

20th Annual Report 2011-2012



M. K. EXIM (INDIA) LIMITED

20th Annual Report

2011-2012

Board of Directors

Shri Dayaram Khanchandani
Chairman

Smt. Pushpa Khanchandani
Whole-time Director

Shri Murlidhar Menghani
Independent Director

Shri Ashok Kumar Patni
Independent Director

Shri Kishore Motiyani
Independent Director

Auditors

Vimal Agrawal & Associates
Opp. Rambhawan Dharmshala,
M. D. Road, Jaipur-302004.

Company Law Advisor

S.C. Sharma & Associates
Company Secretaries
Jaipur

Bankers

State Bank of Bikaner & Jaipur

Factory & Registered Office

G1/150, Garment Zone, E.P.I.P.
RIICO Industrial Area,
Sitapura, Sanganer, Jaipur
Tel. : 0141-3937501, 3937504

Registrar of Share Transfers

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

NOTICE

Notice is hereby given that the 20th 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 (Saturday) 29th September, 2012 at 10.00 a.m. to transact the following business:-

ORDINARY BUSINESS:

1. To receive and adopt the balance sheet as at 31st March, 2012 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 Ashok Kumar Patni, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a director in place of Shri Murlidhar Menghani, who retires by rotation and being eligible, offers himself for reappointment.
3. 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 23rd September, 2012 to 29th September, 2012 (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, 3rd Floor, Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, New Delhi-110062 quoting their folio numbers.

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 to our Registrars.

By order of the board

Sd/
(Dayaram Khanchandani)
Chairman

Place: Jaipur

Date: 10.08.2012

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

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

Name of Director	Shri Murli Meghnani	Shri Ashok Kumar Patni
Date of Birth	13.04.1947	17.02.1957
Date of Appointment	21.12.2005	30.09.2003
Designation	Independent Director	Independent Director
Expertise in specific Functional areas	Business	Business
Qualifications	Graduate	Graduate
Name of Companies in which Directorship held as on 31.03.2012	NIL	NIL
Member of the Committees of the Board of other Companies as on 31.03.2012	NIL	NIL

By order of the Board

Sd/-
Dayaram Khanchandani
Chairman

Place : Jaipur
Date : 10.08.2012

DIRECTORS' REPORT

Yours Directors have great pleasure in presenting the 20th Annual Report on the performance of your Company for the financial year ended on 31st March, 2012 along with Audited Statement of Accounts.

The highlights of the financial results of the Company for the Financial Year ended on 31st March, 2012 are as under:-

FINANCIAL HIGHLIGHTS

Particulars	Rs. In Lacs	
	Financial Year ended on	
	2011-12	2010-11
Sales and other Income	14,99,03,306	16,86,85,535
Profit before Interest & depreciation	1,01,09,035	77,82,343
Interest	81,18,760	40,11,749
Profit after interest but before Depreciation	19,90,275	37,70,594
Depreciation	16,84,736	16,11,236
Profit/ (Loss) before tax	2,38,058	23,18,258
Provision for taxation	73637	4,82,250
Provision for FBT		
Deferred Tax Liability (Created)/ Reversed	(141118)	(323350)
Net Profit/ (Loss) after tax	305539	21,59,358

FINANCIAL PERFORMANCE

The turnover during the financial year 2011-12 was Rs. 1499.03 lacs in comparison of previous year Rs. 1686.85 lacs. The turnover has decreased by approx. 11 percentage.

On 1st April, 2012 the Company has lost its beloved Managing Director Shri Kanhaiya Lal Khanchandani. He was only fifty five years old and expired due to a short time emerged unknown disease. The board can not forget his contribution to the overall progress of the Company since inception. The board pray to almighty for keeping his soul in peace.

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:-

On AS 28 regarding 'Impairment of Assets', in respect of impairment loss of Garment manufacturing unit, impairment loss, remains unascertained.

The board has decided to dispose of these assets relevant with garment manufacturing unit after completing the necessary compliances

On AS-15: 'provisions for Gratuity', for employees benefits (Revised 2005), in respect of 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.

The board is planning to take some policy etc. from some reputed agencies for the purpose of gratuity etc.

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, 2012. 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 appreciate the help and co-operation rendered by banks, Government and non-governments departments, employees and others who have contributed in the interest of the Company.

By order of the board

Sd/-
D R Khanchandani
Chairman

Sd/-
Pushpa Khanchandani
Whole-Time Director

Place: Jaipur

Date: 10.08.2012

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 31st March, 2012.

