Individual shareholding of Non-executive Directors (including shareholding as joint holder) as on 31st March, 2009 is given below:

| Name | No. of shares held |
|-----------------|--------------------|
| Mr. V. G. Joshi | 10 |

3. AUDIT COMMITTEE

COMPOSITION

The Audit Committee comprises of three Directors. All these Directors possess knowledge of corporate finance, accounts and company law. The Chairman of the Committee is a Non-Executive independent Director nominated by the Board. The Vice-President Finance (formerly Finance Manager) of the Company is also secretary to Audit Committee. The Statutory Auditors are also invited to the Meeting.

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

BROAD TERMS OF REFERENCE

The terms of Reference of the Audit Committee includes those specified under Clause 49 of the Listing Agreement and those under Section 292A of the Companies Act, 1956. A few of them are given below:

1. Reviewing of the financial reporting process and the disclosure of the Financial Information
2. Reviewing the Financial statements and Auditors' Report before its submission to the Board,
3. Reviewing the accounting policies and practices followed by the Company
4. Recommending the appointment of Statutory Auditors, fixation of audit fee and also approval for payment of any other services.
5. Reviewing the Annual Financial Statements also 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, 2009.
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.

CHANDNI TEXTILES LTD.

MEETINGS AND ATTENDANCE

During the financial year ended March 31, 2009, four Audit Committee Meetings were held on 20th June, 2008, 24th July, 2008, 21st October, 2008 and 20th January, 2009

The attendance at the Audit Committee Meetings is as under :-

| Name of the Director | No. of Meetings held during the tenure | No of Meetings attended |
|----------------------|--|-------------------------|
| Mr. N.L. Bhatia | 4 | 4 |
| Dr. Bharat Bhatia | 4 | 4 |
| Mr. V.G. Joshi | 4 | 4 |

4. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE COMPOSITION

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

| Name of the Director | Category of Directorship |
|----------------------|--------------------------------------|
| Mr. V.G. Joshi | Chairman, Independent, Non-Executive |
| Mr. J.R.Mehta | Promoter, Executive |
| Dr. Bharat Bhatia | Independent |

FUNCTIONS

Shareholders / Investors Grievances Committee is consisting of three members, chaired by a Non-Executive, Independent Director. The Committee deals with various matters relating to :

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

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

MEETINGS AND ATTENDANCE

The number of meetings attended by the members is as under

| Name of the Director | No. of meetings held during the tenure | No of meetings attended |
|----------------------|--|-------------------------|
| Dr. Bharat Bhatia | 9 | 9 |
| Mr. V.G. Joshi | 9 | 9 |
| Mr. J.R. Mehta | 9 | 9 |

INVESTOR RELATIONS

The following are the nature of complaints received during the year ended 31st March, 2009.

| Nature of Complaint | Received during the year | Received during the year 2007-08 | Pending as on 31st March,2009 |
|----------------------------------|--------------------------|----------------------------------|-------------------------------|
| Non-receipt of Share Certificate | Nil | 4 | Nil |
| Others | 6 | 3 | Nil |
| Total | 6 | 7 | Nil |

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

There are no pending complaints as on 31st March, 2009.

The number of share transfers and dematerialisation requests pending as on 31st March, 2009 were Nil.

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

NOTE ON DIRECTORS RE-APPOINTMENT

Mr. N.L. Bhatia is retiring by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

Brief profile regarding Mr. N.L. Bhatia is given below:

Mr. N.L. Bhatia is a double graduate in Arts and Law and holds postgraduate Diploma in Tax Management from Bombay University. He is a Fellow Member of the Institute of Company Secretaries of India (FCS) and is one of the senior most Company Secretaries in practice since 1982. He is presently practicing in the name and style of N.L. Bhatia & Associates, (a partnership firm).

After acquiring membership of the Institute in 1967, he served in the Secretarial and Legal Departments of J.K. Group and Voltas (a Tata Group Company) and entered in practice in 1982. He thus has to his credit experience of over 30 years.

As a practitioner of long standing, he has developed expertise in all facets of Company Law and Capital Market Regulations.

His other Directorships in public limited companies in India are:

| Name of the Company | Membership of Board/ other Committees |
|------------------------------------|---|
| ICICI INVESTMENT MANAGEMENT CO LTD | <ul style="list-style-type: none"> • Director • Member of Audit Committee |

5. GENERAL BODY MEETINGS

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

| Financial Year | Date | Location of the meeting | Time |
|----------------|--------------------|--|----------|
| 2005-2006 | December 29, 2006 | The Queenie Captain Auditorium, C/o, the NAB- Workshop for the Blind, Dr. A.B. Road, Prabhadevi, Mumbai-30 | 3.00 p.m |
| 2006-2007 | September 29, 2007 | | |
| 2007-2008 | September 30, 2008 | | |

POSTAL BALLOT

In December 2008, the Company sought shareholders approval through Postal Ballot, by Notice dated 5th December, 2008 by Ordinary / Special Resolutions in respect of the following matters :

Resolution 1 :- Increase of Authorised Share Capital – as an Ordinary Resolution

Resolution 2 :- To raise additional long term funds for working capital requirements – Special Resolution pursuant to Section 81 (1A) of the Companies Act, 1956

The aforesaid Resolutions were passed by an overwhelming requisite majority. The results of the Postal Ballot which were announced on 19th January, 2009 are given below :

| Particulars | cast in favour | | cast against | |
|--------------|----------------|------------|--------------|------------|
| | No. of votes | % of votes | No. of votes | % of votes |
| Resolution 1 | 67,72,834 | 99.07% | 63,804 | 0.93% |
| Resolution 2 | 67,72,369 | 99.06% | 63,944 | 0.94% |

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 along with 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.

CODE OF CONDUCT

The Company has formulated and implemented a Code of Conduct for Board Members and Senior Management of the Company. Requisite annual affirmation of compliance with the respective codes have been made by the Directors and Senior Management of the Company. Declaration signed to this effect by Mr. J.R. Mehta, Managing Director is attached at the end of this report.

6. MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management Discussion and Analysis Report for the year ended March 31, 2009 is discussed separately and forms part of this Annual Report.

7. 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.9 of Schedule 19 to the accounts in the Annual Report. No penalties, strictures have been imposed on the Company either by SEBI or stock exchange or other statutory body for non-compliance on any matter related to capital market.

8. 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.
- (iii) No formal presentations were made to the institutional investors and analysts during the year under review.

SHAREHOLDER INFORMATION

1. Annual General Meeting

- Date and time : September 30, 2009 at 1.30 p.m.
- Venue : The Queenie Captain Auditorium C/o the NAB – Workshop
for the Blind, Dr. Annie Besant Road, Prabhadevi, Mumbai – 30

2. Financial Calender

Financial reporting for :

| | |
|--|------------------------|
| Quarter ending June, 2009 | End of July, 2009 |
| Quarter ending September, 2009 | End of October, 2009 |
| Quarter ending December, 2009 | End of January, 2010 |
| Year ending March, 2010 | End of June, 2010 |
| Annual General Meeting for the year ended March 31, 2010 | End of September, 2010 |

3. **Dates of Book Closure** : September 28, 2009 to September 30, 2009 (Both days inclusive)

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

5. **Listing on stock exchanges at**

| | |
|---------------|----------------------------|
| Equity Shares | The Stock Exchange, Mumbai |
| Scrip Code: | 522292 |

6. **Listing Fees**

Listing Fees to the Bombay Stock Exchange Limited for the year 2009-10 has been paid in the month of April, 2009.

7. **Stock Market Data**

Monthly high & low quotations and volume of shares traded on Bombay Stock Exchange for financial year 2008-09 are :

| Month | High (Rs.) | Low (Rs.) | Volume of Shares traded |
|----------------|------------|-----------|-------------------------|
| April 2008 | 12.70 | 6.30 | 88,118 |
| May 2008 | 12.44 | 8.59 | 54,607 |
| June 2008 | 9.00 | 5.70 | 26,316 |
| July 2008 | 6.61 | 4.90 | 48,806 |
| August 2008 | 8.79 | 6.30 | 32,941 |
| September 2008 | 6.76 | 3.86 | 33,507 |
| October 2008 | 3.86 | 2.86 | 34,883 |
| November 2008 | 4.94 | 2.72 | 67,662 |
| December 2008 | 10.00 | 5.00 | 1,59,742 |
| January 2009 | 9.99 | 8.46 | 3,55,589 |
| February 2009 | 8.50 | 6.95 | 28,186 |
| March 2009 | 9.89 | 7.49 | 1,27,347 |

8. **Registrars and Share Transfer agents** :

PURVASHAREGISTRY (INDIA) PVT. LTD.
Shiv Shakti Industrial Estates, Unit No. 9,
7-B, J.R. Boricha Marg, Sitaram Mill Compound,
Mumbai – 400 011
Tel No. 23016761 / 23018261
E-Mail – busicomp@vsnl.com

9. **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.

