

**NOTICE**

Notice is hereby given that the 19<sup>th</sup> Annual General Meeting (AGM) of **M. K. Exim (India) Limited** will be held at the Registered Office: G-1/150, Garment Zone, EPIP, RIICO Industrial Area, Sitapura, Sanganer, Jaipur-302022 (Friday) 30<sup>th</sup> September, 2011 at 10.00 a.m. to transact the following business:-

**ORDINARY BUSINESS:**

1. To receive and adopt the balance sheet as at 31<sup>st</sup> March, 2011 and the profit & loss account for the year ended on that date and the report of the directors and auditors thereon.
2. To appoint a director in place of Shri Kishore Motiyani, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a director in place of Shri Daya Ram Khanchandani, who retires by rotation and being eligible, offers himself for reappointment.
4. To re-appoint auditors and to fix their remuneration.

**Notes :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The proxy form should be lodged with the company at its registered office at least 48 hours before the time of the meeting.
2. The Register of Members and Transfer books of the company will remain closed from 23<sup>rd</sup> September, 2011 to 30<sup>th</sup> September, 2011 (both days inclusive).

3. The shareholders desiring any information as regards accounts are requested to write to the company at an early date, so as to enable the management to keep information ready.
4. Members who continue to hold shares in physical form are requested to intimate any changes in their address immediately with postal pin code to the Company's Registrar & Share Transfer Agent, viz., Beetal Financial and Computer Services Private Limited, Beetal House, 99, Madangir, 3<sup>rd</sup> Floor, Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, New Delhi-110062 quoting their folio members.

FURTHER, please note that in the case of demat shares, any change(s) required in address, bank details, ECS mandate, power of attorney and also requests for registration of nomination, Transmission etc. are to be intimated to your DP and not to the company or our registrars.

By order of the board

Sd/-

**(K L Khanchandani)**  
Managing Director

Place: Jaipur

Date: 17.08.2011

**ANNEXURE TO THE AGM NOTICE****ANNEXURE -A**

Details of Director seeking appointment/reappointment in Annual General Meeting pursuant to Clause 49 of Listing Agreement

<b>Name of Director</b>	<b>Shri Kishore Motiyani</b>	<b>Shri Daya Ram Khanchandani</b>
Date of Birth	08.11.1970	15.04.1931
Date of Appointment	26.12.2005	31.12.1992
Designation	Independent Director	Chairman
Expertise in specific Functional areas	Business	Business
Qualifications	Graduate	Metriculate
Name of Companies in which Directorship held as on 31.03.2011	NIL	Symphony Jewels Private Limited
Member of the Committees of the Board of other Companies as on 31.03.2011	NIL	NIL

By order of the Board  
sd/-  
**(K.L.Khanchandani)**  
Managing Director

Place : Jaipur  
Date : 17.08.2011

**DIRECTORS' REPORT**

Yours Directors have great pleasure in presenting the 19<sup>th</sup> Annual Report on the performance of your Company for the financial year ended on 31<sup>st</sup> March, 2011 along with Audited Statement of Accounts.

The highlights of the financial results of the Company for the Financial Year ended on 31<sup>st</sup> March, 2011 are as under:-

**FINANCIAL HIGHLIGHTS**

Particulars	Rs. In Lacs	
	Financial Year ended on	
	2010-11	2009-10
Sales and other Income	1677.52	319.68
Profit before interest & depreciation	74.71	26.13
Interest	34.82	19.02
Profit after interest but before Depreciation	39.89	7.11
Depreciation	16.11	20.92
Profit/ (Loss) before tax	23.78	(13.81)
Provision for taxation	4.82	0.00
Provision for FBT	0.00	0.00
Deferred Tax Liability (Created)/ Reversed	(3.23)	(70.03)
Net Profit/ (Loss) after tax	21.59	(56.22)

**FINANCIAL PERFORMANCE**

The turnover during the financial year 2011 was Rs. 16,77,51,855/- in comparison of previous year Rs. 2,56,04,677/-. The turnover has increased by approx. 555percentage.

During the year the board has decided to enter into new areas of jewellery and hotel business. The company has made some tie-ups for hotel business, which will be highlighted shortly.

**FIXED DEPOSITS**

The Company has not received/accepted any deposit with in the Section 58A of the Companies Act, 1956 and the rules made there under.

**RESPONSIBILITY STATEMENT****The Directors confirm:**

- that in the preparation of the Annual Accounts, the applicable Accounting Standard has been followed and that no material departures have been made from the same;
- that they have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the State of Affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- that they have taken proper and sufficient care for the maintenance of adequate 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.
- that they have prepared the Annual Accounts on a Going Concern Basis.

**CORPORATE GOVERNANCE**

The Company has implemented all the Provisions of the Corporate Governance as stipulated by Clause 49 of the Listing Agreement with all the Stock Exchanges where the Company's securities are listed. It has always been a constant endeavour of the Company to adopt Good Corporate Governance code through independent board, transparent disclosures, and Shareholders empowerment for creating and sustaining shareholders value. A separate section on Corporate Governance along with a Certificate from the Auditors of the Company certifying

compliance of stipulations of Clause 49 of Listing Agreement with the Stock Exchanges with regard to the Corporate Governance code is annexed with this report.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The report on Management Discussion and Analysis as required under the Listing Agreement with the Stock Exchanges is annexed and forms part of the Directors' Report.

**AUDITORS**

M/s. Vimal Agrawal & Associates, Chartered Accountants, Jaipur the Statutory Auditors of the Company retire and are being eligible for re-appointment. The board recommends for the approval of their re-appointment.

The replies on the observation made by the auditors are as follows;- in auditors report on AS 28 regarding 'Impairment of Assets',

The board making their efforts to get some orders of textiles, by this way these machineries will be utilised.

On AS-15: provisions for gratuity: the board is planning to take some policy etc. from some reputed agencies for the purpose of gratuity.

Irregular in depositing of TDS: the company has deposited the amount, though after prescribed time. In future the board will take all care in depositing the government dues in the time.

**PERSONNEL**

There have been cordial personnel relations in the Company. There was no employee drawing salary of Rs.5,00,000 per month or more and Rs.60,00,000 or more in the year ended March, 31,2011. Therefore, the provisions of Section 217 (2A) of the

Companies Act,1956, read with the, "The Companies (Particulars of Employees) Rules, 1975" are not applicable.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

As required under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988, the information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo is annexed.

**APPRECIATION**

The Directors of your Company sincerely appreciates the help and co-operation rendered by banks, Government and non-governments departments, employees and others who have contributed for the interest of the Company.

By order of the board

sd/-

sd/-

**D R Khanchandani**  
Chairman

**K L Khanchandani**  
Managing Director

Place: Jaipur

Date: 17.08.2011

## ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217(1) (e) read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2011.

**ENERGY CONSERVATION**

The Company has made all round efforts for the conservation of energy. To reduce the energy cost, energy efficient equipments were used.

Total energy consumption per unit of production as prescribed in Form "A":

**I. Power Consumption:**

	Year Ended 31.03.2011	Year Ended 31.03.2010
1. Electricity		
Purchased units	37245	24958
Total Amount (in Rs.)	236120	248188
Rate per unit (in Rs.)	6.33	9.94
2. Diesel		
Purchased (in liters)	NIL	NIL
Total Amount(in Rs.)	NIL	NIL
Rate per liter (in Rs.)	NIL	NIL
3. Coal	NIL	NIL
Furnance Oil	NIL	NIL
4. Other Internal Generation	NIL	NIL

**II. Consumption per unit of Production**

	Year Ended 31.03.2011	Year Ended 31.03.2010
1. Electricity units per mtr. fabrics	NIL	NIL

**TECHNOLOGY ABSORPTION**

Indigenous technology alone is used and Research and Development are carried out continuously.

**FOREIGN EXCHANGE EARNING AND OUTGO****I. Power Consumption:**

	Year Ended 31.03.2011 Rs. in Lacs	Year Ended 31.03.2010 Rs.in Lacs
Total Foreign Exchange earned	1677.51	254.71
Total Foreign Exchange used	NIL	NIL

By order of the Board  
Sd/-  
**(K.L. Khanchandani)**  
Managing Director

Place: Jaipur

Date: 17.08.2011

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**MANAGEMENT DISCUSSION AND ANALYSIS**

**INDUSTRY OUTLOOK**

Indian textile and clothing Industry is one of the largest in the world. India is one of the few countries that has a presence across the entire value chain of the textiles and apparel business starting from fibre production, spinning, weaving/knitting, processing to garment manufacturing.

