

21st Annual Report 2012-2013



M K EXIM (INDIA) LIMITED

21st Annual Report

2012-2013

Board of Directors

Shri Dayaram Khanchandani
Chairman

Smt. Pushpa Khanchandani
Whole-time Director

Shri Murli Meghnani
Independent Director

Shri Ashok Kumar Patni
Independent Director

Shri Kishore Motiyani
Independent Director

Company Secretary

Miss Prakriti Sethi

Auditors

Vimal Agrawal & Associates
Chartered Accountants
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

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	Smt. Pushpa Khanchandani	Shri Kishore Motiyani
Date of Birth	07.06.1957	08.11.1970
Date of Appointment	19.10.2000	26.12.2005
Designation	Whole Time Director	Independent Director
Expertise in specific Functional areas	Business	Business
Qualifications	M.A.	Graduate
Name of Companies in which Directorship held as on 31.03.2013	NIL	NIL
Member of the Committees of the Board of other Companies as on 31.03.2013	NIL	NIL

By order of the Board

Sd/-
Dayaram Khanchandani
Whole-Time Director

Place : Jaipur
Date : 10.07.2013

DIRECTORS' REPORT

Yours Directors have great pleasure in presenting the 21st Annual Report on the performance of your Company for the financial year ended on 31st March, 2013 along with Audited Statement of Accounts.

The highlights of the financial results of the Company for the Financial Year ended on 31st March, 2013 are as under:-

FINANCIAL HIGHLIGHTS

Particulars	Rs. In Lacs	
	Financial Year ended on	
	2012-13	2011-12
Sales and other Income	1394.45	1499.15
Profit before interest & depreciation	61.94	101.09
Interest	37.23	81.19
Profit after interest but before Depreciation	24.71	19.90
Depreciation	16.82	16.85
Profit/ (Loss) before tax	7.38	2.38
Provision for taxation	(1.59)	(0.74)
Deferred Tax Liability (Created)/ Reversed	2.10	1.41
Net Profit/ (Loss) after tax	7.89	3.05

FINANCIAL PERFORMANCE

The turnover during the financial year 2012-13 was Rs. 1394.45 lacs in comparison of previous year Rs. 1499.15 lacs. The turnover has decreased by approx. 6.98 percentage. The board is making their all possible efforts to improve the performance of the Company.

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 decision regarding this to overcome this non-compliance.

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/- yearly basis or more in the year ended March, 31,2013. 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/-
D R Khanchandani
Whole-Time Director

Place: Jaipur

Date: 10.07.2013

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, 2013.

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 31.03.2013	Year Ended 31.03.2012
1. Electricity		
Purchased units	67940	66,480
Total Amount (in Rs.)	443081	3,84,065
Rate per unit (in Rs.)	6.52	5.78
2. Diesel Purchased (in liters)	NIL	NIL
Total Amount(in Rs.)	NIL	NIL
Rate per liter (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 31.03.2013	Year Ended 31.03.2012
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 31.03.2013 Rs. in Lacs	Year Ended 31.03.2012 Rs.in Lacs
Total Foreign Exchange earned	259.29	1,047.70
Total Foreign Exchange used	NIL	NIL

By order of the Board
Sd/-

Place: Jaipur
Date : 10.07.2013

(DayaramKhanchandani)
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 2013.

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/-.

(b) Loan funds

During the year the Secured Loan of the Company was decreased by 75% , i.e. from Rs.70,290,185/- to Rs 17,392,787/-, which is better for the company.

(c) Sales

During the year the turnover of the Company has decreased by 6.98 % ,i.e. from Rs. 13,94,45,428/- to Rs. 14,99,03,306/-, the board is making their possible efforts to improve the performance of the company.

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/-
(DayaramKhanchandani)
Whole-Time Director

Place: Jaipur

Date: 10.07.2013

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	Whole-Time Director	12	12	Y	1	*
Mrs. Pushpa Khanchandani	Director	12	12	Y	*	*
Mr. Ashok Kumar Patni	Independent	12	12	Y	*	*
Mr. Murli Meghnani	Independent	12	12	Y	*	*
Mr. Kishore Motiyani	Independent	12	12	Y	*	*

* There were Twelve... meetings held during the year on 10.04.2012, 17.04.2012, 10.05.2012, 30.07.2012, 14.09.2012, 31.10.2012, 03.11.2012, 03.01.2013, 22.01.2013, 31.01.2013, 10.04.2013 & 30.05.2013

** Last Annual General Meeting (AGM) was held on 29th September, 2012 (Saturday) at Registered Office: G-1/150, Garment Zone, E.P.I.P. RIICO Industrial area, Sitapura, Sanganaer, Jaipur.

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.
- 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 Menghani	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 30.07.2012, 31.10.2012, 31.01.2013, & 30.05.2013.