10. **Distribution of shareholding as at March 31, 2009.**

| Slab of shareholdings No. of Shares | No. of Shareholders | % | Amount (Rs.) | % |
|--|---------------------|--------|--------------|--------|
| Upto 5000 | 4184 | 82.23 | 74,81,480 | 7.57 |
| 5001-10000 | 462 | 9.08 | 40,37,160 | 4.08 |
| 10001-20000 | 214 | 4.21 | 33,69,760 | 3.41 |
| 20001-30000 | 88 | 1.73 | 22,37,520 | 2.26 |
| 30001-40000 | 34 | 0.67 | 11,83,730 | 1.20 |
| 40001-50000 | 29 | 0.57 | 14,21,770 | 1.44 |
| 50001-100000 | 33 | 0.65 | 24,46,030 | 2.47 |
| 100001 and above | 44 | 0.86 | 7,66,95,170 | 77.57 |
| Total | 5088 | 100.00 | 9,88,72,630 | 100.00 |

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Shareholding Pattern as on March 31, 2009

| Category code | Category of shareholders | No. of share holders | Total no. of shares | No. of shares held in dematerialized form | Total shareholding as a percentage of total no. of shares | |
|---------------|---|----------------------|---------------------|---|---|----------------------------|
| | | | | | As a percentage of (A+B) | As a percentage of (A+B+C) |
| (A) | Shareholder of Promoter and Promoter Group | | | | | |
| 1 | Indian | | | | | |
| (a) | Individuals / Hindu Undivided Family | 22 | 6282953 | 5334622 | 63.55 | 63.55 |
| (b) | Central Government/ State Government(s) | 0 | 0 | 0 | 0 | 0 |
| (c) | Bodies Corporate | 1 | 422211 | 422211 | 4.27 | 4.27 |
| (d) | Financial Institutions/ Banks | 0 | 0 | 0 | 0 | 0 |
| (e) | Any Other(specify) | 0 | 0 | 0 | 0 | 0 |
| | Sub-Total(A)(1) | 23 | 6705164 | 5756833 | 67.82 | 67.82 |
| 2 | Foreign | | | | | |
| (a) | Individuals (Non-Resident Individuals /Foreign Individuals) | 0 | 0 | 0 | 0 | 0 |
| (b) | Bodies Corporate | 0 | 0 | 0 | 0 | 0 |
| (c) | Institutions | 0 | 0 | 0 | 0 | 0 |
| (d) | Any Other (Specify) | 0 | 0 | 0 | 0 | 0 |
| | Sub-Total(A)(2) | 0 | 0 | 0 | 0 | 0 |
| | Total Shareholding of Promoter & Promoter Group (A)=(A)(1)+(A)(2) | 23 | 6705164 | 5756833 | 67.82 | 67.82 |
| (B) | Public Shareholding | | | | | |
| 1 | Institutions | | | | | |
| (a) | Mutual Funds/UTI | 0 | 0 | 0 | 0 | 0 |
| (b) | Financial Institutions/Banks | 1 | 400 | 0 | 0.00 | 0.00 |
| (c) | Central Government/ State Government (s) | 0 | 0 | 0 | 0 | 0 |
| (d) | Venture Capital Funds | 0 | 0 | 0 | 0 | 0 |
| (e) | Insurance Companies | 0 | 0 | 0 | 0 | 0 |
| (f) | Foreign Institutional Investors | 0 | 0 | 0 | 0 | 0 |
| (g) | Foreign Venture Capital Investors | 0 | 0 | 0 | 0 | 0 |
| (h) | Any Other (specify) | 0 | 0 | 0 | 0 | 0 |
| | Sub-Total (B)(1) | 1 | 400 | 0 | 0.00 | 0.00 |
| 2 | Non Institutions | | | | | |
| (a) | Bodies Corporate | 155 | 394246 | 371546 | 3.99 | 3.99 |
| (b) | Individuals | | | | | |
| i | Individual shareholders holding nominal share capital upto Rs. 1 lac. | 4865 | 2038225 | 1755600 | 20.61 | 20.61 |
| ii | Individuals Shareholders holding nominal share capital in excess of Rs. 1 lac. | 28 | 735861 | 735861 | 7.44 | 7.44 |
| (c) | Any other (specify) NRI Repat & Non Repat | 16 | 13367 | 13367 | 0.14 | 0.14 |
| (d) | Any other (specify) | | | | | |
| | Sub-Total (B)(2) | 5064 | 3181699 | 2876374 | 32.18 | 32.18 |
| | Total Public shareholding (B)=(B)(1)+(B)(2) | 5065 | 3182099 | 2876374 | 32.18 | 32.18 |
| | Total (A)+(B) | 5088 | 9887263 | 8633207 | 100 | 100 |
| (C) | Shares held by custodians and against which Depository Receipts have been issued | 0 | 0 | 0 | 0 | 0 |
| | GRAND TOTAL (A)+(B)+(C) | 5088 | 9887263 | 8633207 | 100 | 100 |

11. 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 | 1950778 | 19.73 |
| Central Depository Services (India) Limited, | 6682429 | 67.59 |
| TOTAL DEMATERIALISED | 8633207 | 87.32 |
| PHYSICAL | 1254056 | 12.68 |
| GRAND TOTAL | 9887263 | 100.00 |

12. Investors correspondence :

Purva Sharegistry (India) Pvt.Ltd.,
Shiv Shakti Industrial Estates, Unit No. 9,
7-B, J.R. Boricha Marg, Sitaram Mill Compound, Mumbai – 400 011
Tel No. 23016761/23018261

**13. Address of 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 Ltd for the financial year ended 31st March, 2009

For Chandni Textiles Ltd

Mumbai

30th June, 2009

J.R. Mehta
Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

The Company has successfully revived its Engineering Division and launched advanced model of twisting machine which has been well received in the market. However the company has suffered initial losses due to promotional activities and change of specifications. The Company is however in negotiations with lot of customers and is hopeful of receiving good orders

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

**AUDITOR'S CERTIFICATE ON COMPLIANCE OF CONDITIONS OF
CORPORATE GOVERNANCE**

**TO
THE MEMBERS OF
CHANDNI TEXTILES LIMITED**

We have examined the compliance of conditions of Corporate Governance by **Chandni Textiles Limited** for the year ended 31st March, 2008, 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**

**(Deepak H. Padachh)
Partner**

Membership No. 45741

Place : Mumbai

Date : 30th June, 2009

DIRECTOR'S REPORT TO THE MEMBERS

Your Directors have pleasure in presenting their 23rd Annual Report together with Audited Statement of Accounts for the year ended 31st March, 2009.

1) FINANCIAL RESULT

(Rs. in Lacs)

| Particulars | 2008-2009 | 2007-2008 |
|---|-----------|-----------|
| Sales & other income | 1176.87 | 1068.19 |
| Profit/(Loss) before depreciation, interest & tax | (425.00) | 208.71 |
| Less : Depreciation | 31.89 | 67.21 |
| Interest | 25.06 | 71.38 |
| Profit/(Loss) before tax & exceptional items | (481.95) | 70.12 |
| Less : Exceptional items | (73.57) | Nil |
| Profit/(Loss) after tax & exceptional items | (408.38) | 70.12 |
| Provision for tax | | |
| • Current tax | - | 0.60 |
| • Deferred tax asset | (152.26) | (51.34) |
| • Fringe Benefit tax | 1.23 | 1.30 |
| • Short/Excess provision for tax | 0.04 | 0.01 |
| Profit/(Loss) after tax | (257.39) | 119.55 |
| Balance brought forward from previous year | (280.74) | (400.29) |
| Balance carried to balance sheet | (538.13) | (280.74) |

2) DIVIDEND

In view of losses during the year under review, your Directors do not recommend any dividend.