During the year your company has made some diversification in its business operations. The company has started its business operation its jewellery line also. This business is also a prime opportunity business in our India.

The Company recognizes the challenges of operating in a quota free world and has positioned itself to take advantage of these opportunities.

The Company believes that the Government also has a significant role to play in the growth of this Industry. The Government recognizes the potential of this Industry and is taking a number of steps to improve the competitiveness of this Industry in the global market.

**OPPORTUNITIES AND THREATS**

The opening of the international markets has thrown a host of opportunities with unique set of challenges. The dismantling of quota system has given an added advantage and a huge opportunity to India as compared to other countries including China in the polyester-viscose fabrics, the very product in which the Company specializes. This is especially because viscose fiber is available in abundant quantity in India as compared to China. As such, India is stronger in polyester/ viscose fiber suiting as compared to China and other countries. Thus, in India new designs can be injected faster allowing the

Indian manufacturers to cater to the larger section of the people with a variety of color choices and designs which is not feasible for the Chinese manufacturers. This is one of the reasons that the Indian fabrics, particularly viscose suiting dominates the market as compared to the Chinese fabrics. India, therefore, has a massive edge compared to China in viscose polyester fabrics and China is in effect not a competition considering the target market and business model.

The company intends to export majority of its production from the new looms to the European market where realization is higher as compared to that in African countries.

Various Countries, especially the developed nations may, however, increasingly resort to protectionist measures or regional trade agreements to protect their domestic textile & clothing industry, which has been severely impacted by the imports of low cost products from China.

Despite all round positive developments, the Indian textile sector faces a number of challenges, foremost being infrastructure and inflexible labour laws.

Inflow into India of superior fabric material, counterfeit, fake and misleading selvedge descriptions continues. However, recognizing the threat these superior imports poses, if continued unchecked, the government has taken a number of steps to check the inflow of such products.

Rising oil prices result in higher input prices, especially polyester and fuel, and higher inflation, which will push up to the cost structure.

The management of the company is implementing the diversification plan of entering in jewellery and hotel/resorts activities

for improving the overall performance of the company

**INTERNAL CONTROL SYSTEM**

The Company is in the process of establishing a strong and adequate internal audit and control system to ensure that all transactions are authorized, recorded and reported correctly. The internal control system consists of comprehensive internal and external audits. The Company has an Audit Committee of three independent non-executive directors of the Company. The Audit Committee reviews the adequacy of internal control systems and findings of internal audit. Moreover, the annual financial results of the Company were reviewed and recommended by the Audit Committee for consideration and approval of the Board of Directors. The Audit Committee met 4 times during the year ended on 31<sup>st</sup> March 2011.

**FINANCIAL REVIEW AND ANALYSIS**

**(a) Share Capital**

The Authorised Share Capital of the Company is 10,00,00,000/- comprising of 1,00,00,000 equity shares of Rs.10/- each. The paid-up capital of the Company is Rs. 7,18,05,000. On 31.03.2011 . On 3<sup>rd</sup> May, 2010 (EGM) the company allotted 31,00,000 equity shares at a price of Rs. 27/- each on preferential basis in compliance of the provisions of Issue of Capital & Disclosure Requirements Regulations, 2009.

**(b) Loan funds**

During the year the Secured Loan of the Company has increased by 95% i.e from Rs.163.72 Lacs. to Rs.319.65 Lacs. And Unsecured Loan of the company has decreased . from Rs.281.88 Lacs to Rs.10.38 Lacs.

**(c) Net Current Assets**

During the current period, there was a increase in the Net Current Assets of the Company from Rs. 15,18,79,094. to Rs. 21,27,33,997.

**(d) Sales**

During the year the turnover of the Company has increased by 555% ,i.e. from Rs. 25604677/- to Rs. 167751855

**HUMAN RESOURCE MANAGEMENT**

Human Resources are a valuable asset for any organization. The Company is giving emphasis to upgrade the skills of its human resources. This is in keeping with its policy of enhancing the individual's growth potential within the framework of corporate goals.

**CAUTIONARY STATEMENT**

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other incidental factors.

By order of the Board

Sd/-  
**(K.L. Khanchandani)**  
Managing Director

Place: Jaipur

Date: 17.08.2011



**REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE**

The Board has adopted and is committed to adopting its obligations under relevant regulations and laws, as well as any relevant best practices relating to Corporate Governance. The Board believes that good governance is voluntary and self-discipline with the strongest impetus coming from directors and management itself, and ultimately leads to enhancement of value for all stakeholders. The management and organization as M.K. Exim (India) Limited aims to be progressive, competent and trustworthy creating and enhancing value for stakeholders and customers, while relating and respecting the best of Indian values in conduct. The Board lays significant emphasis on integrity, transparency and accountability.

**1. BOARD OF DIRECTORS**

At present, the Board consists of six Directors, of whom three are Non-executive and Independent Directors.

Details of all Directors are given below by category, attendance, total directorship and memberships and chairmanships of Board Committees:

Name of Director	Category	Meeting held during his/her tenure	Meetings Attended *	Attended Last AGM **	No. of Other Directorship	No. of Other Committee Membership/ Chairmanship
Mr. Dayaram Khanchandani	Executive (Chairman)	19	19	Y	1	Nil
Mr. Kanhaiya Lal Khanchandani	Executive (Managing Director)	19	19	Y	2	Nil
Mrs. Pushpa Khanchandani	Executive	19	19	Y	Nil	Nil
Mr. Ashok Kumar Patni	Independent	19	10	Y	Nil	Nil
Mr. Murli Meghnani	Independent	19	12	Y	Nil	Nil
Mr. Kishore Motiyani	Independent	19	9	Y	Nil	Nil

\* There were Nineteen meetings held during the year on 05.04.2010, 21.04.2010, 05.05.2010, 30.05.2010, 08.06.2010, 09.06.2010, 13.06.2010, 31.07.2010, 02.08.2010, 01.09.2010, 20.09.2010, 25.10.2010, 30.10.2010, 01.12.2010, 15.12.2010, 21.12.2010, 07.01.2011, 31.01.2011 & 02.03.2011.

\*\* Last Annual General Meeting (AGM) was held on 30th September, 2010 (Thursday) at Registered Office: G-1/150, Garment Zone, EPIP, RIICO Industrial Area, Sitapura, Sanganer, Jaipur-302022

**2. AUDIT COMMITTEE**

The Audit Committee of the Company comprises of three directors, all being non-executive. The Audit Committee performs the following functions: -

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that financial statements are correct, sufficient and credible.
- Reviewing the efficiency of the internal control mechanism and monitors the risk management policies adopted by the Company.



- (c) Reviewing the report furnished by the internal and statutory auditors and ensure that suitable follow up actions are taken.
- (d) Examining accounting, taxation and disclosure aspects of all significant transactions.
- (e) Discussing with the internal auditors regarding any significant finding and follow-up on such issues.
- (f) Reviewing the findings of any internal auditors in matters where there is suspected fraud or irregularity, or a failure of internal control system of a material nature, and then reporting such matters to the Board.
- (g) Discussing with external auditors before the audit commences on the nature and scope of audit as well as having post-audit discussion to ascertain any area of concern.
- (h) To approve unaudited quarterly financial results and publish the same as required in the Listing Agreement.

The information regarding the composition of Audit Committee, numbers of meetings attended by the members of the Audit Committee are as under: -

S.No.	Name of Member	Position in Committee	Meeting held during his/her tenure	Meetings Attended *
1.	Mr. Murli Meghnani	Chairman	4	4
2.	Mr. Ashok Kumar Patni	Member	4	4
3.	Mr. Kishore Motiyani	Member	4	4

\* There were four meetings held during the year on 30.05.2010,31.07.2010, 30.10.2010, and 31.01.2011.

### 3. SHAREHOLDER'S GRIEVANCE COMMITTEE

The Committee reviewed the Shareholders grievances, their redressal and the Share transfers for the year and expressed satisfaction with the same that there is no pending grievance of any investor against the Company.

The information regarding the composition of Shareholders Grievance Committee, numbers of meetings attended by the members of the Shareholders Grievance Committee are as under: -

S.No.	Name of Member	Position in Committee	Meeting held during his/her tenure	Meetings Attended *
1.	Mr. Murli Menghani	Chairman	1	1
2.	Mr. Ashok Kumar Patni	Member	1	1
3.	Mr. Kishore Motiyani	Member	1	1

\* There was one meeting held during the year on 25.05.2010.