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. 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 31.03.2013:

Name of Executive Director	Salary (Rs.)	Contribution to P/F (Rs.)	Total (Rs.)
Mr. Dayaram Khanchandani	1,86,000	NIL	1,86,000
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 General Meeting	Day & Date	Time	Venue
18th Meeting	Thursday 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
20th Meeting	Saturday 29th Sept., 2012	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** : 20.09.2013 to 30.09.2013

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

Date : 30.09.2013

Day : Monday

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)** :

Financial reporting for the first quarter ending	June 30, 2013	: July 2013
Financial reporting for the second quarter ending.	Sept.30, 2013	: Oct 2013.
Financial reporting for the third quarter ending	Dec.31, 2013	: Jan, 2014
Financial reporting for the year ending	March 31,2014	: May 2014
Annual General Meeting for the year ending	March 31,2014	: Sept. 2014

(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 2013.

S.No.	Category	No. of Share holders	No. of Shares	% to Total
1.	Promoter and Promoter Group	3	1861900	25.93
2.	NRI	12	72700	1.01
3.	Resident Individuals	1134	3969847	55.29
4.	Bodies Corporate	65	1152657	16.05
5.	Clearing Member	4	14006	0.20
6.	HUF	38	109390	1.52
	TOTAL	1256	7180500	100

(j) Distribution of Shareholding as on 31st March, 2013

SHARE HOLDING OF NOMINAL VALUE OF RS.	NO. OF SHARE-HOLDERS	% TO TOTAL	NO. OF SHARES	AMOUNT IN RS.	% TO TOTAL
UP TO 5000	667	53.11	149790	1497900	2.0861
5001 TO 10000	361	28.74	328524	3285240	4.5752
10001 TO 20000	68	5.41	114091	1140910	1.6002
20001 TO 30000	32	2.55	81395	813950	1.1336
30001 TO 40000	9	0.72	30647	306470	0.4268
40001 TO 50000	7	0.56	31741	317410	0.4420
50001 TO 100000	43	3.42	359768	3597680	5.0103
100001 AND ABOVE	69	5.49	6083734	60837340	84.7258
TOTAL	1256	100.00	7180500	71805000	100.0000

(k) Dematerialisation of Shares as on 31.03.2013

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.

(l) Registered Office:

M.K. Exim (India) Limited

G-1/150, Garment Zone, EPIP,

RICO 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, 2013.

By order of the Board
Sd/-

(**Dayaram Khanchandani**)
Whole-Time Director

Place: Jaipur.

Date: 10th July, 2013

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, 2013 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 : 18th May, 2013

INDEPENDENT AUDITOR'S REPORT

To the members of M.K. EXIM (INDIA) LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **M.K. EXIM (INDIA) LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the auditing standards on auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2013;

- (b) in the case of Statement of Profit and Loss, of the Profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the order") issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. As required by Section 227(3) of the Act, 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, the Statement of Profit and Loss and the 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 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 2013 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956.

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

Sd/-
(V. K. Agrawal)
Partner

M. No. 71627

Place: Jaipur

Date : 18th May, 2013

**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, 2013**

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 three parties listed in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 1,08,50,000/- and the year end balance of loan given to such parties was 77,50,000/-.
(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 five parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 2,19,00,000/- 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 each 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 generally regular in depositing with the appropriate authorities undisputed statutory dues.
(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.
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.
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: 18th May, 2013

BALANCE SHEET AS AT 31st MARCH, 2013

PARTICULARS	NOTE No.	AS AT 31.03.2013 Rs.	AS AT 31.03.2012 Rs.
EQUITY AND LIABILITIES			
Shareholder's Funds			
(a) Share Capital	1	71,805,000	71,805,000
(b) Reserves and Surplus	2	<u>147,249,724</u>	<u>146,460,720</u>
		219,054,724	218,265,720
Non-Current Liabilities			
(a) Long-term borrowings	3	81,692	581,692
(b) Deferred tax liabilities (Net)	4	<u>70,150</u>	<u>280,072</u>
		151,842	861,764
Current Liabilities			
(a) Short-term borrowings	5	17,392,787	70,290,185
(b) Trade payables	6	27,673,807	70,698,944
(c) Other current liabilities	7	<u>2,342,925</u>	<u>2,626,555</u>
		47,409,519	143,615,684
Total		<u><u>266,616,085</u></u>	<u><u>362,743,168</u></u>
ASSETS			
Non-current assets			
(a) Fixed assets Tangible assets	9	16,106,019	17,681,936
(b) Non-current investments	8	1,000	10,567,000
(c) Long term loans and advances	10	104,791,295	104,239,014
(d) Other non-current assets	11	<u>5,104,753</u>	<u>5,164,821</u>
		126,003,067	137,652,771
(2) Current assets			
(a) Inventories	12	21,401,227	29,332,544
(b) Trade receivables	13	112,553,908	182,452,762
(c) Cash and cash equivalents	14	5,722,501	12,987,313
(d) Short-term loans and advances	15	<u>935,382</u>	<u>317,778</u>
		140,613,018	225,090,397
Total		<u><u>266,616,085</u></u>	<u><u>362,743,168</u></u>