3) OPERATIONS OVERVIEW

(a) ENGINEERING DIVISION

Your Company has successfully revived the Engineering Division and launched advanced model of twisting machine which has been well received in the market. However the company has suffered initial losses due to promotional activities and change of specifications

(b) TEXTILE DIVISION

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

(c) ALUMINIUM FOIL CONTAINER PROJECT

The Company was in the process of importing machinery and moulds from Korea for manufacturing aluminium foil containers. However since the moulds could not be developed to the standards required to give quality output even after giving sufficient time to the supplier the Company decided to shelve the project as going for expensive Italian moulds would have made the project unviable. The Company did not import the machinery and moulds for this project.

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4) RIGHTS ISSUE

The shareholders had approved the issue of rights share vide special resolution passed through postal ballot the results whereof were announced on 19th January, 2009 for financing the working capital requirements for assembling TFO Machines. The Company is in the process of complying with the formalities in this regard.

5) INSURANCE

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

6) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUT GO:

A) Conservation of Energy:

- i) In spite of not being power intensive, your Company enforces strict discipline in reducing power consumption even for its auxiliary services.
- ii) Idle running of machinery consuming high power is restricted to the loading and unloading cycles of the respective machines.

B) Technology Absorption:

Your Company has not imported any technology for manufacture of machinery

| C) Foreign Exchange Earnings and out go : | 2008-09 Rs. | 2007-08 Rs. |
|--|--------------------|--------------------|
| Total Foreign Exchange used | 17,95,694 | 31,56,260 |
| Total Foreign Exchange earned (FOB) | 36,44,786 | 1,24,32,576 |

7) 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

8) DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that in the preparation of the Annual Accounts :

- a) The applicable accounting standards have been followed and wherever required, proper explanations relating to material departures have been given,
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the 31st March, 2009 and its loss for that year.
- c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The accounts have been prepared on a going concern basis.

9) DIRECTORS

Mr. N.L. Bhatia, Director of the Company retires by rotation and is eligible for reappointment.

10) CORPORATE GOVERNANCE

Our Company has complied with the applicable provisions of Corporate Governance as prescribed in the revised clause 49 of the Listing Agreement with the Stock Exchanges. A separate report on Corporate Governance is included as a part of the Annual Report alongwith certificate from Chandan Parmar & Co, Auditors of the Company.

11) AUDITORS

The Auditors M/s. Chandan Parmar & Co retire at the ensuing Annual General Meeting and are eligible for re-appointment.

12) ACKNOWLEDGEMENT

Your Directors thank the Shareholders, EDC Ltd., Company's Bankers 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 June, 2009

Chairman

AUDITORS' REPORT

**TO
THE MEMBERS OF
CHANDNI TEXTILES LIMITED**

1. We have audited the attached Balance Sheet of **CHANDNI TEXTILES LIMITED** as at 31st March, 2009 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, 2009 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2009 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, 2009;
 - b) in the case of the Profit and Loss Account, of the loss 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**

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

**Place : Mumbai
Date : 30th June, 2009**

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) The company has disposed off substantial part of its fixed assets including land and building during the year. In opinion of the management, the fixed assets disposed off during the year were found to be surplus and redundant considering the company's plan to consolidate business operations. According to the information and explanations given to us and on the basis of audit procedures performed by us, in our opinion, the disposal of these fixed assets has not affected the going concern assumption.
- [ii] (a) As informed to us, the inventory in the company's possession has been physically verified at reasonable intervals during the year by the management. In respect of inventory lying with the third parties, the same have substantially been confirmed by them at reasonable intervals during the year.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion, the company is maintaining proper records of inventory. The discrepancies noticed on verification between physical stock and book records were not material.
- [iii] (a) The company has not granted any loans, secured or unsecured, to the companies, firms or other parties covered in the register maintained u/s.301 of the Companies Act, 1956.
- (b) The company has taken interest free unsecured loans from three parties covered in the register maintained under section 301 of the Companies Act, 1956. The year end balance of such loans were Rs.65,80,919/- and the maximum amount outstanding at any time during the year of such loans were Rs.1,47,76,971/-.
- (c) In our opinion, the other terms and conditions of such loans taken by the company are prima facie not prejudicial to the interest of the company.
- (d) The terms of payment of principal amount of such loans are not stipulated and hence no comments regarding regularity of payment of principal amount.
- [iv] In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- [v] (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, there were no transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of each party during the year except interest-free unsecured loans from parties as reported in clause [iii] hereinabove.
- [vi] The company has not accepted any deposits from the public.
- [vii] The company does not have an internal audit system.

CHANDNI TEXTILES LTD.

- 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 is not generally regular in depositing with the appropriate authorities the undisputed statutory dues applicable to it. There were no arrears of outstanding undisputed statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable except cess-tax amounting to Rs.34,755/- for the period April, 2006 to March 2007 and income tax amounting to Rs.22,473/- for the financial year 2003-04.
- (b) According to information and explanations given to us, there are no dues of income tax, sales tax, custom duty, wealth tax, service tax, excise duty, cess tax which have not been deposited on account of any dispute.
- [x] The company's accumulated losses as at 31st March, 2009 is less than fifty per cent of its net worth. The company has incurred cash losses during the financial year ended on 31st March, 2009 and also in the immediately preceding financial year.
- [xi] According to the information and explanations provided to us, the company has been generally regular in making repayment of dues to the banks. As informed to us, the company has been generally regular in making payment of installments and interest on term loans to EDC Ltd., a financial institution, as per the terms of restructuring and reschedulement of such term loans.
- [xii] According to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4(xii) of the Order is not applicable.
- [xiii] The company is not a chit fund or a nidhi/mutual benefit fund or a society. Accordingly, clause 4(xiii) of the Order is not applicable.
- [xiv] According to the information and explanations given to us, in our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, clause 4(xiv) of the Order is not applicable.
- [xv] According to the information and explanations given to us, the company has not provided any guarantees for loans taken by others from banks. Accordingly, clause 4(xv) of the order is not applicable.
- [xvi] According to the information and explanation given to us, the company has not obtained any terms loans during the year.
- [xvii] According to the information and explanation given to us and on an overall examination of the balance sheet of the company, in our opinion, the funds raised on short term basis have not been used for long term investments.
- [xviii] 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

(Deepak H. Padachh)
Partner

Membership No. 45741

Place : Mumbai

Date : 30th June, 2009

BALANCE SHEET AS AT 31st March, 2009

| | Schedule No. | (Rupees) | AS AT 31/03/2009 (Rupees) | AS AT 31/03/2008 (Rupees) |
|--|-----------------|-------------------|---------------------------------|---------------------------------|
| SOURCES OF FUNDS : | | | | |
| Shareholders' Funds : | | | | |
| Share Capital | 1 | 98,872,630 | | 98,872,624 |
| Reserves & Surplus | 2 | <u>18,240,000</u> | | <u>18,240,000</u> |
| | | | 117,112,630 | 117,112,624 |
| Loan Funds : | | | | |
| Secured Loans | 3 | 12,283,165 | | 40,558,740 |
| Unsecured Loans | 4 | <u>6,973,891</u> | | <u>16,013,678</u> |
| | | | 19,257,056 | 56,572,418 |
| Total | | | <u><u>136,369,686</u></u> | <u><u>173,685,042</u></u> |
| APPLICATION OF FUNDS : | | | | |
| Fixed Assets : | | | | |
| Gross Block | 5 | 54,194,630 | | 151,614,441 |
| Less : Depreciation | | <u>21,294,387</u> | | <u>38,430,672</u> |
| Net Block | | | 32,900,243 | 113,183,769 |
| Investments | 6 | | 1,106,000 | 1,106,000 |
| Current Assets, Loans & Advances : | | | | |
| Inventories | 7 | 402,006 | | 16,890,080 |
| Sundry Debtors | 8 | 22,619,855 | | 10,299,215 |
| Cash & Bank Balance | 9 | 10,057,409 | | 22,107,613 |
| Other Current Assets | 10 | 4,014,686 | | 13,124,790 |
| Loans & Advances | 11 | <u>7,382,212</u> | | <u>11,835,942</u> |
| | | 44,476,168 | | 74,257,640 |
| Less : Current Liabilities & Provisions | 12 | | | |
| Current Liabilities | | 12,771,062 | | 43,970,357 |
| Provisions | | <u>132,473</u> | | <u>152,473</u> |
| | | <u>12,903,535</u> | | <u>44,122,830</u> |
| Net Current Assets | | | 31,572,633 | 30,134,810 |
| Miscellaneous Expenditure (To the extent not written off or adjusted) | 13 | | 1,529,264 | 964,257 |
| Deferred Tax Asset (Net) | | | 15,448,156 | 222,104 |
| Profit & Loss Account | | | 53,813,390 | 28,074,102 |
| Total | | | <u><u>136,369,686</u></u> | <u><u>173,685,042</u></u> |
| Accounting Policies and Notes on Accounts Schedules referred above form part of accounts. | 19 | | | |

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

Deepak H. Padachh
Partner
Membership No.45741

Place :MUMBAI
Date : 30-6-2009

On behalf of the Board

Managing Director
J.R. Mehta

Director
A.J. Mehta

Place :MUMBAI
Date : 30-6-2009

CHANDNI TEXTILES LTD.