Mr. Raj Kumar Jain, General Manager has been designated as Compliance Officer.

**4. REMUNERATION COMMITTEE**

The Company had constituted a Remuneration Committee during the year 2003. The remuneration of Managing/Executive director is decided by remuneration committee based on criteria such as industry Bench marks, the Company's performance vis-à-vis the industry, responsibilities shouldered, performance track record of Managing/Executive directors, macro economic review on remuneration packages of heads of other organization and is reported to the Board.

In the last few years efforts have been made to link the annual variable pay of senior personnels with the performance of the company in general and their individual performance for the relevant year measured against specific major performance areas which are closely aligned to Company's objectives.

\* No Meeting was held during the year of Remuneration Committee.

Remuneration paid to Directors: -.

Remuneration paid to non-executive Directors: NIL

Remuneration paid to Executive Directors during the Financial Year ended on 31.03.2011:

Name of Executive Director	Salary (Rs.)	Contribution to P/F (Rs.)	Total (Rs.)
Mr. Dayaram Khanchandani	1,86,000	NIL	1,86,000
Mr. Kanhaiya Lal Khanchandani	6,00,000	NIL	6,00,000
Mrs. Pushpa Khanchandani	2,40,000	NIL	2,40,000

**Notes:**

- (1) No commission has been paid to any Directors.
- (2) The service contract with Managing/Whole time Directors are normally for a period of five years.
- (3) Presently, the Company does not have any stock option scheme.

**5. GENERAL BODY MEETINGS**

The details of Annual General Meetings held in the last three years are given below:

Annual Genera Meeting	Day & Date	Time	Venue
16th Meeting	Tuesday 30th Sept. 2008	11.00 a.m.	E-3, RIICO Industrial Area, Sitapura, Sanganer, Jaipur
17th Meeting	Wednesday 30th Sept., 2009	10.00 a.m.	G-1/150, Garment Zone, EPIP, RIICO Industrial Area, Sitapura, Sanganer, Jaipur-302022
18th Meeting	Thrusday 30th Sept., 2010	10.00 a.m.	G-1/150, Garment Zone, EPIP, RIICO Industrial Area, Sitapura, Sanganer, Jaipur-302022

**6. DISCLOSURES**

- a. Materially related transactions with related parties, i.e., Promoters, Directors or Management, their subsidiaries or relatives conflicting with the Company's interest: Details of related party transactions during the year have been set out under Note 12 of Schedule 18 of the Annual Accounts.
- b. During the last three years, no penalties or strictures have been imposed on the Company by the Stock Exchange or SEBI or any other Statutory Authorities on matters related to Capital Market.
- c. A qualified practicing Company Secretary carried out a secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) & Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL & CDSL.

**7. MEANS OF COMMUNICATION**

- a. In compliance with the requirements of Listing Agreement, the Company regularly intimates Unaudited as well as Audited Financial results to the Stock Exchanges immediately after they are taken on record by the Board of Directors. The Annual, Half-yearly and Quarterly results are regularly submitted to the Stock Exchange in accordance with the Listing Agreement and published in newspaper(s) in compliance of the provisions of the Listing Agreement.
- b. Management Discussion & Analysis Report forms part of the Report of Directors.

**8. GENERAL SHAREHOLDER'S INFORMATION:**

(a) **Date of Book Closure:** 23.09.2011 to 30.09.2011

(b) **Date and Venue of AGM:**

**Date** : 30.09.2011

**Day** : Friday

**Time** : 10.00 A.M.

**Venue of AGM** : G-1/150, Garments Zone, EPIP  
RIICO Industrial Area, Sitapura,  
Sanganer, Jaipur

(c) **Financial Calendar (tentative and subject to change) :**

Financial reporting for the first quarter ending June 30, 2011	: July, 2011
Financial reporting for the second quarter ending Sep. 30, 2011	: Oct., 2011
Financial reporting for the third quarter ending Dec. 31, 2011	: Jan., 2012
Financial reporting for the year ending March 31, 2012:	May, 2012
Annual General Meeting for the year ending March 31, 2012	: Sept., 2012

(d) **Dividend** : No dividend being recommended by the Board of Directors during the year.

(e) **Listing of Equity Shares in Stock Exchanges:**

Jaipur, Ahemdabad and Delhi

(Trading permitted at BSE INDONEXT w.e.f. 17th January 2007.)

**(f) Demat ISIN Exchange Number in NSDL & CDSL for Equity Shares:**

ISIN No. INE227F01010

**(g) Stock Exchange Code:**

Jaipur Stock Exchange	787
Ahemdabad Stock Exchange	37621
Delhi Stock Exchange	9458

**(i) Registrar and Share Transfer Agent:**

Beetal Financial & Computer Services (P) Ltd.  
 Beetal House, 3rd Floor, 99, Madangir,  
 Behind Local Shopping Center,  
 Near Dada Harsukhdas Mandir,  
 New Delhi - 110 062  
 Tel : (011) 2996 1281/82  
 Fax : (011) 2996 1284

**(j) Shareholding Pattern as on 31st March 2011**

S.No.	Category	No. of Share holders	No. of Shares	% to Total
1.	Promoter and Promoter Group	4	1719600	23.95
2.	NRI	12	77000	1.07
3.	Resident Individuals	1112	4360225	60.72
4.	Bodies Corporate	61	1023058	14.25
5.	Clearing Member	1	617	0.01
	<b>TOTAL</b>	<b>1190</b>	<b>7180500</b>	<b>100</b>

**Note:** The Board of Directors has issued 31,00,000 equity shares in the EGM on 3rd May 2010 after complying all the provisions of the Listing Agreement.

**(k) Distribution of Shareholding as on 31st March 2011**

SHARE HOLDING OF NOMINAL VALUE OF RS.	NO. OF SHARE-HOLDERS	% TO TOTAL	NO. OF SHARES	AMOUNT IN RS.	% TO TOTAL
UP TO 5000	614	51.60	137216	1372160.00	1.9110
5001 TO 10000	358	30.08	324645	3246450.00	4.5212
10001 TO 20000	68	5.71	114367	1143670.00	1.5927
20001 TO 30000	26	2.18	66986	669860.00	0.9329
30001 TO 40000	9	0.76	30995	309950.00	0.04317
40001 TO 50000	8	0.67	36498	364980.00	0.5083
50001 TO 100000	36	3.03	316079	3160790.00	4.4019
100001 AND ABOVE	71	5.97	6153714	61537140.00	85.7004
<b>TOTAL</b>	<b>1190</b>	<b>100.00</b>	<b>7180500</b>	<b>71805000.00</b>	<b>100.0000</b>

**(l) Dematerialisation of Shares as on 31.03.2011**

Number of Shares dematerialized	:	6661375
% of shares dematerialized	:	92.7708 %

The Company has entered into agreements with both NSDL and CDSL whereby shareholders have an option to dematerialize their shares with either of the depositories.

**(m) Registered Office:**

M.K. Exim (India) Limited  
G-1/150, Garments Zone, EPIP,  
RIICO Industrial Area,  
Sitapura, Sanganer, Jaipur  
Phone: 91-141-3937500/501  
Fax: 91-141-3937502  
E-mail: mkexim@hotmail.com  
Website: www.mkexim.com

**9. CODE OF CONDUCT:**

The Board of Directors has adopted the Code of Conduct for Directors and Senior Management. The said Code has been communicated to the Directors and members of the Senior Management. The Code has also been posted on the Company's website - www.mkexim.com.

**10. COMPLIANCE CERTIFICATE OF THE AUDITORS:**

The Statutory Auditors have certified that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges and the same is annexed to the Directors' Report.

The Certificate from the Statutory Auditors will be sent to the Listed Stock Exchanges alongwith the Annual Report of the Company.

**11. NON-MANDATORY REQUIREMENTS:**

The Company at present has not adopted the non-mandatory requirements in regard to sending half yearly financial results to the Shareholders at the residence.

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**DECLARATION**

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, all Board members and Senior Management Personnel have affirmed compliance with M.K.- Code of Conduct for the year ended March 31, 2011.

By order of the Board  
Sd/-  
**(K.L. Khanchandani)**  
Managing Director

Place: Jaipur.

Date: 17.08.2011

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**AUDITORS' CERTIFICATE ON CLAUSE 49 COMPLIANCE**

To the Members of  
M.K. Exim (India) Limited  
Jaipur.

We have examined the compliance of the conditions of Corporate Governance by M.K. Exim (India) Limited for the year ended 31<sup>st</sup> March, 2011 as stipulated in clause 49 of the Listing Agreement of the said company with the stock exchanges in India.