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 31.03.2012	Year Ended 31.03.2011
1. Electricity		
Purchased units	66480	37245
Total Amount (in Rs.)	384065	236120
Rate per unit (in Rs.)	5.78	6.33
2. Diesel		
Purchased (in litres)	NIL	NIL
Total Amount(in Rs.)	NIL	NIL
Rate per litre(in Rs.)	NIL	NIL
3. Coal	NIL	NIL
4. Furnance Oil	NIL	NIL
5. Other Internal Generation	NIL	NIL

II. Consumption per unit of Production

	Year Ended 31.03.2012	Year Ended 31.03.2011
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

	Year Ended 31.03.2012 Rs. in Lacs	Year Ended 31.03.2011 Rs.in Lacs
Total Foreign Exchange earned	1047.70	1435.55
Total Foreign Exchange used	NIL	NIL

By order of the Board

Place: Jaipur
Date: 10.08.2012

Sd/-
(Dayaram Khanchandani)
Chairman

Sd/-
(PUSHPA KHANCHANDANI)
Whole Time Director

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.

The Company has diversified its operations in Jewellery business etc., keeping in view of overall recession in the garment business.

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 fibre is available in abundant quantity in India as compared to China. As such, India is stronger in polyester/ viscose fibre 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

colour 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 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 four times during the year ended on 31st March 2012.

FINANCIAL REVIEW AND ANALYSIS

(a) Share Capital

The Authorised Share Capital of the Company is Rs. 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/-.

(b) Loan funds

During the year the Secured Loan of the Company was Rs. 7,02,90,185/-. The board is making their efforts to pay all the secured loans for decreasing the overall cost of the company.

(c) Sales

During the year the turnover of the Company has decreased by 11% (Approx.), i.e. from Rs. 16,86,85,535/- to Rs. 14,99,03,306/-

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/-

(Dayaram Khanchandani)
Chairman

Place : Jaipur

Date : 10.08.2012

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 five 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)	12	12	Y	1	Nil
Mr. Kanhaiya Lal Khanchandani	Executive (Managing Director)	12	12	Y	2	Nil
Mrs. Pushpa Khanchandani	Executive	12	12	Y	Nil	Nil
Mr. Ashok Kumar Patni	Independent	12	12	Y	Nil	Nil
Mr. Murlī Meghnani	Independent	12	12	Y	Nil	Nil
Mr. Kishore Motiyani	Independent	12	12	Y	Nil	Nil

* There were Twelve meetings held during the year on 20.05.2011, 30.06.2011, 30.07.2011, 04.08.2011, 09.08.2011, 17.08.2011, 31.10.2011, 29.11.2011, 21.12.2011, 23.12.2011, 31.01.2012, and 13.02.2012

** Last Annual General Meeting (AGM) was held on 30th September, 2011 (Friday) 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 30.07.2011,31.10.2011,31.01.2012 and 14.05.2012

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: -

* There was no meeting held during this year.

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 personnel's 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 31.03.2012:

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
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
19th Meeting	Friday 30th Sept., 2011	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 10 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** : 23.09.2012 to 29.09.2012

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

Date : 29.09.2012

Day : Saturday

Time : 10.00 A.M.

Venue of AGM : G-1/150, Garment Zone, EPIP,
RIICO Industrial Area, Sitapura,
Sanganer, Jaipur-302022

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

Financial reporting for the first quarter ending June 30, 2012 : July 2012

Financial reporting for the second quarter ending Sep. 30, 2012 : Oct. 2012

Financial reporting for the third quarter ending Dec. 31, 2012 : Jan. 2013

Financial reporting for the year ending March 31, 2013 : April 2013.....

Annual General Meeting for the year ending March 31, 2013 : Sept.2013

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

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

Jaipur, Ahmedabad 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

(h) 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

(i) Shareholding Pattern as on 31st March 2012.

S.No.	Category	No. of Share holders	No. of Shares	% to Total
1.	Promoter and Promoter Group	4	1719600	23.948
2.	NRI	12	77000	1.072
3.	Resident Individuals	1112	4360225	60.723
4.	Bodies Corporate	61	1023058	14.248
5.	Clearing Member	1	617	0.009
	TOTAL	1190	7180500	100

(j) Distribution of Shareholding as on 31st March 2012

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	0.4317
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
TOTAL	1190	100.00	7180500	71805000.00	100.0000

(k) Dematerialisation of Shares as on 31.03.2012

Number of Shares dematerialized	: 6686875
% of shares dematerialized	: 93.125 %

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.