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st March,2009

| | Schedule No. | 2008-09 (Rupees) | 2007-08 (Rupees) |
|--|------------------|---------------------|---------------------|
| INCOME : | | | |
| Sales & Services | 14 | 109,776,509 | 98,789,650 |
| Other Income | 15 | 7,910,370 | 8,029,462 |
| | Total (A) | 117,686,878 | 106,819,112 |
| EXPENDITURE : | | | |
| Decrease in Finished & Process Stocks | 16 | 6,793,855 | 14,437,284 |
| Material Costs | 17 | 98,429,990 | 29,243,068 |
| Manufacturing & Other Expenses | 18 | 53,193,831 | 38,522,962 |
| Interest | | 2,506,472 | 7,138,412 |
| Depreciation | | 3,188,602 | 6,721,344 |
| Doubtful debts | | 1,154,181 | - |
| Preliminary/Amalgamation Expenses W/off | | 292,299 | 292,299 |
| Prior period adjustments | | 322,694 | 200,939 |
| | Total (B) | 165,881,924 | 96,556,308 |
| | (A) - (B) | (48,195,046) | 10,262,804 |
| Add: Exceptional items | | | |
| Profit on sale / disposal of Fixed Assets (net) | | 14,876,473 | (3,250,956) |
| Insurance claim of Loss due to fire repudiated | | (7,519,459) | - |
| | | 7,357,014 | (3,250,956) |
| (Loss) / Profit for the year | | (40,838,032) | 7,011,848 |
| Less : Tax Expenses | | | |
| Current Tax | | - | 60,000 |
| Short/Excess Provision of Tax | | 4,283 | 1,047 |
| Deferred Tax | | (15,226,052) | (5,134,502) |
| Fringe Benefit Tax | | 123,024 | 130,000 |
| | | (15,098,744) | (4,943,455) |
| (Loss) / Profit after Tax | | (25,739,288) | 11,955,302 |
| Add : Balance brought forward | | (28,074,102) | (40,029,404) |
| Balance carried to the Balance Sheet | | (53,813,390) | (28,074,102) |
| Earning Per Share - Annualised | | (2.60) | 1.21 |
| Accounting Policies and Notes on Accounts | 19 | | |
| Schedules referred above form part of accounts. | | | |

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

(Deepak H. Padachh)
Partner
Membership No.45741

Place :MUMBAI
Date : 30-6-2009

On behalf of the Board

Managing Director
J.R. Mehta

Director
A.J. Mehta

Place :MUMBAI
Date : 30-6-2009

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2009

| Particulars | 31/03/09 | | 31/03/08 | |
|---|-------------------|-------------------|-------------------|-------------------|
| | Rupees in '000 | Rupees in '000 | Rupees in '000 | Rupees in '000 |
| A. Cash flow from operating activities: | | | | |
| (Loss) / Profit before Tax | | (40,838) | | 7,012 |
| Adjustments for : | | | | |
| Depreciation | 3,189 | | 6,721 | |
| Interest paid | 2,506 | | 7,138 | |
| Preliminary & Amalgamation expenses w/off | 292 | | 292 | |
| Doubtful debts | 1,154 | | - | |
| Loss/(Profit) on sale of Fixed Assets | (16,351) | (9,211) | 2,743 | 16,894 |
| Operating profit before working capital changes | | (50,049) | | 23,906 |
| Adjustments for: | | | | |
| (Increase)/Decrease in Trade and other receivables | 897 | | 15,591 | |
| (Increase)/Decrease in Inventories | 16,488 | | 14,005 | |
| Increase/(Decrease) in Trade payables | (31,199) | (13,814) | (9,717) | 19,879 |
| Operating profit after working capital changes | | (63,862) | | 43,785 |
| Direct taxes paid | | (955) | | (1,147) |
| Net Cash generated from operating activities | | (64,818) | | 42,638 |
| B. Cash flow from investing activities: | | | | |
| Purchase of fixed assets | (910) | | (10,526) | |
| Sale of fixed assets | 94,356 | | 44,780 | |
| Net cash flow from investing activities | | 93,445 | | 34,254 |
| C. Cash flow from financing activities | | | | |
| Preliminary Expenses incurred | (857) | | (354) | |
| Proceeds from long term borrowings | (37,315) | | (50,742) | |
| Interest paid | (2,506) | | (7,138) | |
| Net cash used in financing activities | | (40,678) | | (58,234) |
| Net(decrease)/ increase in cash and cash equivalents | | (12,050) | | 18,658 |
| Cash and cash equivalents at the beginning of the year | | 22,108 | | 3,450 |
| Cash and cash equivalents at the end of the year | | 10,057 | | 22,108 |

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

(Deepak H. Padachh)
Partner
Membership No.45741

Place :MUMBAI
Date : 30-6-2009

On behalf of the Board

Managing Director
J.R. Mehta

Director
A.J. Mehta
Place :MUMBAI
Date : 30-6-2009

CHANDNI TEXTILES LTD.

SCHEDULES FORMING PART OF ACCOUNTS

| | AS AT 31/03/2009 (Rupees) | AS AT 31/03/2008 (Rupees) |
|--|---------------------------------|---------------------------------|
| Schedule - 1 | | |
| SHARE CAPITAL | | |
| AUTHORISED : | | |
| 2,00,00,000 Equity Shares of Rs. 10/- each (Previous Year : 1,50,00,000 Equity Shares of Re. 10/- each) | 200,000,000 | 150,000,000 |
| | <u>200,000,000</u> | <u>150,000,000</u> |
| ISSUED & SUBSCRIBED : | | |
| 98,87,263 Equity Shares of Rs. 10/- each fully paid-up. (Previous year : 98,87,262 of Rs. 10/- each) | 98,872,630 | 98,872,620 |
| Fraction amount remaining after consolidation of equity shares into Rs. 10/- | - | 4 |
| | <u>98,872,630</u> | <u>98,872,624</u> |
| Schedule - 2 | | |
| RESERVES AND SURPLUS | | |
| Share Premium Account : | | |
| Balance as per last Balance Sheet | 18,240,000 | 18,240,000 |
| | <u>18,240,000</u> | <u>18,240,000</u> |
| Schedule - 3 | | |
| SECURED LOANS | | |
| From Financial Institutions : | | |
| EDC Ltd. (Secured by way of Equitable Mortgage of Immoveable property of the Company & Group Concern and floating charge on all the other assets of the company (Save and except stocks and bookdebts), and personal guarantees of the directors) | 5,711,078 | 19,901,078 |
| From Bank : | | |
| Term Loans (Secured by way of Equitable Mortgage of immoveable property of the Company & Directors and personal guarantees of the directors) | 6,414,342 | 13,337,204 |
| Working Capital Borrowings (Secured by way of hypothecation of raw materials, stock-in-process & finished goods and book-debts and personal guarantees of the directors) | - | 5,863,080 |
| Interest accrued and due on Term Loans | 157,745 | 1,457,378 |
| | <u>12,283,165</u> | <u>40,558,740</u> |
| Schedule - 4 | | |
| UNSECURED LOANS | | |
| From Banks | 350,090 | 1,037,785 |
| Inter Corporate Deposits | 6,623,801 | 14,965,841 |
| From Directors | - | 10,052 |
| | <u>6,973,891</u> | <u>16,013,678</u> |