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

In our opinion and to the best of our information and according to the explanation given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the abovementioned 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 **Vimal Agrawal & Associates**,  
Chartered Accountants

Sd/-  
**(Vimal Agrawal)**  
Partner  
Membership No. 71627.

Place: JAIPUR

Date: 30<sup>th</sup> June, 2011

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**AUDITOR'S REPORT**

1. We have audited the attached Balance Sheet of **M.K. Exim (INDIA) LIMITED** as at 31st March 2011 the Profit and Loss Account and 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 conducted our audit in accordance with the 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.
4. Further to our comments in the Annexure referred to above, we report that:
  - (a) 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.
  - (b) 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.
  - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 except,
    - I AS-28, for "Impairment of Assets", in respect of impairment loss of Garment manufacturing unit, impairment loss, remains unascertained.
    - II. AS-15, for Employees Benefits (Revised 2005), in respect of Provision for Gratuity. The Provision for Gratuity provided by the Company is inadequate and its effect on liabilities and profit of the Company is unascertainable. Further, requisite disclosures are not made in respect of retirement benefits.
  - (e) On the basis of written representations received from the Directors, as on 31<sup>st</sup> March 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2011 from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956.



- (i) Subject to above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the 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:
- (i) in the case of the Balance Sheet, of the State of Affairs of the Company as at 31<sup>st</sup> March, 2011; and
- (ii) in the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date.
- (iii) In the case of the Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date.

For **VIMAL AGRAWAL & ASSOCIATES**

Chartered Accountants  
(FRN: 004187C)

**(V. K. Agrawal)**

Partner

M. No. 71627

Place: Jaipur

Date: 30<sup>th</sup> June, 2011

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**ANNEXURE REFERRED TO IN OUR REPORT OF EVEN DATE ON THE ACCOUNT OF  
M.K. EXIM (INDIA) LIMITED FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH, 2011**

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
(b) All the assets have been physically verified by the management at the end of the year, which, in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.  
(c) During the year, the Company has not disposed off substantial part of the plant and machinery. According to the information and explanation given to us, we are of the opinion that the sale of said part of plant and machinery has not affected the going concern status of the Company.
2. (a) The inventory has been physically verified during the year by the management.  
(b) The procedure of physical verification of inventories followed by the management is adequate in relation to the size of the Company and the nature of its business.  
(c) The Company is maintaining proper records of inventory.
3. (a) The Company has granted interest free unsecured loan to two parties listed in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 2779,780/- and the year end balance of loan given to such party was Rs. 16,69,780/-  
(b) No terms and conditions have been stipulated for loans granted to the party listed in the register maintained under section 301 of the Companies Act, 1956.  
(c) According to the information and explanations given to us, no stipulation has been made for the repayment of principal amount in respect of loans given to the parties listed in the register maintained under section 301 of the Companies Act, 1956.  
(d) The Company has taken interest free unsecured loans from two parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 30,42,232/- and the year-end balance of loans taken from such parties was Rs. 22,74,732/-  
(e) In our opinion, other terms and conditions on which loans have been taken from the parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, *prima facie*, prejudicial to the interest of the Company.  
(f) According to the information and explanations given to us, no stipulation has been made for the repayment of principal amount in respect of loans taken from the parties listed in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the Company and the nature of its business with regard of purchase of inventory, fixed assets and with regard

to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the Company.

5. (a) According to the information and explanations given to us, we are of the opinion that the particulars of all 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) According to the information and explanations given to us, the 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 Rs. Five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of the provisions of section 58A and 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
7. In our opinion and according to the information and explanations given to us the internal audit system needs augmentation.
8. We have been explained that the maintenance of cost records has not been prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956 for the period under review for the products of the Company.
9. (a) *The Company is irregular in depositing with the appropriate authorities undisputed statutory dues in respect of Income Tax Deducted at source and there have been significant delays in a number of cases.*
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Value Added Tax, Service Tax, Customs Duty and Excise Duty were in arrears as at the end of the financial year for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us and records of Company, there are no disputed statutory dues which have not been deposited with appropriate authorities.
10. The Company does not have accumulated losses as at the end of the year. The Company has not incurred any cash losses during the current financial year. The Company has not incurred cash losses during the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks and financial institutions.
12. According to the information and explanations given to us, the Company has not granted loans & advances on the basis of security by way of pledge of shares, debentures & other securities.

13. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
14. Clause (xiii) is not applicable as this clause is applicable to nidhi/mutual benefit fund/societies.
15. Clause (xiv) is not applicable as this clause is applicable to Company dealing/trading in shares, securities and other investments.
16. In our opinion, the term loans have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, we report that the no funds raised on short term basis have been used for long term investment.
18. According to the information and explanation given to us, the Company has made preferential allotment of shares amounting to Rs. 8,37,00,000/-(including Share Premium) and in our opinion the price at which shares have been issued is not prejudicial to the interest of the company.
19. According to the information and explanation given to us, the Company has not issued debentures; hence this clause is not applicable.
20. According to the information and explanation given to us, the Company has not raised any money by public issue during the year; hence this clause is not applicable.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For **VIMAL AGRAWAL & ASSOCIATES**  
Chartered Accountants  
(FRN: 004187C)

Sd/-  
**(V. K. Agrawal)**  
Partner  
M. No. 71627

Place : Jaipur

Dated: 30<sup>th</sup> June,2011

**BALANCE SHEET AS AT 31ST MARCH, 2011**

	SCH. NO.	AS AT 31.03.2011 Rs.	AS AT 31.03.2010 Rs.
<b>I. SOURCES OF FUNDS</b>			
<b>1 SHARE HOLDERS FUND</b>			
a) Share Capital	1	71805000	40805000
b) Reserves & Surplus	2	146155181	91295823
<b>2 LOAN FUNDS :</b>			
a) Secured Loans	3	31964774	16371883
b) Unsecured Loans	4	1038152	28187532
Deferred Tax Liability		421190	744542
		<b><u>251384297</u></b>	<b><u>177404780</u></b>
<b>II. APPLICATION OF FUNDS</b>			
<b>1 FIXED ASSETS</b>			
Gross Block	5	37204899	46524825
Less : Depreciation		<u>17956599</u>	<u>21000139</u>
Net Block		19248300	25524686
<b>2 INVESTMENTS</b>	6	19082000	1000
<b>3 CURRENT ASSETS, LOANS AND ADVANCES</b>			
a) Inventories	7	36189686	13319172
b) Sundry Debtors	8	165964304	56525157
c) Cash & Bank Balances	9	19799413	1354678
d) Loans & Advances	10	<u>110652540</u>	<u>99769765</u>
		332605943	170968772
Less : Current Liabilities and Provision	11	<u>119871946</u>	<u>19089678</u>
151879094		212733997	151879094
<b>4 Misc. Expenditure</b> ( to the extent not written off or adjusted) Preliminary Exp.		320000	-
<b>NOTES ON ACCOUNTS</b>	18	<b><u>251384297</u></b>	<b><u>177404780</u></b>

As per our separate report of even date

**For Vimal Agrawal & Associates**

Chartered Accountants

Sd/-

**(V.K. AGRAWAL)**  
PARTNER

Sd/-

**(DAYARAM KHANCHANDANI)**  
CHAIRMAN**FOR M.K.EXIM (INDIA) LIMITED**

Sd/-

**( KANHAIYALAL KHANCHANDANI)**  
MANAGING DIRECTOR

Place : JAIPUR

Date : 30th June,2011

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2011**

	SCH. NO.	AS AT 31.03.2011 Rs.	AS AT 31.03.2010 Rs.
<b>INCOME</b>			
Sales-Export		143770475	25470737
Sales- Domestic		23981380	133940
Other Income	12	1253333	6362871
Increase (Decrease) in stock	13	15569040	339918
<b>TOTAL 'A'</b>		<b>184574228</b>	<b>32307466</b>
<b>EXPENDITURE</b>			
Material Consumed	14	33743286	356593
Purchases of Trading Goods		124825578	9046334
Purchase of Grey Fabrics		3967960	5625720
Manufacturing Expenses	15	5431708	1950385
Administrative, Selling & Other Expenses	16	9133919	12560378
Interest	17	3482250	1902026
Depreciation	5	1611236	2091681
Loss on Sale of Fixed Assets		60033	155005
<b>TOTAL 'B'</b>		<b>182255970</b>	<b>33688122</b>
<b>Profit/(Loss) Before Tax (A-B)</b>		<b>2318258</b>	<b>(1380656)</b>
Less : Provision for Tax		(482250)	0.00
Add : Deferred Tax Assets Created		323350	7002869
<b>Profit/(Loss) After Tax</b>		<b>2159358</b>	<b>5622213</b>
<b>Add: Profit Brought Forward</b>		<b>88954810</b>	<b>83332597</b>
<b>Profit carried to Balance Sheet</b>		<b>91114168</b>	<b>88954810</b>
Basic Earning Per Share before and after extraordinary items		0.33	(0.34)
Diluted Earning Per Share before and after extraordinary items		0.33	(0.34)