(I) Registered Office:

M.K. Exim (India) Limited
G-1/150, Garment Zone, EPIP,
RIICO Industrial Area,
Sitapura, Sanganer, Jaipur-302022
Phone : 91-141-3937501
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 along with the Annual Report of the Company.

11. NON-MANDATORY REQUIREMENTS:

Presently the Company is not complying the Non-Mandatory Requirement of the Listing Agreement.

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, 2012.

By order of the Board
Sd/-
(Dayaram Khanchandani)
Chairman

Place: Jaipur.
Date: 10th August, 2012

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 31st March, 2012 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/-
(V. K. Agrawal)
Partner

Place : JAIPUR

Date : 16th July,2012

AUDITOR'S REPORT

1. We have audited the attached Balance Sheet of **M.K. EXIM (INDIA) LIMITED** as at 31st March 2012, Statement of Profit and Loss 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, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss 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 31st March 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012 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 31st March, 2012; and
- (ii) in the case of Statement of Profit and Loss, 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)

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

Place: Jaipur

Date: 16th July, 2012

**ANNEXURE REFERRED TO IN OUR REPORT OF EVEN DATE ON THE ACCOUNT OF
M.K. EXIM (INDIA) LIMITED FOR THE YEAR ENDED ON 31ST MARCH, 2012**

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) In our opinion, Company has not disposed off substantial part of Fixed Assets during the year and the going concern status of the Company is not affected.
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. 32,63,260/- and the year end balance of loan given to such party was NIL.
(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. 27,40,000/- and the year-end balance of loans taken from such parties was Rs. 81,692/-
(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, following are disputed Income tax due which have not been deposited with appropriate authorities.

S. No.	Nature of Dues	Amount (Rs.)	Period	Forum where dispute is pending
1.	Income Tax Demand	299973/-	A Y 2005-06	CIT(Appeals)
2.	Income Tax Demand	720985/-	A Y 2006-07	CIT(Appeals)

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 given guarantee for loans taken by Symphony Jewels (P) Ltd. from Bank of Baroda amounting to Rs. 516.66 Lacs.
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. The company has not raised any term loan during the year.
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 not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
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: 16th July, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

	NOTE NO.	AS AT 31.03.2012 Rs.	AS AT 31.03.2011 Rs.
EQUITY AND LIABILITIES			
Shareholder's Funds			
(a) Share Capital	1	71,805,000	71,805,000
(b) Reserves and Surplus	2	146,460,720	218,265,720
			146,155,181
			217,960,181
Non-Current Liabilities			
(a) Long-term borrowings	3	581,692	1,038,152
(b) Deferred tax liabilities (Net)	4	280,072	861,764
			421,190
			1,459,342
Current Liabilities			
(a) Short-term borrowings	5	70,290,185	31,964,774
(b) Trade payables	6	70,698,944	117,203,177
(c) Other current liabilities	7	2,626,555	2,186,520
(d) Short-term provisions	8	-	143,615,684
			371,597
Total		362,743,168	371,145,591
ASSETS			
Non-current assets			
(a) Fixed assets Tangible assets	9	17,681,936	19,248,300
(b) Non-current investments	10	10,567,000	10,567,000
(c) Long term loans and advances	11	104,239,014	113,921,590
(d) Other non-current assets	12	5,164,821	137,652,771
			5,347,739
			149,084,629
(2) Current assets			
(a) Inventories	13	29,332,544	36,189,687
(b) Trade receivables	14	182,452,762	165,964,304
(c) Cash and cash equivalents	15	12,987,313	19,799,413
(d) Short-term loans and advances	16	317,778	225,090,397
			107,558
			222,060,962
Total		362,743,168	371,145,591

Significant Accounting Policies &

Notes on Financial Statements

1 to 30

As per our report of even date annexed

For Vimal Agrawal & Associates

Chartered Accountants

Sd/-

(VIMAL KUMAR AGRAWAL)

Partner

Sd/-

(DAYARAM KHANCHANDANI)

Director

FOR AND ON BEHALF OF THE BOARD

Sd/-

(PUSHPA KHANCHANDANI)