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Schedule - 5

FIXED ASSETS :

| Particulars | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|--------------------------|-------------|------------|----------------------------|-------------|--------------|-----------|----------------------------|------------|-------------|-------------|
| | As at | Additions | Deductions/ Adjustments | As at | Upto | For the | Deductions/ Adjustments | Upto | As at | As at |
| | 01/04/08 | | | 31/03/09 | | | | | 31/03/09 | Year |
| Freehold Land | 3,916,634 | - | 2,956,634 | 960,000 | - | - | - | - | 960,000 | 3,916,634 |
| Factory Building | 22,622,462 | 234,914 | 22,622,462 | 234,914 | 3,969,297 | 217,815 | 4,180,448 | 6,664 | 228,250 | 18,653,165 |
| Flats | 12,290,713 | - | 4,681,695 | 7,609,018 | 2,113,970 | 171,118 | 615,163 | 1,669,925 | 5,939,093 | 10,176,743 |
| Office Premises | 6,497,050 | - | - | 6,497,050 | 1,777,957 | 105,902 | - | 1,883,859 | 4,613,191 | 4,719,093 |
| Plant & Machinery | 70,275,016 | - | 51,497,737 | 18,777,279 | 18,022,906 | 2,210,105 | 14,045,989 | 6,187,023 | 12,590,256 | 52,252,110 |
| Furniture & Fixtures | 3,543,231 | - | 523,768 | 3,019,463 | 2,490,456 | 142,662 | 177,474 | 2,455,644 | 563,819 | 1,052,775 |
| Equipments | 6,316,840 | 360,762 | - | 6,677,602 | 4,911,864 | 160,421 | - | 5,072,285 | 1,605,317 | 1,404,976 |
| Vehicles | 1,632,435 | - | 864,874 | 767,561 | 1,241,366 | 79,240 | 721,835 | 598,771 | 168,790 | 391,069 |
| Dyes, Patterns & Tools | 3,039,280 | - | - | 3,039,280 | 2,748,406 | 14,053 | - | 2,762,459 | 276,821 | 290,874 |
| Air Conditioners | 786,479 | 273,478 | - | 1,059,957 | 452,216 | 40,832 | - | 493,048 | 566,909 | 334,263 |
| Electrical Fittings | 2,751,541 | - | 2,438,699 | 312,842 | 702,234 | 46,454 | 583,978 | 164,710 | 148,132 | 2,049,307 |
| Capital Work-in-progress | 17,942,761 | 40,918 | 12,744,014 | 5,239,665 | - | - | - | - | 5,239,665 | 17,942,761 |
| Total Current Year | 151,614,441 | 910,072 | 98,329,883 | 54,194,630 | 38,430,672 | 3,188,602 | 20,324,887 | 21,294,387 | 32,900,243 | 113,183,769 |
| Total Previous Year | 212,643,518 | 18,692,418 | 79,721,495 | 151,614,441 | 55,741,498 | 6,721,344 | 24,032,170 | 38,430,672 | 113,183,769 | 156,902,020 |

| | |
|-------------------|-------------------|
| AS AT | AS AT |
| 31/03/2009 | 31/03/2008 |
| (Rupees) | (Rupees) |

Schedule - 6

INVESTMENTS (AT COST)

Trade -(Unquoted)

| | | |
|--|--------|--------|
| 3200 Shares of Memon Co-op.Bank Ltd. Of Rs.25/- each | 80,000 | 80,000 |
|--|--------|--------|

QUOTED

| | | |
|------------------------|--------|--------|
| Bhilwara Spinners Ltd. | 60,000 | 60,000 |
|------------------------|--------|--------|

| | | |
|-------------------------------------|--|--|
| 3,000 Equity Shares of Rs.10/- each | | |
|-------------------------------------|--|--|

| | | |
|-----------------------------|---------|---------|
| Shree Rajasthan Syntex Ltd. | 966,000 | 966,000 |
|-----------------------------|---------|---------|

| | | |
|--------------------------------------|--|--|
| 32,200 Equity Shares of Rs.10/- each | | |
|--------------------------------------|--|--|

| | | |
|--|------------------|------------------|
| | <u>1,106,000</u> | <u>1,106,000</u> |
|--|------------------|------------------|

| | | |
|------------------------------------|----------------|----------------|
| Market Value of Quoted Investments | <u>185,030</u> | <u>555,030</u> |
|------------------------------------|----------------|----------------|

Schedule - 7

INVENTORIES

(As taken, valued and certified by the management)

| | | |
|---------------------------------------|---------|---------|
| Stores, Spares and packing materials: | 362,874 | 437,874 |
|---------------------------------------|---------|---------|

Stock-in-trade

| | | |
|----------------|---|-----------|
| -Raw Materials | - | 9,048,336 |
|----------------|---|-----------|

| | | |
|------------------|---|---------|
| -Work in Process | - | 510,597 |
|------------------|---|---------|

| | | |
|--------------------------------|--------|-----------|
| -Finished goods / Traded Goods | 39,132 | 6,813,258 |
|--------------------------------|--------|-----------|

| | | |
|------------------|---|--------|
| Goods in transit | - | 80,015 |
|------------------|---|--------|

| | | |
|--|----------------|-------------------|
| | <u>402,006</u> | <u>16,890,080</u> |
|--|----------------|-------------------|

Schedule - 8

SUNDRY DEBTORS

Debts outstanding for a period exceeding six months : (Unsecured)

| | | |
|-----------------|-----------|-----------|
| Considered good | 2,775,915 | 3,320,537 |
|-----------------|-----------|-----------|

| | | |
|---------------------|-----------|---------|
| Considered doubtful | 1,571,382 | 417,201 |
|---------------------|-----------|---------|

| | | |
|------------------------|------------------|----------------|
| Less : Provisions made | <u>1,571,382</u> | <u>417,201</u> |
|------------------------|------------------|----------------|

| | | |
|--|------------|-----------|
| Other debts (Unsecured, considered good) | 19,843,940 | 6,978,678 |
|--|------------|-----------|

| | | |
|--|-------------------|-------------------|
| | <u>22,619,855</u> | <u>10,299,215</u> |
|--|-------------------|-------------------|

CHANDNI TEXTILES LTD.

| | AS AT 31/03/2009 (Rupees) | AS AT 31/03/2008 (Rupees) |
|--|---------------------------------|---------------------------------|
| Schedule - 9 | | |
| CASH & BANK BALANCES | | |
| Cash on hand | 2,965,319 | 2,077,113 |
| Balances with Scheduled Banks : | | |
| - In Current Accounts | 4,372,534 | 16,380,893 |
| - In Fixed Deposits Accounts (Pledged with bank) | 2,134,845 | 2,701,937 |
| - Margin Money | 584,711 | 898,195 |
| - Share Application Refund A/c | - | 49,475 |
| | <u>10,057,409</u> | <u>22,107,613</u> |
| Schedule - 10 | | |
| OTHER CURRENT ASSETS : | | |
| Export Incentives receivable | 215,140 | 804,743 |
| Interest Accrued but not due | 258,819 | 309,898 |
| Claims and other receivables | 3,540,727 | 12,010,149 |
| | <u>4,014,686</u> | <u>13,124,790</u> |
| Schedule - 11 | | |
| LOANS AND ADVANCES : | | |
| (unsecured, considered good) | | |
| Loans to Employees | 24,000 | 117,769 |
| Advances Recoverable in cash or in kind or for value to be received | 2,328,162 | 7,388,350 |
| Deposits with Government Authority | 135,256 | 239,728 |
| Deposits with Others | 859,110 | 862,110 |
| Income Tax (less provision) | 4,035,684 | 3,227,985 |
| | <u>7,382,212</u> | <u>11,835,942</u> |
| Schedule - 12 | | |
| CURRENT LIABILITIES & PROVISIONS: | | |
| (A) CURRENT LIABILITIES : | | |
| Interest Accrued but not due | 46,529 | 62,083 |
| Advances against orders | 1,496,463 | 2,274,080 |
| Sundry Creditors | 8,712,022 | 14,396,671 |
| Share Application Refund A/C | - | 49,475 |
| Other Liabilities | 2,516,048 | 27,188,048 |
| | <u>(A) 12,771,062</u> | <u>43,970,357</u> |
| (B) PROVISIONS : | | |
| For Income Tax | 22,473 | 22,473 |
| For Fringe Benefit Tax | 110,000 | 130,000 |
| | <u>(B) 132,473</u> | <u>152,473</u> |
| | <u>(A) + (B) 12,903,535</u> | <u>44,122,830</u> |
| Schedule - 13 | | |
| MISCELLANEOUS EXPENDITURE : | | |
| (To the extent not written off or adjusted) | | |
| (i) Preliminary Expenses | | |
| Transferred from amalgamating companies | 77,586 | 97,948 |
| Less : 1/10th Written off | 20,362 | 20,362 |
| | 57,224 | 77,586 |
| (ii) Deferred Revenue Expenditure | | |
| Balance brought forward | 886,671 | 804,308 |
| Add : Incurred during the year | - | 354,300 |
| | 886,671 | 1,158,608 |
| Less : 1/5th Written off | 271,937 | 271,937 |
| | 614,734 | 886,671 |
| (iii) Rights Issue Expenses | | |
| | 857,306 | - |
| | <u>1,529,264</u> | <u>964,257</u> |