As per our separate report of even date

**For Vimal Agrawal & Associates**

Chartered Accountants

**FOR M.K.EXIM (INDIA) LIMITED**Sd/-  
**(V.K. AGRAWAL)**  
PARTNERSd/-  
**(DAYARAM KHANCHANDANI)**  
CHAIRMANSd/-  
**(KANHAIYALAL KHANCHANDANI)**  
MANAGING DIRECTOR

Place : JAIPUR

Date : 30th June,2011

**SCHEDULES TO THE ACCOUNTS FOR ACCOUNTING YEAR 2010-2011**

	AS AT 31.03.2011 Rs.	AS AT 31.03.2010 Rs.
<b><u>SCHEDULE - 1</u></b>		
<b><u>SHARE CAPITAL</u></b>		
AUTHORISED SHARE CAPITAL		
10000000 (6000000) Equity Share of Rs. 10/- each	<u>100000000</u>	<u>60000000</u>
<b>ISSUED, SUBSCRIBED &amp; PAID-UP CAPITAL</b>		
<b>Issued Capital</b>		
7180500 (4280000) Equity Shares of Rs. 10/- each	<u>71805000</u>	<u>42800000</u>
<b>Subscribed &amp; paidup Capital</b>		
7180500 (4080500) Equity Shares of Rs. 10/- each fully paid	<u>71805000</u>	<u>40805000</u>
<b><u>SCHEDULE - 2</u></b>		
<b><u>RESERVES &amp; SURPLUS</u></b>		
Profit and Loss Account		
Opening Balance	88954810	83332597
Addition during the year	<u>2159358</u>	<u>5622213</u>
	91114168	88954810
Share Premium Account	53482300	782300
State Investment Subsidy	<u>1558713</u>	<u>1558713</u>
	<b><u>146155181</u></b>	<b><u>91295823</u></b>
<b><u>SCHEDULE - 3</u></b>		
<b><u>SECURED LOANS</u></b>		
<b>WORKING CAPITAL LIMIT</b>		
From State Bank of Bikaner & Jaipur	<u>31964774</u>	<u>16371883</u>
	<b><u>31964774</u></b>	<b><u>16371883</u></b>
<b>NOTES :-</b>		
Working Capital limit from State Bank of Bikaner & Jaipur is secured by way of first charge over all the current assets of the company.		
<b><u>SCHEDULE - 4</u></b>		
<b><u>UNSECURED LOANS</u></b>		
From Corporates	500000	500000
From Directors	<u>538152</u>	<u>27687532</u>
	<b><u>1038152</u></b>	<b><u>28187532</u></b>



**SCHEDULES TO THE ACCOUNTS FOR THE ACCOUNTING YEAR 2010-2011**

**SCHEDULE - 5  
FIXED ASSETS**

S.	PARTICULARS	Rate	GROSS BLOCK			DEPRECIATION			NET BLOCK		
			AS AT 01.04.2010	ADDITION/ (DELETION)	AS ON 31.03.11	UPTO 31.03.2010	ADJUSTMENT ON SALE OF ASSETS	FOR THE YEAR	UPTO 31.03.2011	AS ON 31.03.2011	AS ON 31.03.2010
1	LAND		5248390	(1260710)	3987680	0	0	0	3987680	5248390	
2	SITE DEVELOPMENT	3.34%	128586	137000	265586	53188	0	5361	207037	75398	
3	BUILDING	3.34%	8154164	386430	8540594	2913261	0	281096	5346237	5240903	
4	PLANT & MACHINERY	4.75%	23439336	(4214394)	19224942	12830656	(2449796)	911936	7932146	10608680	
5	FURNITURE & FIXTURES	6.33%	4388685	(4054093)	334592	1968138	(1764311)	20131	110634	2420547	
6	VEHICLES	9.50%	3858997	(488447)	3370550	2398299	(278414)	320202	930463	1460698	
7	MISC. FIXED ASSETS	4.75%	940690	(49793)	890897	494507	(162256)	38279	520367	446183	
8	COMPUTERS	16.21%	365977	131209	497186	342090		31594	123502	23887	
9	OFFICE EQUIPMENTS	4.75%	0	92872	92872	0		2637	90235	0	
	<b>TOTAL</b>		<b>46524825</b>	<b>(9319926)</b>	<b>37204899</b>	<b>21000139</b>	<b>(4654777)</b>	<b>1611236</b>	<b>19248300</b>	<b>25524686</b>	
	Previous Year		<b>82487178</b>	<b>(35962353)</b>	<b>46524825</b>	<b>32462870</b>	<b>(13554412)</b>	<b>2091681</b>	<b>25524686</b>		

**SCHEDULES TO THE ACCOUNTS FOR ACCOUNTING YEAR 2010-2011**

	AS AT 31.03.2011 Rs.	AS AT 31.03.2010 Rs.
<b>SCHEDULE-6</b>		
<b>INVESTMENTS</b>		
<b>Investment In Government Securities (Unquoted)</b>		
National Saving Certificate	1000	1000
<b>Other Investments</b>		
Ganesham Vinayak Estates Pvt. Ltd.	19081000	-
	<u>19082000</u>	<u>1000</u>
<b>SCHEDULE - 7</b>		
<b>INVENTORIES</b>		
Electrical goods	75666	99190
Raw Material	14267858	6970258
Consumables	72887	72887
Packing Material	26175	22300
Work in Progress	14692821	5850374
Finished Goods	7054279	304163
	<u>36189686</u>	<u>13319172</u>
<b>SCHEDULE - 8</b>		
<b>SUNDRY DEBTORS</b>		
(Unsecured & Considered Good)		
Debts (Outstanding for a period exceeding Six months)		
	11885458	50914859
Others	154078846	5610298
	<u>165964304</u>	<u>56525157</u>
<b>SCHEDULE - 9</b>		
<b>CASH AND BANK BALANCES</b>		
Cash in Hand	915852	1327348
Balance with Scheduled Banks:		
In Current Accounts	6991244	27330
In Fixed Deposit Accounts	11892317	-
	<u>19799413</u>	<u>1354678</u>

**SCHEDULES TO THE ACCOUNTS FOR ACCOUNTING YEAR 2010-2011**

	AS AT 31.03.2011 Rs.	AS AT 31.03.2010 Rs.
<b>SCHEDULE 10</b>		
<b>LOANS &amp; ADVANCES</b>		
Advances (Recoverable in Cash or in kind or for value to be received or for pending adjustments)	104798774	76539738
Security and other deposits	543103	543103
Claim Receivable for loss by Fire	4689857	22357283
Claim Receivable for Insurance	52831	-
Tax Deducted at Source Receivable	175366	221158
Cenvat Receivable	105815	105815
Vat Tax Receivable	232067	2667
Prepaid Insurance	54727	-
	<b>110652540</b>	<b>99769765</b>
<b>SCHEDULE 11</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>Sundry Creditors:</b>		
For Goods	105490916	4189137
For Expenses	11503255	5011714
For Capital Goods	266617	374763
Tax deducted at source payable	34384	35607
Statutory Dues	-	89052
Provision for Fringe Benefit Tax	1394	1394
Credit Balance of	76035	76035
Schedule Bank		
CST Payable	88580	-
Service Tax Payable	4120	4120
Gratuity Provision	1924395	1807857
Advance Received for sale of assets	-	7500000
<b>PROVISIONS</b>		
Provision for Income tax	482250	-
	<b>119871946</b>	<b>19089678</b>
<b>SCHEDULE 12</b>		
<b>Other Income</b>		
Rent	-	59859
Drawback	617000	2249209
Interest	282101	19578
Job Work	354232	-
Cash Discount	-	42629
DEPB	-	3991596
	<b>1253333</b>	<b>6362871</b>