Director

Place : JAIPUR

Date : 16th July,2012

STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2012

	NOTE NO.	AS AT 31.03.2012 Rs.	AS AT 31.03.2011 Rs.
Revenue from operations	17	146,770,546	167,786,434
Other Income	18	3,132,760	899,101
Total Revenue		149,903,306	168,685,535
Expenses:			
Cost of materials consumed	19	25,779,145	37,810,308
Purchase of Trading Goods	20	87,313,509	124,825,578
Changes in inventories of finished goods and work-in-progress	21	4,652,728	(15,569,040)
Employee benefit expenses	22	8,567,782	6,411,135
Financial costs	23	8,118,760	4,011,749
Depreciation and amortization expenses	9	1,684,736	1,611,236
Other expenses	24	13,548,588	7,145,376
Total Expenses		149,665,248	166,246,342
Profit before tax		238,058	2,318,258
Tax expense:			
(1) Current tax		(73,637)	(482,250)
(2) Deferred tax		141,118	323,350
Profit for the year		305,539	2,159,358
Earning per equity share:	25		
(1) Basic		0.0426	0.33
(2) Diluted		0.0426	0.33
Significant Accounting Policies & Notes on Financial Statements	1 to 30		

As per our report of even date Annexed

For Vimal Agrawal & Associates
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

Sd/-
(Vimal Kumar AGRAWAL)
PartnerSd/-
(DAYARAM KHANCHANDANI)
DirectorSd/-
(PUSHPA KHANCHANDANI)
Director

Place : JAIPUR

Date : 16th July,2012

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

CASH FLOW FROM OPERATING ACTIVITES (A)	Year Ended 31.3.12	Year ended 31.3.11
Net Profit After tax	3.06	21.59
Adjustments for:		
Income Tax Provision	0.00	4.82
Deferred Tax Liability	(1.41)	(3.23)
Depreciation	16.85	16.11
Interest Expenses	70.11	34.82
Interest Income	(8.30)	(2.82)
Loss on Sale of Fixed Assets	0.00	0.60
Preliminary Exp. w/off	0.80	0.80
	81.11	72.69
Operating Profit before working capital changes		
Adjustment for:		
Increase/Decrease in Inventories	68.57	(228.71)
Increase/Decrease Sundry Debtors & Other receivable	(164.88)	(1094.40)
Increase/Decrease in Current liabilities	(77.39)	1003.00
Increase/Decrease in Loans & Advances	95.75	(108.82)
Cash Generated From Operating activites	3.16	(356.24)
Interest paid	(70.11)	(34.82)
Tax Paid	(3.72)	0.00
Net Cash Flow from Operating Activities	(70.67)	(391.06)
CASH FLOW FROM INVESTING ACTIVITIES (B)		
Purchases of Fixed Assets	(1.19)	(11.29)
Profit/Loss of Fixed Assets	0.00	(61.16)
Sale of Fixed Assets	0.00	118.50
Interest Income	8.30	2.82
Decrease/Increase in Investment	0.00	(190.81)
Net Cash used In Investing Activities	7.11	(141.94)
CASH FLOW FROM FINANCING ACTIVITIES (C)		
Increase/Decrease in Secured Loans	0.00	155.93
Decrease in Unsecured Loan	(4.56)	(271.49)
Share application Money	0.00	837.00
Preliminary Exp.	0.00	(4.00)
Net Cash From Financing Activities	(4.56)	717.44

Net Increase (Decrease) In cash & Cash Equivalents (A+B+C)	(68.12)	184.44
Opening cash and cash equivalents	197.99	13.55
Closing cash and cash equivalents	129.87	197.99

As per our separate report of even date

For Vimal Agrawal & Associates
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

Sd/-
(VIMAL KUMAR AGRAWAL)
PARTNER

Sd/-
(DAYARAM KHANCHANDANI)
DIRECTOR

Sd/-
(PUSHPA KHANCHANDANI)
DIRECTOR

Place : JAIPUR

Date : 16th July, 2012

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.
- (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.

(xi) 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.

- (xii) Figures for the previous year have been regrouped/ rearranged to make them comerable with the current year.