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| | AS AT 31/03/2009 (Rupees) | AS AT 31/03/2008 (Rupees) |
|---|---------------------------------|---------------------------------|
| Schedule - 14 | | |
| SALES & SERVICES : | | |
| Sales | 109,460,789 | 88,218,702 |
| Income from Job Work | 315,720 | 10,570,948 |
| [Tax deducted : Rs. 9,353/-; Previous year Rs.9,52,098/-] | | |
| | <u>109,776,509</u> | <u>98,789,650</u> |
| | | |
| Schedule - 15 | | |
| OTHER INCOME : | | |
| Export Incentives | 251,002 | 1,283,467 |
| Dividend | - | 32,200 |
| Rent (Gross) | 4,978,150 | 3,967,003 |
| (Tax deducted : Rs .10,22,088/-; Previous year Rs.4,69,042/-) | | |
| Interest on Bank Deposits (Gross) : | 831,028. | 198,289 |
| (Tax deducted : Rs. 1,62,609/-; Previous year Rs.38,573/-) | | |
| Interest from Others | 200,435 | 289,877 |
| Foreign Exchange gain (Net) | 302,945 | - |
| Miscellaneous income | 1,044,434 | 23,161 |
| Sundry Balance W/off / Provisions no longer required | 302,376 | 2,235,465 |
| | <u>7,910,370</u> | <u>8,029,462</u> |
| | | |
| Schedule - 16 | | |
| DECREASE IN FINISHED & PROCESS STOCKS : | | |
| Opening Stock : | | |
| Finished Goods | 6,283,258 | 28,551,492 |
| Work in Process | 510,597 | 199,106 |
| | <u>6,793,855</u> | <u>28,750,598</u> |
| Less : Goods destroyed by fire | - | 7,519,459 |
| | <u>6,793,855</u> | <u>21,231,139</u> |
| Closing Stock : | | |
| Finished Goods | - | 6,283,258 |
| Work in Process | - | 510,597 |
| | <u>-</u> | <u>6,793,855</u> |
| | <u>6,793,855</u> | <u>14,437,284</u> |
| | | |
| Schedule - 17 | | |
| MATERIAL COSTS : | | |
| A) Raw Materials consumed : | | |
| Opening Stock | 9,048,336 | 1,640,264 |
| Purchases | 33,254,376 | 33,696,748 |
| | <u>42,302,712</u> | <u>35,337,012</u> |
| Add : Components transferred from Capital WIP | 12,107,882 | - |
| | <u>54,410,594</u> | <u>35,337,012</u> |
| Less : Closing Stock | - | 9,048,336 |
| | <u>54,410,594</u> | <u>26,288,676</u> |
| | | |
| B) Cost of Traded Goods : | | |
| Opening Stock | 530,000 | - |
| Purchases | 43,528,528 | 3,484,392 |
| | <u>44,058,528</u> | <u>3,484,392</u> |
| Less : Closing Stock | 39,132 | 530,000 |
| | <u>44,019,396</u> | <u>2,954,392</u> |
| | <u>98,429,990</u> | <u>29,243,068</u> |

CHANDNI TEXTILES LTD.

| | AS AT 31/03/2009 (Rupees) | AS AT 31/03/2008 (Rupees) |
|---|---------------------------------|---------------------------------|
| Schedule - 18 | | |
| MANUFACTURING & OTHER EXPENSES : | | |
| A) Manufacturing Expenses : | | |
| Stores, Spares and Packing Materials | 442,597 | 3,499,432 |
| Labour & Processing Charges | 12,733,847 | 6,292,998 |
| Central Excise Duty | 8,732,037 | 6,935,959 |
| Power & Fuel | 840,031 | 4,950,660 |
| Repairs - Plant & Machinery | 22,915 | 194,957 |
| Transportation Charges | 1,139,371 | 320,352 |
| Other Manufacturing Expenses | 2,084,000 | 485,033 |
| | (A) <u>25,994,798</u> | <u>22,679,391</u> |
| B) Employees' Costs & Benefits : | | |
| Salaries, Wages and Bonus Etc. | 4,464,176 | 3,710,568 |
| Contribution to Provident Fund, Gratuity Scheme etc. | 81,393 | 148,520 |
| Employees Welfare Expenses | 110,054 | 203,194 |
| | (B) <u>4,655,623</u> | <u>4,062,282</u> |
| C) ADMINISTRATIVE , SELLING AND OTHER EXPENSES : | | |
| Bank Charges | 195,909 | 430,547 |
| Clearing, Forwarding & Freight | 318,921 | 884,157 |
| Commission | 12,588,615 | 375,344 |
| Travelling & Conveyance | 1,533,461 | 1,085,914 |
| Telephone, Postage & Telegram | 898,615 | 827,788 |
| Electricity Charges | 164,973 | 298,857 |
| Directors Remuneration | 547,092 | 547,092 |
| Exhibition Expenses | 1,073,231 | 1,392,301 |
| Sampling, Sales Promotion & Advertisement | 469,469 | 143,310 |
| Insurance | 58,290 | 241,767 |
| Legal & Professional Charges | 336,430 | 393,117 |
| Rent, Rates & Taxes | 1,070,108 | 812,455 |
| Repairs - Others | 171,752 | 475,444 |
| General Expenses | 983,264 | 853,936 |
| Sales-tax & Cess-tax | 1,873,514 | 2,594,484 |
| Remuneration to Auditor : | | |
| - For Audit Fees | 64,279 | 67,488 |
| - For Tax Audit Fees | 20,206 | 16,872 |
| - For Other matters | 175,281 | 317,053 |
| | 259,766 | 401,413 |
| Foreign Exchange Loss (Net) | - | 23,364 |
| | (C) <u>22,543,410</u> | <u>11,781,290</u> |
| Total | (A)+(B)+(C) <u>53,193,831</u> | <u>38,522,962</u> |

SCHEDULE – 19

ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(A) SIGNIFICANT ACCOUNTING POLICIES :

(1) BASIS OF ACCOUNTING

The financial statements are prepared on historical cost convention on accrual basis in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.

(2) REVENUE RECOGNITION

Revenue is recognized to the extent it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

(i) Sale of goods

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales revenue is net of sales return, discounts and rebates.

(ii) Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

(iii) Rent

Revenue is recognized on accrual basis.

(3) FIXED ASSETS

Fixed Assets are stated at cost net of modvat, 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 raw-materials, work-in-process, packing materials are valued at cost. Stock of finished goods are 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 at the rates prevailing as on the date of transaction. Foreign currency transactions remaining unsettled at the year end are translated at the rates prevailing at the year end. Any exchange difference either on settlement or on translation is recognised in the profit & loss account except in the cases where they relate to acquisition of fixed assets in which case they are adjusted to the cost of such assets. In case of transactions covered by forward contracts, the difference between the contract rate and exchange rate prevailing on the date of the transaction, is adjusted to the cost of fixed assets or charged to the Profit & Loss Account, as the case may be, proportionately over the contract period.

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(8) RETIREMENT BENEFITS

Retirement benefits in the form of contribution to Provident Fund and Gratuity is accounted on accrual basis. Leave salary is accounted on payment basis.

(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. Right issue expenses shall be amortised over a period of 5 years from the year in which right issue is made.

(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 date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

(B) NOTES TO ACCOUNTS :-

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

- Counter guarantees given to the Company's bankers for the guarantees issued by them on behalf of the Company - Rs. Nil/- (Previous Year Rs.22,81,600/-)
- Letters of Credit issued on behalf of the Company and outstanding- Rs.Nil/- (Previous Year Rs.29,42,188/-)
- Claims against the Company not acknowledged as debts represent suits filed by parties and disputed by the Company Rs.25,45,133/-

(2) Stock of finished goods valued at cost amounting to Rs.75,19,459/- was destroyed in a fire which took place on 5-2-2008 at the factory premises of the company. The insurance claim of Rs.75,19,459/- for loss of stock lodged by the company with Cholamandalam MS General Insurance Company Ltd has been repudiated during the year. Consequently the loss due to repudiation of insurance claim is charged to revenue account during the year.