**SCHEDULES TO THE ACCOUNTS FOR ACCOUNTING YEAR 2010-2011**

	AS AT 31.03.2011 Rs.	AS AT 31.03.2010 Rs.
<b><u>SCHEDULE 13</u></b>		
<b><u>INCREASE/(DECREASE) IN STOCK</u></b>		
<u>Closing Stock</u>		
Finished Goods	7054279	304163
Work in Process	14692822	5850374
Electrical Item	75666	99190
	<u>21822767</u>	<u>6253727</u>
Less : Opening Stock :		
Work in Process	5850374	5510456
Electric Item	99190	99190
Finished Goods	304163	304163
	<u>6253727</u>	<u>5913809</u>
Increase (Decrease) in Inventories	<u><b>15569040</b></u>	<u><b>339918</b></u>
<b><u>SCHEDULE 14</u></b>		
<b><u>MATERIAL CONSUMED</u></b>		
Opening Stock	95187	451780
Add : Purchases	<u>41044761</u>	<u>-</u>
	41139948	451780
Less : Closing Stock	<u>7396662</u>	<u>95187</u>
	<u><b>33743286</b></u>	<u><b>356593</b></u>
<b><u>SCHEDULE 15</u></b>		
<b><u>MANUFACTURING EXPENSES</u></b>		
Processing Charges	799196	1643558
Carriage & Cartage	11230	8010
Wages	2193359	-
Power & Fuel	236120	298817
Job Work Charges	2063091	-
Misc. Manufacturing Exp.	128712	-
	<u><b>5431708</b></u>	<u><b>1950385</b></u>

**SCHEDULES TO THE ACCOUNTS FOR ACCOUNTING YEAR 2010-2011**

	AS AT 31.03.2011 Rs.	AS AT 31.03.2010 Rs.
<b>SCHEDULE 16</b>		
<b>ADMINISTRATIVE, SELLING &amp; OTHER EXPENSES</b>		
Exchange Rate Difference	319653	7137791
Salary	2975518	1073000
Directors Remuneration	1026000	972000
Contribution to Provident fund	-	63211
Contribution to ESI	-	8766
Bank Charges	524499	259776
Freight Charges	478293	606518
Gratuity	116538	193300
Rent	64000	38500
Packing Material consumed	102084	104820
Postage Expenses	51041	40385
Car Expenses	393766	368509
Insurance Charges	144188	33507
Sundry Bal. W/O	11030	2652
Conveyance Charges	126876	-
Electric & Water	75905	-
Printing & Stationery	85849	-
Sales Promotion Exps.	227893	-
Advertisement Exps.	123576	-
Demand & Penalty	204687	-
Festival Exps.	99720	-
Legal & Professional Charges	281881	-
Registration & Annual Charges	130179	-
Staff Welfare Exps.	120936	-
Telephone Charges	539702	513872
Preliminary Exp. W/Off	80000	-
<b>Repairs &amp; Maintenance</b>		
Plant & Machinery	10133	7000
Building	33815	168626
Others	18781	13579
<b>Travelling Expenses</b>		
Directors	157632	192430
Others	384955	-
Auditors Remuneration	100000	93200
Miscellaneous Expenses	124790	668936
	<b>9133919</b>	<b>12560378</b>
<b>SCHEDULE 17</b>		
<b>INTEREST</b>		
Bank Borrowing	2492250	1892595
Others	990000	9431
	<b>3482250</b>	<b>1902026</b>

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**SCHEDULES TO THE ACCOUNTS FOR ACCOUNTING YEAR 2010-2011**

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**SCHEDULE 18****NOTES ON ACCOUNTS****1. SIGNIFICANT ACCOUNTING POLICIES :****(i) Basis of Accounting**

The accounts of the Company are prepared under the historical cost convention on accrual basis and in conformity with accounting standards issued by the Institute of Chartered Accountants of India referred to in section 211(3C) of the Companies Act, 1956. For recognition of Income & Expenses, accrual basis of accounting is followed.

**(ii) Fixed Assets and Depreciation**

Fixed Assets are stated at cost, including attributable cost of bringing the assets to its working condition for the intended use. Depreciation is provided from the date, the assets are installed and put to use on straight line method at the rates and in accordance with schedule XIV of the Companies Act, 1956.

**(iii) Foreign Currency Transaction**

- (a) All Foreign currency transaction are recorded at the rates prevailing on the date of the transaction.
- (b) Foreign Currency transaction remaining unsettled at the Balance Sheet date are translated at the exchange rate prevailing at the Balance Sheet date or at the rate which is likely to be realised in certain specific cases.
- (c) The exchange difference on settlements/conversion are credited/charged to profit and Loss Account.
- (d) The Company has not entered into any forward exchange contract during the period.

**(iv) Investments**

Investments are stated at cost

**(v) Inventories:**

- (a) Raw Materials, Packing Materials and Consumables are valued at the lower of Cost, computed on FIFO basis and estimated net realisable value.
- (b) Finished goods and Work in Process are valued at the lower of cost, computed on a FIFO basis and estimated net realisable value. Finished goods and work in progress include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

**(vi) Revenue Recognition**

- (a) The company follows mercantile system of accounting and recognizes significant items of income & expenditure on accrual basis.

**SCHEDULES TO THE ACCOUNTS FOR ACCOUNTING YEAR 2010-2011**

- (b) DEPB is recognised when there is significant certainty regarding the ultimate collection of the relevant export proceeds.

**(vii) Retirement Benefits:**

- (a) Contribution to Provident Fund and Employees State Insurance is accounted for on accrual basis.
- (b) Gratuity liability is provided for on estimated basis for all employees under the "Payment of Gratuity Act, 1972"

**(viii) Borrowing Cost**

Borrowing Cost that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

**(ix) Income Tax**

- (a) Income Tax comprises Current Tax and Deferred Tax. Current Tax is the amount of tax payable as determined in accordance with provision of Income Tax Act, 1961
- (b) Deferred Income Tax is provided on all temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial purpose.
- (c) Deferred Tax Assets are recognised on unabsorbed depreciation only to the extent that there is virtual certainty supported by convincing evidence and to the extent that there is reasonable certainty of their realisation.
- (d) Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantially enacted at the balance sheet date.

- (x) Preliminary expenses are amortised over a period of five years.

**2. CONTINGENT LIABILITIES**

	<b>Year Ended 31.03.2011</b>	<b>Year Ended 31.03.2010</b>
(i) Claims against the Company not acknowledge as debts	NIL	NIL
(ii) Disputed Income Tax Liability Pending in Appeals	NIL	133938.00

**3. IMPAIRMENT OF ASSETS**

The Company have discontinued the operation of its Garment Manufacturing Plant. In accordance with the Accounting Standard - 28 " Impairment of Assets " issued by the Institute of Chartered Accountants of India, the Company has not calculated the Impairment loss, if any, on account of unavailability of information of recoverable amount of Garment Manufacturing Plant.



**SCHEDULES TO THE ACCOUNTS FOR ACCOUNTING YEAR 2010-2011****4. Details of dues to Micro, Small and Medium Enterprises MSMED Act, 2006 :-**

In view of non availability of relevant information with the company, the total outstanding due to Micro, Small and Medium Enterprises covered under MSMED Act,2006 cannot be ascertained, therefore the same are not disclosed.

5. Trade Advances amounting to Rs. 609.51 Lacs (Previous Year 114.81 Lacs) which are long overdue were given out of business expediency and the same in the opinion of the management are good and recoverable. The same are subject to confirmation.
6. Debtors amounting to Rs. 91.82 (Previous year 201.50 lacs) which are long overdue were given out of business expediency and the same in the opinion of the management are good and recoverable. The same are subject to confirmation.
7. In accordance with AS-22 "Accounting for Taxes on Income", issued by the Institute of Chartered Accountants of India, the company has created deferred tax assets during the year.
8. The breakup of Net Deferred Assets/(Liabilities) are @30.90% as under:

	Year Ended 31.03.2011	(Rs.in Lacs) Year Ended 31.03.2010
Timing Difference between Book & Tax Value of Fixed Assets	(9.86)	(14.88)
Gratuity Provision	5.65	5.29
Expenses Disallowed under section 43B of Income tax Act,1956		
Carried Forward Unabsorbed Depreciation Expenses Disallowed for not depositing TDS	0.00	2.15
	<b>(4.21)</b>	<b>(7.44)</b>

**9. Segment Reporting**

- (i) Segments have been identified in line with the Accounting Standard-17- "Segment Reporting " issued by the Institute of Chartered Accountants of India.
- (ii) The Business Segment has been considered as the primary segment for disclosure. The segments have been identified taking into account the nature of products, the different risks and returns and internal reporting system. The Geographical Segment based on location of its customers have been considered as secondary segment for disclosure.
- (iii) The 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.
- (iv) Information about primary business segments.