NOTES FORMING PART OF FINANCIAL STATEMENT

	AS AT 31.03.2012 Rs.	AS AT 31.03.2011 Rs.		
1. SHARE CAPITAL				
Authorised Capital				
10000000 Equity Shares of Rs 10/- each	100,000,000	100,000,000.00		
Issued ,Subscribed & Paid up Capital				
7180500 Equity Shares of Rs 10/- each fully paid up	71,805,000	71,805,000.00		
	<u>71,805,000</u>	<u>71,805,000.00</u>		
1.1 Detail of shareholders holding more than 5% shares				
Name of shareholder	No. of shares		%	
	11-12	10-11	11-12	10-11
Kanhaiyalal Khanchandani	599890	579890	8.35	8.08
Dayaram Khanchandani	834700	834700	11.62	11.62
Nitin Khanchandani	815000	685000	11.35	9.54
Sunny Khanchandani	435000	435000	6.06	6.06
Dilip Sirwani	370000	370000	5.15	5.15
1.2 The Company has one class of equity shares having a par value of Rs. 10/- per share. Each shareholder is eligible for one vote per share held.				
2 RESERVES AND SURPLUS				
Statement of Profit and Loss				
Opening balance	91,114,168	88,954,810		
(+) Net Profit For the current year	305,539	2,159,358		
	<u>91,419,707</u>	<u>91,114,168</u>		
Securities Premium Reserve	53,482,300	53,482,300		
State Investment Subsidy	1,558,713	1,558,713		
	<u>146,460,720</u>	<u>146,155,181</u>		
3. LONG TERM BORROWINGS				
Unsecured Loans				
From Directors	81,692	538,152		
From Corporates	500,000	500,000		
	<u>581,692</u>	<u>1,038,152</u>		
4. DEFERRED TAX LIABILITY (Net)				
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.				
The breakup of Net Deferred Assets/(Liabilities) are @30.90% as under:				
Timing Difference between Book & Tax Value of Fixed Assets	(8.91)	(9.86)		
Gratuity Provision	6.11	5.65		
	<u>(2.80)</u>	<u>(4.21)</u>		

NOTES FORMING PART OF FINANCIAL STATEMENT

	AS AT 31.03.2012 Rs.	AS AT 31.03.2011 Rs.
5. <u>SHORT TERM BORROWINGS</u>		
Secured loan (inclusive of interest thereon)		
WORKING CAPITAL LIMIT		
From State Bank of Bikaner & Jaipur	70,290,185	31,964,774
(Working Capital limit from State Bank of Bikaner & Jaipur is secured by way of first charge over all the fixed & current assets.)	<u>70,290,1853</u>	<u>31,964,774</u>
6. <u>TRADE PAYABLES</u>		
Micro, Small & Medium Enterprises	-	-
Others	70,698,944	117,203,177
	<u>70,698,944</u>	<u>117,203,177</u>
6.1: 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 ascertained,under MSMED Act,2006 cannot be therefore the same are not disclosed.		
7. <u>OTHER CURRENT LIABILITIES</u>		
PF & ESI Payable	255,418	737
Provision for Fringe Benefit Tax	-	1,394
Credit Balance of Schedule Bank	76,035	76,035
CST Payable	1,879	88,580
Service Tax Payable	-	4,120
Gratuity Provision	2,072,780	1,924,395
TDS Payable	121,046	34,384
VAT Payable	2,677	-
Electricity Exps. Payable	32,716	15,609
Telephone Exps Payable	64,004	41,266
	<u>2,626,555</u>	<u>2,186,520</u>
8. <u>SHORT TERM PROVISIONS</u>		
Provision For Tax	-	371,597
	<u>-</u>	<u>371,597</u>

9. <u>FIXED ASSETS</u>												
S. No.	PARTICULARS	Rate of Dep.	GROSS BLOCK			DEPRECIATION				NET BLOCK		
			ASAT 01.04.2011	ADDITION/ (DELETION)	AS ON 31.03.12	UPTO 31.03.2011	ADJUSTMENT ON SALE OF ASSETS	FOR THE YEAR	UPTO 31.03.2012	AS ON 31.03.2012	AS ON 31.03.2011	
1	LAND		3987680		3987680	0	0	0	0	0	3987680	3987680
2	SITE DEVELOPMENT	3.34%	265586		265586	58549		8871	67420		198166	207037
3	BUILDING	3.34%	8540594		8540594	3194357		285256	3479613		5060981	5346237
4	PLANT & MACHINERY	4.75%	19224942		19224942	11292796		913185	12205981		7018961	7932146
5	FURNITURE & FIXTURES	6.33%	334592	3800	338392	223958		21370	245328		93064	110634
6	VEHICLES	9.50%	3370550		3370550	2440087		320202	2760289		610261	930463
7	MISC. FIXED ASSETS	4.75%	890897	55745	946642	370530		44832	415362		531280	520367
8	COMPUTER	16.21%	497186	41875	539061	373684		86053	459737		79324	123502
9	OFFICE EQUIPMENT	4.75%	92872	16950	109822	2637		4967	7604		102218	90235
TOTAL			37204899	118370	37323269	17956598	0	1684736	19641333	0	17681936	19248301
Previous Year			46524825	(9319926)	3720489	21000139	(4654777)	1611236	17956598		19248300	