(3) Advances recoverable in cash or kind include dues from Companies under the same management :

| Particulars | Current Year | Previous Year |
|---|--------------|---------------|
| J. R. Texmachtrade Pvt. Ltd.. | Nil | 1,13,261 |
| [Maximum amount due at any time during the year :] | (1,13,261) | (17,85,990) |

(4) Micro, Small and Medium Enterprises

Micro, Small and Medium Enterprise under Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information available with the Company and the required disclosure are given below :-

| Particulars | 31-3-2009 | 31-3-2008 |
|---|-----------|-----------|
| i) Principal amount remaining unpaid on 31st March, 2009 | Nil | Nil |
| ii) Interest due thereon as on 31st March, 2009 | 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 31st March, 2009 | 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 |

(5) In the opinion of the Board, sundry debtors, loans and advances and other current assets are approximately of the value stated if realized in the ordinary course of business. The provisions for all known liabilities is adequate and not in excess of the amount reasonably necessary.

(6) Additional information pursuant to the provision of paragraphs 3,4,4C and 4D of II of Schedule VI of Companies Act, 1956 (As certified by the Management)

A) CAPACITY & PRODUCTION

| | UNIT | INSTALLED CAPACITY | | PRODUCTION | |
|------------------------|-------|--------------------|---------------|--------------|---------------|
| | | CURRENT YEAR | PREVIOUS YEAR | CURRENT YEAR | PREVIOUS YEAR |
| (a) WOVEN PILE FABRICS | Mtrs. | 57,000 | 57,000 | Nil | Nil |
| (b) CHENILLE YARN | Kgs. | 3,00,000 | 4,05,000 | 34,303 | * 88,308 |
| (c) TEXTILE MACHINERY | Nos. | 100 | 100 | 23 | 26 |

*(including Jobwork)

The Companys' products are exempt from licensing requirement as per statement of Industrial Policy dated 24th July 1991, read with notification No.S.O.477(E) dt. 25-07-91

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B) SALES AND TURNOVER

| | UNIT | CURRENT YEAR | | PREVIOUS YEAR | |
|----------------------------|-------|--------------|---------------------|---------------|--------------------|
| | | Qty. | Value (Rs.) | Qty. | Value (Rs.) |
| (a) Woven Pile Fabric | Mtrs. | 75,597 | 51,10,868 | 1,93,409 | 1,03,99,682 |
| (b) Chenille Yarn | Kgs. | 47,040 | 57,66,222 | 97,784 | 1,59,71,783 |
| (c) Textile Machinery | Nos. | 36 | 6,56,92,049 | 26 | 6,11,74,652 |
| (d) Revenue from Jobwork:- | | | | | |
| i) Chenille Yarn | Kgs. | Nil | Nil | 3,993 | 1,99,693 |
| ii) Twisted Yarn | Kgs. | 40,856 | 3,15,720 | 10,71,232 | 1,03,71,255 |
| (e) Fancy Shirting | Mtrs. | 5,93,700 | 3,19,30,552 | Nil | Nil |
| (f) Components & Spares | | | 7,23,324 | | 6,34,792 |
| (g) Yarn | Kgs. | 14,212 | 1,96,433 | 2,658 | 26,883 |
| (h) Throws | Nos. | 579 | 41,341 | Nil | Nil |
| (i) Others | | Nil | Nil | Nil | 10,910 |
| | | | 10,97,76,509 | | 9,87,89,650 |

C) STOCK

| | UNIT | CURRENT YEAR | | PREVIOUS YEAR | |
|-----------------------------|-------|--------------|------------------|---------------|--------------------|
| | | Qty. | Value (Rs.) | Qty. | Value (Rs.) |
| (a) OPENING STOCK | | | | | |
| i) Woven Pile Fabric | Mtrs. | 48,692 | 33,57,843 | 3,83,694 | 2,99,79,237 |
| ii) Chenille yarn | Kgs. | 12,737 | 24,83,546 | 23,215 | 44,42,722 |
| iii) Chenille Throws | Nos. | 579 | 4,41,869 | 579 | 4,41,542 |
| iv) Machinery | Nos. | 1 | 5,30,000 | Nil | Nil |
| | | | 68,13,258 | | 3,48,63,501 |
| (b) CLOSING STOCK :- | | | | | |
| I) Woven Pile Fabric | Mtrs. | 353 | 39,132 | 48,692 | 33,57,843 |
| ii) Chenille yarn | Kgs. | Nil | Nil | 12,737 | 24,83,546 |
| iii) Chenille Throws | Nos. | Nil | Nil | 579 | 4,41,869 |
| iv) Machinery | Nos. | Nil | Nil | 1 | 5,30,000 |
| | | | 39,132 | | 68,13,258 |

D) PURCHASES

| | UNIT | CURRENT YEAR | | PREVIOUS YEAR | |
|---------------------|-------|--------------|--------------------|---------------|------------------|
| | | Qty. | Value (Rs.) | Qty. | Value (Rs.) |
| i) Velvet Fabrics | Mtrs. | 28,026 | 27,52,665 | 31,092 | 29,54,392 |
| ii) Machinery | Nos. | 12 | 18,36,761 | 1 | 5,30,000 |
| iii) Fancy Shirting | Mtrs. | 5,93,700 | 3,89,40,102 | Nil | Nil |
| | | | 4,35,28,528 | | 34,84,392 |

E) RAW MATERIALS CONSUMED

| | UNIT | CURRENT YEAR | | PREVIOUS YEAR | |
|----------------------|------|--------------|--------------------|---------------|--------------------|
| | | Qty. | Value (Rs.) | Qty. | Value (Rs.) |
| i) Yarn | Kgs. | 35,965 | 46,23,797 | 89,220 | 90,41,097 |
| ii) Components/Parts | | | 4,97,86,797 | | 1,72,47,579 |
| | | | 5,44,10,594 | | 2,62,88,676 |

F) VALUE OF RAW MATERIALS AND STORES & SPARES CONSUMED

| | CURRENT YEAR | | PREVIOUS YEAR | |
|--|--------------------|-------------------|--------------------|-------------------|
| | Value (Rs.) | Percentage (%) | Value (Rs.) | Percentage (%) |
| i) Raw Materials | | | | |
| Imported | 42,648 | 0.08 | 4,06,582 | 1.55 |
| Indigenous | 5,43,67,946 | 99.92 | 2,58,82,094 | 98.45 |
| | 5,44,10,594 | 100.00 | 2,62,88,676 | 100.00 |
| ii) Consumable Stores and Spares & Packing Material | | | | |
| Imported | 1,43,315 | 32.38 | 1,74,844 | 5.00 |
| Indigenous | 2,99,282 | 67.62 | 33,24,588 | 95.00 |
| | 4,42,597 | 100.00 | 34,99,432 | 100.00 |

G) VALUE OF IMPORTS ON CIF BASIS

| | CURRENT YEAR (Rs.) | PREVIOUS YEAR (Rs.) |
|-----------------|-----------------------|------------------------|
| Components | 34,367 | 7,97,836 |
| Stores & Spares | 1,08,485 | 1,39,923 |
| Machinery | 13,68,800 | 9,07,047 |

H) EXPENDITURE IN FOREIGN CURRENCY

| | | |
|---------------------|----------|----------|
| Foreign Travelling | 2,48,497 | 2,95,646 |
| Exhibition Expenses | Nil | 8,94,766 |
| Commission | 35,545 | 1,21,042 |

I) EARNING IN FOREIGN CURRENCY

| | | |
|-----------------------------|-----------|-------------|
| Export Sales (F.O.B. BASIS) | 36,44,786 | 1,24,32,576 |
|-----------------------------|-----------|-------------|

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

| Deferred Tax Liability / (Assets) | 31-3-2009 Rs. | 31-3-2008 Rs. |
|--|----------------------|-------------------|
| Timing difference on account of Depreciation | (26,70,904) | 1,06,54,294 |
| Expenses allowable on payment basis under Tax laws | (2,18,445) | (9,58,714) |
| Provision for doubtful debts | (5,34,113) | (1,41,807) |
| Business Loss/Unabsorbed Depreciation | (1,20,24,694) | (97,75,877) |
| Net Deferred Tax (Assets)/Liability | (1,54,48,156) | (2,22,104) |

(8) Segment Reporting

The Company has disclosed and reported Business Segment as the primary segment. Segments have been identified taking into account the nature of the products, the differing risks and returns, the organisational structure and internal reporting system. Accordingly the company has identified Engineering Division and Textile Division as the main business segments as per the Accounting Standard on "Segment Reporting" (AS-17) issued by The Institute of Chartered Accountants of India.