**SCHEDULES TO THE ACCOUNTS FOR ACCOUNTING YEAR 2010-2011**

	Jewellery		Finish fabric & Dress material		Electric Items & Handicrafts		Unallocable		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
	31.03.11	31.03.10	31.03.11	31.3.10	31.03.11	31-3-10	31.03.11	31-3-10	31.03.11	31-3-10
Revenue	1545.74	0.00	59.50	319.56	82.10	0.00	2.21	0.00	1689.55	319.56
Results	57.77	0.00	(17.45)	(13.81)	8.37	0.00	(25.51)	0.00	23.18	(13.81)
Less :										
Income Tax	(4.39)	0.00	(0.29)	0.00	(0.14)	0.00	0.00	0.00	(4.82)	0.00
Deferred tax liability Created/(Reverse)	(2.94)	0.00	(0.19)	(70.03)	(0.10)	0.00	0.00	0.00	(3.23)	(70.03)
Profit After Tax	62.16	0.00	(17.16)	(13.81)	8.51	0.00	(25.51)	0.00	28.00	(13.81)
Segment Assets	1853.69	0.00	1482.02	1895.24	134.64	69.70	48.19	0.00	3518.54	1964.94
Segment Liabilities	1128.24	0.00	69.23	643.94	5.46	0.00	0.00	0.00	1202.93	643.94
Capital Expenditure	9.81	0.00	1.41	2.44	0.06	0.00	0.00	0.00	11.28	2.44
Non Cash Expenses other than Depreciation	1.90	0.00	0.07	0.00	0.11	0.00	0.00	0.00	2.08	0.00
Depreciation	0.31	0.00	15.80	20.92	0.00	0.00	0.00	0.00	16.11	20.92

(v) Information about secondary business segment :

	<u>Current Year</u>	<u>Previous Year</u>
Export	1437.70	254.71
Domestic	239.42	1.22
<b>TOTAL</b>	<u><b>1677.12</b></u>	<u><b>255.93</b></u>

**10. Earning Per Shares**

		<b>Year Ended 31.03.2011</b>	<b>Year Ended 31.03.2010</b>
<b>Basic</b>			
(i)	Net Profit after tax available for Share holders	A 2159358	(1380656)
(ii)	Weighted average of Number of equity share outstanding during the year	B 6560500	4080500
(iii)	Basic and Diluted earning per equity share of Rs. 10/- each	A/B 0.33	(0.34)

**SCHEDULES TO THE ACCOUNTS FOR ACCOUNTING YEAR 2010-2011****Diluted**

(i)	Net Profit after tax available for Equity Share holders	A	2159358	(1380656)
(ii)	Weighted average of Number of equity share outstanding during the year	B	6560500	4080500
	Add: Potential equity share:-Share Application pending allotment	C	-	-
	Weighted average of Number of equity share outstanding for	D=B+C	6560500	4080500
(iii)	Diluted earning per equity share of Rs. 10/- each		0.33	(0.34)

11 Balances in Personal Accounts are subject to confirmation

**12 RELATED PARTY DISCLOSURES**

As per Accounting Standard 18, issued by the Institute of Chartered Accountants of India, the disclosures of transactions with the related parties as defined in the Accounting Standard are given below :

List of related parties and relationships :

S.NO.	NAME OF RELATED PARTY	RELATIONSHIP
1	M/s. M.K.Ingots Castings Pvt.Ltd.	Associate Company
2	Mr. Dayaram Khanchandani	Key Management Personnel
3	Mr. Kanhaiya Lal Khanchandani	Key Management Personnel
4	Mrs. Pushpa Khanchandani	Key Management Personnel
5	Mr. Ashok Patni	Key Management Personnel
6	M/s. M.K.Traders	Proprietorship firm of Key Management personnel
7	M/s.Square Textiles L.L.C	Relative Concern of Key Management Personnel
8	M/s. Square Gem General Trading L.L.C.	Relative Concern of Key Management Personnel
9	M/s. K.V.Exports	Proprietorship concern of Key Management Personnel
10	M/s Symphony Jewels Pvt. Ltd.	Relative concern of Key Management Personnel
11	M/s Ganesham Vinayak Estates Pvt. Ltd.	Associate Company

**SCHEDULES TO THE ACCOUNTS FOR ACCOUNTING YEAR 2010-2011**

Details of transaction with related parties and the status of outstanding balances at the year end.

<b>1 Key Management Personnel</b>	<b>Current Year</b>	<b>Previous year</b>
	31.03.11	31.03.10
Remuneration	1026000	972000
Outstanding Payables at the end	2574628	1808653
Receivables at the end	-	-
Brokerage	-	-
<b>Unsecured Loans</b>		
Balance at the beginning	27687532	41859152
Taken during the year	11374000	9035000
Paid during the year	38523380	23206620
Balance at the end	604952	27687532
<b>2 Relative of Key Management Personnel</b>		
Sale of Finished Goods	63737261	25270548
Purchase of Ready made garments	-	-
Debit Balance Outstanding at the end of the year	72368926	26704067
<b>3 Associate Company</b>		
<b>Loans &amp; Advances</b>		
Balance at the beginning	66800	66800
Given during the year	9300000	-
Received during the year	9165000	-
Balance at the end	201800	66800
Investment 19081000	-	-
<b>13 Payment to Auditors</b>		
(a) As Auditors :		
Statutory Audit	100000.00	93200.00
(b) As Advisers, in respect of		
(i) Taxation matters	0.00	44600.00
(ii) Company law matters	-	-
(iii) Other Services	23,100.00	6,618.00
	<b>123100.00</b>	<b>144418.00</b>
<b>14 Remuneration paid to Managing Director &amp; Directors</b>		
Salary	1026000	953280
Contribution to Provident Fund	-	18720
	<b>1026000</b>	<b>972000</b>

<b>15 Capacity</b>			AS AT 31.03.2011			AS AT 31.03.2010
	Gold Jewellery	Fabric	Readymade Garments & Pcs	Fabric Mtrs	Readymade Garments & Pcs	
Licenced capacity	Gms.	Mtrs	N.A.	N.A.	N.A.	N.A.
Installed capacity	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

**SCHEDULES TO THE ACCOUNTS FOR ACCOUNTING YEAR 2010-2011**

		AS AT 31.03.2011		AS AT 31.03.2010	
<b>16</b>	<b>Production</b>	<b>Unit</b>	<b>Year Ended 31.03.2011</b>	<b>Year Ended 31.03.2010</b>	
	Production: Finished Fabric				
	(i) Finish Fabric	Mtrs.	-	-	
	Finish Fabric -Outside	Mtrs.	80245	187872	
	(ii) Readymade Garments	Pcs.	-	-	
	(iii) Electric Cables	Rolls (Nos.)	-	-	
	(iv) Grey fabric	Mtrs.	-	-	
	(v) Gold Jewellery	Pcs.	192	-	
<b>17</b>	<b>Raw Material Consumed</b>		<b>Year Ended 31.03.11</b>	<b>Year Ended 31.03.10</b>	
		<b>Unit</b>	<b>Qty.</b>	<b>Amount Rs.</b>	<b>Unit Qty. Amount Rs.</b>
	Yarn	Kgs.	0	0	0 0
	Fabric	Mtrs	0	0	0 0
	Gold	Gms	10510.99	20667673	0 0
	Silver	Gms	1066.67	49000	0 0
	Pearl	Cts.	789.21	77656	0 0
	Diamonds	Cts.	1414.93	11148730	0 0
	Alloys	Gms	1934.00	6700	0 0
	Color Stones	Cts.	10852.19	1017518	0 0
	<b>TOTAL</b>			<b>32967277</b>	<b>0</b>
<b>18</b>	<b>Purchases of Trading Goods</b>		<b>Year Ended 31.03.2011</b>	<b>Year Ended 31.03.2010</b>	
		<b>Unit</b>	<b>Qty.</b>	<b>Amount Rs.</b>	<b>Unit Qty. Amount Rs.</b>
	Dress Materials	Pcs.	-	-	Pcs. 61488 5625720
	Electrical Items	Pcs.	-	-	Pcs. - -
	Yarn	Kgs	-	-	Kgs - -
	Fabric	Mtrs.	99659	3967960	Mtrs. 211195 9046334
	Gold	Pcs.	128	40904000	Pcs. 0 0
	Diamonds	Cts.	4447	77022240	Cts. 0 0
	Handicraft Items	Pcs.	86869	6899338	Pcs. 0 0
	<b>TOTAL</b>			<b>128793538</b>	<b>14672054</b>