M. K. Exim (India) Limited

NOTES FORMING PART OF FINANCIAL STATEMENT

	AS AT 31.03.2012 Rs.	AS AT 31.03.2011 Rs.
10. NON CURRENT INVESTMENTS		
Other Investments (unquoted)(Non Trade)		
N S C	1,000	1,000
Ganesham Vinayak Estate Pvt. Ltd.	10,566,000	10,566,000
(5000 equity shares of Rs. 100/ each fully paid.)	<u>10,567,000</u>	<u>10,567,000</u>
11. LONG TERM LOANS & ADVANCES		
(Unsecured & Considered good)		
Advances to Related Parties	8,850,000	8,892,800
Other Advances	94,905,788	104,420,974
TDS Receivable	150,113	64,713
Security Deposit	333,113	543,103
	<u>104,239,014</u>	<u>113,921,590</u>
11.1: Trade Advances amounting to Rs. 961.83 Lacs (Previous Year 609.51 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.		
12. OTHER NON CURRENT ASSETS		
Preliminary Exp.	240,000	320,000
Claim receivable for Loss by fire	4,689,857	4,689,857
Cenvat receivable	-	105,815
VAT Receivable	234,964	232,067
	<u>5,164,821</u>	<u>5,347,739</u>
13. INVENTORIES		
Raw Material	12,032,203	14,267,858
Finished Goods	437,244	7,129,945
Work In Progress	16,732,795	14,692,822
Packing Material & Consumables	130,302	99,062
	<u>29,332,544</u>	<u>36,189,687</u>
14. TRADE RECEIVABLES		
(Unsecured & Considered Good)		
Debts (Outstanding for a period exceeding Six months)	105438371	11885458
Others	77014391	154078846
	<u>182452762</u>	<u>165964304</u>

NOTES FORMING PART OF FINANCIAL STATEMENT

	AS AT 31.03.2012 Rs.	AS AT 31.03.2011 Rs.
15. CASH & CASH EQUIVALENTS		
Cash in Hand	9397912	915852
Balance with Banks	3589401	18883561
	<u>12,987,313</u>	<u>19,799,413</u>
16. SHORT TERM LOANS & AND ADVANCES (Unsecured & considered good)		
Prepaid Insurance	97,261	54,727
Claim Receivable from Insurance company	-	52,831
Advances to Employees	220,517	-
	<u>317,778</u>	<u>107,558</u>
17. REVENUE FROM OPERATIONS		
Domestic Sales	18,153,511	23,981,380
Export Sales	105,404,303	143,770,475
Job Work Charges	6,249,696	354,232
Exchange Rate Difference	16,963,036	(319,653)
	<u>146,770,546</u>	<u>167,786,434</u>
18. OTHER INCOME		
Drawback	2,303,155	617,000
Interest on FDR	829,605	282,101
	<u>3,132,760</u>	<u>899,101</u>
19. COST OF MATERIALS CONSUMED		
Opening Stock	14,267,858	7,065,445
Add: Purchases	23,543,490	45,012,721
Less: Closing Stock	12,032,203	14,267,858
	<u>25,779,145</u>	<u>37,810,308</u>
20. PURCHASE OF TRADING GOODS		
Purchase of Diamond	64,000,258	77,022,240
Purchase of Gold Jewellery	9,397,117	40,904,000
Purchase of Goods(For NGO)	13,916,134	6,899,338
	<u>87,313,509</u>	<u>124,825,578</u>

NOTES FORMING PART OF FINANCIAL STATEMENT

	AS AT 31.03.2012 Rs.	AS AT 31.03.2011 Rs.
21. CHANGES IN INVENTORIES OF FINISHED GOODS AND WIP		
Closing Stock of Finished Goods	437,244	7,129,945
Less: Opening Stock of Finished Goods	7,129,945	403,353
(Increase)/Decrease in Finished Goods	6,692,701	(6,726,592)
Closing Stock of Work-in-Progress	16,732,795	14,692,822
Less: Opening Stock of Work-in-Progress	14,692,822	5,850,374
(Increase)/Decrease in Work-in-Progress	(2,039,973)	(8,842,448)
	4,652,728	(15,569,040)
22. EMPLOYEE BENEFITS EXPENSES		
Salary Expenses	5,474,795	4,001,518
Wages Expenses	2,497,328	2,193,359
Staff Welfare Expenses	99,120	-
Provident Fund & ESI Contribution	137,054	-
Gratuity	148,385	116,538
Festival Expenses	211,100	99,720
	8,567,782	6,411,135
23. FINANCE COST		
Interest	7,010,945	3,482,250
Other Expenses	1,107,815	529,499
	8,118,760	4,011,749
24. OTHER EXPENSES		
Manufacturing Expenses:-		
Diesel & Oil expenses	39,841	13,348
Carriages & Cartages	9,330	11,230
Grading Charges	226,584	30,693
Processing Charges	2,900,805	719,368
Testing Charges	226,733	-
Kundan & Stone Making Charges	180,091	79,828
Tonch Charges	3,370	50
Refining Charges	5,000	-
Job Work Charges	3,914,976	2,063,091
Power & fuel	384,065	236,120
Total (A)	7,890,795	3,153,728