The Company has disclosed and reported Geographical Segment as the secondary segment on the basis of location of its customers within India and outside India.

Segment Revenue, Segment Results, Segment Assets and Segment Liabilities include the respective amounts identifiable to each of the segments as also amounts allocated on a reasonable basis. The income & expenses, which are not directly relatable to the business segment, are shown as unallocated corporate costs net of unallocable income. Similarly Assets and Liabilities that cannot be allocated between segments are shown as unallocated corporate assets and liabilities respectively.

(a) Information about Primary Segments (Business Segments)

| Particulars | Year ended 31-3-2009 | Year ended 31-3-2008 |
|--|-------------------------|-------------------------|
| 1 Segment Revenue | | |
| a. Engineering Division | 6,64,15,373 | 6,18,09,444 |
| b. Textile Division | 4,33,61,136 | 3,69,80,206 |
| Total | 10,97,76,509 | 9,87,89,650 |
| Less : Inter Segment Revenue | - | - |
| Net Sales/Income from Operations | 10,97,76,509 | 9,87,89,650 |
| 2 Segment Results | | |
| Profit /(loss) before tax and Interest | | |
| a. Engineering Division | (2,51,65,858) | 3,20,31,798 |
| b. Textile Division | (1,30,27,951) | (1,17,61,163) |
| Total | (3,81,93,809) | 2,02,70,635 |
| Less : i Interest | 25,06,472 | 71,38,412 |
| ii Other un-allocable expenditure net off un-allocable income | 1,37,764 | 61,20,375 |
| Total Profit /(loss) Before Tax | (4,08,38,045) | 70,11,848 |
| 3 Capital Employed (Segment Assets - Segment Liabilities) | | |
| a. Engineering Division | 2,04,29,964 | 1,00,55,679 |
| b. Textile Division | 1,32,67,532 | -6,29,22,853 |
| Add /(Less):- Unallocable Assets less Liabilities | 2,96,01,744 | 1,60,59,990 |
| Total Capital Employed in the Company | 6,32,99,240 | 8,90,38,522 |

b) Information about Secondary Segments : (Geographical Segments)

| | India Rs. | Outside India Rs. | Total Rs. |
|---------------------------------------|---------------------|----------------------|---------------------|
| Revenue by Geographical Market | | | |
| External | 10,61,31,723 | 36,44,786 | 10,97,76,509 |
| Inter - segment | - | - | - |
| Total | 10,61,31,723 | 36,44,786 | 10,97,76,509 |
| Carrying amount of Segment Assets | 9,46,96,960 | 7,62,871 | 9,54,59,831 |
| Addition to Fixed Assets | 9,10,072 | - | 9,10,072 |

(9) Information on Related Party transaction 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 | b) Associate Companies |
|--|---|
| i) Mr. Jayesh R. Mehta - Managing Director ii) Mrs. Amita J. Mehta - Director | i) Kareshma Dentals Private Limited ii) J. R. Texmachtrade Private Limited |

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

| Nature of Transaction | Key Management Personnel | | Associate Companies | |
|---------------------------------|--------------------------|----------|---------------------|-------------|
| | 2008-09 | 2007-08 | 2008-09 | 2007-08 |
| Rent Received | - | - | 35,000 | 2,10,000 |
| Directors Remuneration | 5,47,092 | 5,47,092 | - | - |
| Outstanding at year end: | | | | |
| Sundry Creditors | 17,116 | 1,18,168 | 24,77,663 | 5,43,099 |
| Advances taken | - | - | - | 1,13,261 |
| Loans taken | - | 10,052 | 65,80,919 | 1,47,66,919 |

(10) Earnings per share:-

| | | Current Year | Previous Year |
|---------------------------------------|------|---------------|---------------|
| a) Profit/(Loss) after tax | Rs. | (2,57,39,288) | 1,19,55,302 |
| b) No. of Equity shares outstanding | Nos. | 98,87,263 | 98,87,262 |
| c) The nominal value per Equity Share | Rs. | 10/- | 10/- |
| d) Earnings per Share - Annualised | Rs. | (2.60) | 1.21 |

(11) Pervious year's figures are grouped / regrouped or arranged / rearranged wherever necessary to make them comparable with the current years figures.

Signature to Schedules 1 to 19

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

On behalf of the Board

(Deepak H. Padachh)
Partner
Membership No.45741

(Managing Director)
J.R. Mehta

(Director)
A.J. Mehta

Place : MUMBAI

Date : 30-6-2009

CHANDNI TEXTILES LTD.

ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956 BALANCE SHEET ABSTRACT AND COMPANY'S BUSINESS PROFILE

I. REGISTRATION DETAILS

| | | | |
|--------------------|------------|------------|----|
| Registration No. : | 40119 | State Code | 11 |
| Balance Sheet Date | 31.03.2009 | | |

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

| | | | |
|--------------|-----|-------------------|-----|
| Public Issue | NIL | Right Issue | NIL |
| Bonus Issue | NIL | Private Placement | NIL |

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

| | | | |
|-------------------|---------|--------------|---------|
| Total Liabilities | 136,370 | Total Assets | 136,370 |
|-------------------|---------|--------------|---------|

SOURCES OF FUNDS

| | | | |
|------------------------|--------|---------------------|--------|
| Paid up Capital | 98,873 | Reserves & Sur plus | 18,240 |
| Secured Loans | 12,283 | Unsecured Loans | 6,974 |
| Deferred Tax Liability | NIL | | |

APPLICATION OF FUNDS

| | | | |
|--------------------|--------|---------------------------|--------|
| Net Fixed Assets | 32,900 | Investments | 1,106 |
| Net Current Assets | 31,573 | Miscellaneous Expenditure | 1,529 |
| Accumulated Losses | 53,813 | Deferred Tax Assets | 15,448 |

IV PERFORMANCE OF COMPANY (AMOUNT IN Rs. THOUSAND)

| | | | |
|----------------------------|----------|-------------------------|----------|
| Turnover | 117,687 | Total Expenditure | 165,882 |
| Profit/(Loss) Before Tax | (48,195) | Profit/(Loss) After Tax | (25,739) |
| Earning per Share (Rupees) | (2.60) | Dividend Rate % | NIL |

V GENERIC NAMES OF PRINCIPAL PRODUCTS OF COMPANY

| | | | |
|--------------------------|----------------|--------------------------|-------------------|
| Item Code No. (ITC Code) | 58013401 | Item Code No. (ITC Code) | 84453090 |
| Product Description | Velvet Fabrics | Product Description | Textile Machinery |
| Item Code No. (ITC Code) | 56060009 | | |
| Product Description | Chenille Yarn | | |

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

(Deepak H. Padachh)
Partner
Membership No.45741

Place : **MUMBAI**
Date : **30-6-2009**

On behalf of the Board

Managing Director
J.R. Mehta

Director
A.J. Mehta

CHANDNI TEXTILES LTD.

Registered Office: 110, T.V. Industrial Estate, 1st Floor, 52 S.K. Ahire Marg, Worli, Mumbai - 400 030

Reg. Folio No. _____

I/We _____

of _____

_____ in the district of _____

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

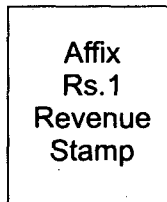
_____ of _____

_____ or failing him _____

_____ in the district of _____

asmy/our proxy to vote for me/our behalf at the 23rd ANNUAL GENERAL MEETING of the Company to be held on Wednesday the 30th September 2009 at 1.30 p.m. at THE QUEENIE CAPTAIN AUDITORIUM C/O THE NAB WORKSHOP FOR THE BLIND DR ANNIE BESENT ROAD, PRABHADEVI, MUMBAI - 30, and at any adjournment there of.

Signed this _____ day



_____ 2009

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.

CHANDNI TEXTILES LTD.

Registered Office: 110, T.V. Industrial Estate, 1st Floor, 52 S.K. Ahire Marg, Worli, Mumbai - 400 030

ATTENDENCE SLIP

TWENTY THIRD ANNUAL GENERAL MEETING - 2009

Reg. Folio No. _____

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

I hereby record my presence at the 23rd Annual General Meeting on Wednesday the 30th September 2009 at 1.30 p.m. at THE QUEENIE CAPTAIN AUDITORIUM C/O THE NAB WORKSHOP FOR THE BLIND DR ANNIE BESENT ROAD, PRABHADEVI, 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.

Book Post

If undelivered please return to:

CHANDNI TEXTILES LTD.

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