19 Sales:	Year Ended 31.03.2011			Year Ended 31.03.2010	
	Unit	Qty.	Amount Rs.	Qty.	Amount Rs.
Finished Fabric	Mtrs.	88305	5283296.00	187872	10681131.00
Semi Finished Fabric	Mtrs.	-	-	-	-
Dress Material	Pcs.	0	0.00	61488	14789606.00
Electric Items	Pcs	190	23524.00		
Yarn	Kgs	0	0.00	2445	122270.00
Readymade Garments	Pcs				
Chindi	Kgs	2612	39182.00	1167	11670.00
Gold Jewellery	Pcs	269	75929026.00	-	
Handicraft	pcs	86856	8185803.50		
Diamond	cts	4447	78291023.00		
<b>TOTAL</b>			<b>167751855</b>		<b>25604677</b>
<b>20 Closing Stock:</b>	<b>Year Ended 31.03.2011</b>			<b>Year Ended 31.03.2010</b>	
	<b>Unit</b>	<b>Qty.</b>	<b>Amount Rs.</b>	<b>Qty.</b>	<b>Amount Rs.</b>
Finished Fabric	Mtrs.	0	0	0	0
Readymade Garments	Pcs	20787	304163	20787	304163
Electrical Items	Pcs	553	75666	743	99190
Handicraft Items	Pcs	13	70300	0	0
Gold Jewellery	Pcs	35	6679816	0	0
Diamonds	Cts.	537	5165275	0	0
Stones	Cts.	16380	1961561	0	0
Pearls	Cts.	5996	170764	0	0
<b>WIP:</b>					
Gold	Gms.	1684	3303928	0	0
Jewellery	Pcs.	13	6104518	0	0
Fabric	Mtrs.	79732	5284375	95459	5850375
Raw Material	Kgs.	135476	6970258	135476	6970258
Packing Material	-	-	26175	-	22300
Consumables	-	-	72887	-	72887
<b>TOTAL</b>			<b>36189686</b>		<b>13319173</b>

21 Opening Stock:			Year Ended		Year Ended	
			31.03.2011		31.03.2010	
	Unit	Qty.	Amount Rs.	Qty.	Amount Rs.	
Fabric	Mtrs.	95459	5850375	0	0	
Raw Material	Kgs.	135476	6970258	0	0	
Packing Material	-	-	22300	0	0	
Consumables	-	-	72887	0	0	
Electrical Items	-	743	99190	743	99190	
Finished Fabric	Mtrs.	0	0	0	0	
Readymade Garments	Pcs.	20787	304163	20787	304163	
			<b>13319173</b>		<b>403353</b>	

## 22 Foreign Exchange Earnings &amp; Expenditure

	Year Ended	
	31.03.2011	
	Amount Rs.	Amount Rs.
<b>Foreign Exchange Earning</b>		
Export	143770475	25470737
Foreign Exchange Expenditure	0	0

## 23 Value of Imported and Indigenous Raw Material &amp; Stores and Spares consumed :

	Year Ended		Year Ended	
	31.03.2011		31.03.2010	
	Imported Rs.	Indigenous Rs.	Imported Rs.	Indigenous Rs.
<b>Raw Material</b>				
Consumed	0	32967277	0	0
Stores and Spares consumed	0	0	0	0

24 Figures for the previous year have been re-grouped / re-arranged wherever considered necessary to make them comparable with those of current year.

25 Figures have been rounded off to the nearest rupees.

**26 Additional information under Part IV of Schedule VI is as under :****I Registration Details**

Registration No.	7111	State Code	17
Balance Sheet Date:	31.03.2011		

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

Public Issue	Rights Issue
NIL	NIL
Bonus Issue	Private Placement
NIL	31000

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

Total Liabilities	Total Assets
251384	251384

**Sources of Funds :**

Paid Up Capital	Reserves and Surplus
71805	146155
Secured Loans	Unsecured Loans
31965	1038
	Deferred Tax Liability
	421

**Application of Funds :**

Net Fixed Assets	Investments
19248	19082
Net Current Assets	Misc. Expenditure
212734	320
Accumulated Losses	
NIL	

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

Turnover	Total Expenditure
169005	166687
Profit/(Loss ) Before Tax	Profit/(Loss ) After Tax



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2318	2159
Earning per share in Rs.	Dividend
0.33	NIL

**V Generic Names of Principal Product Company (as per monetary terms)**

Item Code No.(ITC Code NO.)	:	55141100
Product Description	:	Fabric
Item Code NO. (ITC Code NO.)	:	62082900
Product Description	:	Readymade Garments
Item Code No. (ITC Code No.)	:	740800
Product Description	:	Electric Cables
Item Code No.(ITC Code No.)	:	711319
Product Description	:	Jewellery

As per our separate report of even date

**For Vimal Agrawal & Associates**  
Chartered Accountants

**FOR M.K.EXIM (INDIA) LIMITED**

Sd/-  
**(V.K. AGRAWAL)**  
PARTNER

Sd/-  
**(DAYARAM KHANCHANDANI)**  
CHAIRMAN

Sd/-  
**(KANHAIYALAL KHANCHANDANI)**  
MANAGING DIRECTOR

Place : JAIPUR

Date : 30th June,2011

**CASH FLOW STATEMENT**  
FOR THE YEAR ENDED 31ST MARCH, 2011

<b>CASH FLOW FROM OPERATING ACTIVITES (A)</b>	<b>Year Ended 31.3.11</b>	<b>Year ended 31.3.10</b>
<b>Net Profit After tax</b>	21.59	(13.81)
Adjustments for:		
Profit on Sale of Fixed Assets	0.00	0.00
Provision for Fringe Benefit Tax	0.00	0.00
Income Tax Provision	4.82	0.00
Deferred Tax Liability	(3.23)	(70.03)
Depreciation	16.11	20.92
Interest Expenses	34.82	19.02
Interest Income	(2.82)	0.00
Loss on Sale of Fixed Assets	0.60	1.55
Dividend Income	0.00	0.00
Preliminary Exp. w/off	0.80	0.00
	<b>72.69</b>	<b>(43.90)</b>
<b>Operating Profit before working capital</b>		
Changes		
<b>Adjustment for:</b>		
Increase/Decrease in Inventories	(228.71)	0.17
Increase/Decrease Sundry Debtors & Other receivables	(1094.40)	102.85
Increase in Current liabilities	1003.00	6.26
Increase in Loans & Advances	(108.82)	(346.78)
<b>Cash Generated From Operating activites</b>	<b>(356.24)</b>	<b>(281.40)</b>
Interest paid	(34.82)	(19.02)
Tax Paid	0.00	0.00
ringe Benefit Tax	0.00	0.00
<b>Net Cash Flow from Operating Activities</b>	<b>(391.06)</b>	<b>(300.42)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES (B)</b>		
Purchases of Fixed Assets	(11.29)	(2.44)
Profit/Loss on sale of Fixed Assets	(61.16)	295.63
Sale of Fixed Assets	118.50	0.90
Interest Income	2.82	0.00
Dividend Income	0.00	0.00
Increase in Investment	(190.81)	0.00

<b>Net Cash used In Investing Activities</b>	<b>(141.94)</b>	<b>294.09</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES ( C)</b>		
Inc/Dec in Secured Loans	155.93	152.39
Dec in Unsecured Loan	(271.49)	(145.75)
Share Capital Issued	837.00	0.00
Preliminary Exp.	(4.00)	0.00
<b>Net Cash From Financing Activities</b>	<b>717.44</b>	<b>6.64</b>
<b>Net Increase ( Decrease ) in cash &amp; cash equivalents ( A+B+C )</b>	<b>184.44</b>	<b>0.31</b>
Opening cash and cash equivalents	13.55	13.24
Closing cash and cash equivalents	197.99	13.55

As per our separate report of even date

**For Vimal Agrawal & Associates**  
Chartered Accountants

**FOR M.K.EXIM (INDIA) LIMITED**

Sd/-  
**(V.K. AGRAWAL)**  
PARTNER

Sd/-  
**(DAYARAM KHANCHANDANI)**  
CHAIRMAN

Sd/-  
**( KANHAIYALAL KHANCHANDANI)**  
MANAGING DIRECTOR

Place : JAIPUR

Date : 30th June,2011