NOTES FORMING PART OF FINANCIAL STATEMENT

	AS AT 31.03.2012 Rs.	AS AT 31.03.2011 Rs.
Other Expenses;-		
Conveyance Charges	129,522	126,876
Discount	30,389	26,209
Electric & Water Expenses	58,744	75,905
Freight Charges	1,749,173	478,293
Office Expenses	186,232	15,724
Misc. Expenses	1,940	3,355
Printing & Stationery	176,053	85,849
Repair to Building	7,500	33,815
Repair to Machinery	127,617	28,914
Sales Promotion Expenses	44,359	227,893
Advertisement Expenses	182,471	123,576
Auditors Remuneration	100,000	100,000
Vehicle Expenses	326,662	393,766
Commission Expenses	-	31,667
Council Charges	2,465	6,583
Demand & Penalties	-	204,687
Insurance Charges	170,035	144,188
Legal & Professional Charges	244,033	281,881
Loss on sale of Vehicle	-	60,033
Packing material & consumables Consumed	423,405	3,022
Postage Expenses	185,535	51,041
Misc. Exp. W/Off	80,000	80,000
Registration & annual Charges	177,347	130,179
Rent	57,124	64,000
Sample expenses	49,284	202
Sundry Balances W/Off	(5,993)	11,030
Telephone Charges	423,057	539,702
Travelling Expenses	476,865	542,587
Website & Internet Expenses	19,990	25,000
Factory Expenses	-	84,671
Donation	-	11,000
ECGC Premium	233,984	-
Total (B)	5,657,793	3,991,648
Total (A)+(B)	13,548,588	7,145,376

NOTES FORMING PART OF FINANCIAL STATEMENT

	AS AT 31.03.2012 Rs. in Lacs %	AS AT 31.03.2011 Rs. in Lacs %
24.1 VALUE OF PACKING MATERIAL CONSUMED		
Imported	0	0
Indigenous	4.23	100
	0	0.03
	100	100
24.2 PAYMENTS TO AUDITORS		
(a) As Auditors:		
Statutory Audit Fees	100000	100000
(b) As Advisers, in respect of -Other Services	19,000	23,100
	<u>119,000</u>	<u>123,100</u>
25. EARNINGS PER SHARE(EPS)		
Net Profit after tax available for Equity Share holders	305539	2159358
Weighted average of number of equity share outstanding during the year	7180500	6560500
Basic & Diluted Earnings per share(in Rs.)	0.0426	0.33
Face value per equity share(in Rs.)	10	10
26. EARNING IN FOREIGN EXCHANGE & EXPENDITURE		
Foreign Exchange Earning(FOB Value)		
Export	104,769,863	143554923
Foreign Exchange Expenditure	0	0
	<u>104,769,863</u>	<u>143,554,923</u>
27. 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 :		
(1) List of related parties and relationships :		
S.NO.	NAME OF RELATED PARTY	RELATIONSHIP
1.	Mr. Dayaram Khanchandani :	Key Management Personnel
2.	Mr. Kanhaiya Lai Khanchandani :	Key Management Personnel
3.	Mrs. Pushpa Khanchandani:	Key Management Personnel
4.	Mr. Ashok Patni	Key Management Personnel
5.	M.K. Traders	Proprietorship firm of key management personnel
6.	M/s Square Gem General Trading L.L.C.	Relative concern of key Management personnel

7. M/s Square Textile L.L.C.	Relative concern of key Management personnel
8. M/s Symphoney Jewels Pvt. Ltd.	Relative Concern of key Management Personnel
9. M/s Ganesham Vinayak Estates Pvt. Ltd.	Associate Company
10. M/s M.K.Ingots Casting Pvt. Ltd.	Associate Company

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

	Current year 31.03.12	Previous year 31.03.11
1. Key Management Personnel		
Remuneration	1026000	1026000
Outstanding Payable at the end	1195880	2574628
Unsecured Loans		
Balance at the beginning	604952	27754332
Taken during the year	2740000	11374000
Paid during the year	3263261	38523380
Balance Payable at the end	81691	604952
2. Relative of Key Management Personnel		
Sale of Finished Goods	36176990	63737261
Debit Balance Outstanding at the end of the year	25993784	72368926
3. Associate Company		
Loans & Advances		
Balance at the beginning	8892800	77800
Given during the year	335000	8815000
Received during the year	377800	0
Balance at the end	8850000	8892800
Investment	10566000	10566000
28. REMUNERATION PAID TO DIRECTORS		
Salary	1026000	1026000
29. CONTINGENT LIABILITIES AND COMMITMENTS	Year Ended 31.03.2012	Year Ended 31.03.2011
Claims against the Company not acknowledge as debts	NIL	NIL
Disputed Income Tax Liability		
Pending in Appeals	10.21 lacs	NIL
Corporate Gurantee given by Company to Bank	516.66 lacs	NIL

NOTES FORMING PART OF FINANCIAL STATEMENT

30. 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.

	Jewellery		Finish fabric & Dress material		Blankets & Sleeping Mats		Electrict Items & Handicrafts		Unallocable		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11	31.03.12	31.03.11
Revenue	995.76	1545.74	299.03	59.50	194.12	0.00	0.00	82.10	10.24	2.21	1499.15	1689.55
Results Less :	(16.41)	57.77	50.92	(17.45)	36.57	0.00	(0.70)	8.37	(68.00)	(25.51)	2.38	23.18
MAT	0.00	(4.39)	(0.43)	(0.29)	(0.31)	0.00	0.00	0.00	0.00	0.00	(0.74)	(4.68)
Deferred tax liability Created/(Reverse)	0.94	2.94	0.28	0.19	0.19	0.00	0.00	0.10	0.00	0.00	1.41	3.23
Profit After Tax	(16.41)	62.16	51.35	(17.16)	36.88	0.00	(0.70)	8.37	(68.00)	(25.51)	3.05	21.73
Segment Assets	2318.74	1853.69	719.76	1482.02	420.92	0.00	0.76	134.64	167.25	48.19	3627.43	3518.54
Segment Liabilities	490.39	1128.24	147.26	69.23	95.60	0.00	0.00	5.46	708.72	0.00	1441.97	1202.93
Capital Expenditure	0.79	9.81	0.24	1.41	0.15	0.00	0.00	0.06	0.00	0.00	1.18	11.28
Non Cash Expenses other than Depreciation	0.97	1.90	0.31	0.07	0.20	0.00	0.00	0.11	0.00	0.00	1.48	2.08
Depreciation	11.27	0.31	3.38	15.80	2.20	0.00	0.00	0.00	0.00	0.00	16.85	16.11

- (v) Information about secondary business segment :

	<u>Current Year</u>	<u>Previous Year</u>
Export	1054.04	1437.70
Domestic	181.54	239.42
	<u>235.58</u>	<u>1677.12</u>

ATTENDANCE SLIP
M.K. EXIM (INDIA) LIMITED

REGISTERED OFFICE :

G1/150, Garment Zone, E.P.I.P. RIICO Industrial Area, Sitapura, Sanganer, Jaipur

(To be handed over at the entrance of the Meeting Hall)
20th Annual General Meeting - 29th September, 2012

1. Full Name of Member _____
(In Block Letter)
2. Folio No. _____
3. Full Name of Proxy (In Block Letters) _____
5. Member's/Proxy Signature _____

I hereby record my presence at **20th ANNUAL GENERAL MEETING** of the company on Friday the 29th September, 2012 at 10.00am. at G1/150, Garment Zone, E.P.I.P. RIICO Industrial Area, Sitapura, Sanganer, Jaipur

Member's/Proxy's Signature

PROXY FORM
M.K. EXIM (INDIA) LIMITED

REGISTERED OFFICE :

G1/150, Garment Zone, E.P.I.P. RIICO Industrial Area, Sitapura, Sanganer, Jaipur

Folio No. _____ No. of Shares Held _____

I/We _____ of _____

_____ in the district

of _____ being a member/Members of the

above named Company hereby appoint _____

of _____ in the district _____

Affix
Revenue
Stamp
of
Rs. 1

asmy/our proxy to vote for me/us on my/our behalf at the **TWENTYTH ANNUAL GENERAL MEETING** of the Company to be held on Friday the 29th September, 2012 and at any adjournment thereof. Signed this _____ day of _____ 2012. Signature _____

Note : The proxy form should be deposited at the Registered Office of the Company at least forty-eight hours before the meeting.

If undelivered please return to

M. K. Exim (India) Limited

Regd. Office :

G/1/150, Garment Zone, E.P.I.P.

RICO Industrial Area, Sitapura, Sanganer, Jaipur