Significant Accounting Policies &
Notes on Financial Statements

1 to 29

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)
Partner

Sd/-
(DAYARAM KHANCHANDANI)
Director

Sd/-
(PUSHPA KHANCHANDANI)
Director

Place : JAIPUR
Date : 18th May, 2013

STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2013

	NOTE No.	AS AT 31.03.2013 Rs.	AS AT 31.03.2012 Rs.
Revenue from operations	16	129,694,898	146,770,546
Other Income	17	9,750,530	3,132,760
Total Revenue		139,445,428	149,903,306
Expenses:			
Cost of materials consumed	18	15,104,197	25,779,145
Purchase of Trading Goods	19	104,224,222	87,313,509
Changes in inventories of finished goods and work-in-progress	20	2,835,521	4,652,728
Employee benefit expenses	21	2,871,690	8,567,782
Financial costs	22	4,146,536	8,118,760
Depreciation and amortization expenses	9	1,682,117	1,684,736
Other expenses	23	7,842,726	13,548,588
Total Expenses		138,707,009	149,665,248
Profit before tax		738,419	238,058
Tax expense:			
(1) Current tax		(159,337)	(73,637)
(2) Deferred tax		209,922	141,118
Profit for the year		789,004	305,539
Earning per equity share:	24		
(1) Basic		0.1099	0.0426
(2) Diluted		0.1099	0.0426
Significant Accounting Policies & Notes on Financial Statements	1 to 29		

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)
DirectorPlace : JAIPUR
Date : 18th May, 2013

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2013**

CASH FLOW FROM OPERATING ACTIVITES (A)	Year Ended 31.3.13	Year ended 31.3.12
Net Profit After tax	7.89	3.06
Adjustments for:		
Deferred Tax Liability	(2.10)	(1.41)
Depreciation	16.82	16.85
Interest Expenses	37.23	70.11
Interest Income	0.00	(8.30)
Loss on Sale of Fixed Assets	0.00	0.00
Preliminary Exp. w/off	0.80	0.80
	60.64	81.11
Operating Profit before working capital changes		
Adjustment for:		
Increase/Decrease in Inventories	79.31	68.57
Increase/Decrease Sundry Debtors & Other receivable	698.99	(164.88)
Increase/Decrease in Current liabilities	(962.06)	(77.39)
Increase/Decrease in Loans & Advances	(11.90)	95.75
Cash Generated From Operating activites	(135.02)	3.16
Interest paid	(37.23)	(70.11)
Tax Paid	0.00	(3.72)
Net Cash Flow from Operating Activities	(172.25)	(70.67)
CASH FLOW FROM INVESTING ACTIVITIES (B)		
Purchases of Fixed Assets	(1.09)	(1.19)
Profit/Loss of Fixed Assets	0.00	0.00
Sale of Fixed Assets	0.03	0.00
Interest Income	0.00	8.30
Decrease/Increase in Investment	105.66	0.00
Net Cash used In Investing Activities	104.60	7.11
CASH FLOW FROM FINANCING ACTIVITIES (C)		
Increase/Decrease in Secured Loans	0.00	0.00
Decrease in Unsecured Loan	(5.00)	(4.56)
Share application Money	0.00	0.00
Preliminary Exp.	0.00	0.00
Net Cash From Financing Activities	(5.00)	(4.56)

Net Increase (Decrease) In cash & cash equivalents (A+B+C)	(72.65)	(68.12)
Opening cash and cash equivalents	129.87	197.99
Closing cash and cash equivalents	57.22	129.87

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 : 18th May, 2013

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 comparable with the current year.

NOTES FORMING PART OF FINANCIAL STATEMENT

	AS AT 31.03.2013 Rs.	AS AT 31.03.2012 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	<u>71,805,000</u>	<u>71,805,000.00</u>
	<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	%
	12-13	11-12
	12-13	11-12
Kanhaiyalal Khanchandani	-	599890
Dayaram Khanchandani	1434590	834700
Nitin Khanchandani	815000	815000
Sunny Khanchandani	435000	435000
Dilip Sirwani	-	370000
Rakhi Khanchandani	390000	-
Jainum Share Pvt. Ltd.	413662	-
	5.43	5.76
	-	-
	8.35	11.62
	11.35	11.35
	6.06	6.06
	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	91,419,707	91,114,168
(+) Net Profit For the current year	<u>789,004</u>	<u>305,539</u>
	<u>92,208,711</u>	<u>91,419,707</u>
Securities Premium Reserve	53,482,300	53,482,300
State Investment Subsidy	<u>1,558,713</u>	<u>1,558,713</u>
	<u>147,249,724</u>	<u>146,460,720</u>
3. LONG TERM BORROWINGS		
Unsecured Loans		
From Directors	81,692	81,692
From Corporates	-	500,000
	<u>81,692</u>	<u>581,692</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:		

NOTES FORMING PART OF FINANCIAL STATEMENT

	AS AT 31.03.2013 Rs.	AS AT 31.03.2012 Rs.
Timing Difference between Book & Tax Value of Fixed Assets	(7.41)	(8.91)
Gratuity Provision	6.71	6.11
	<u>(0.70)</u>	<u>(2.80)</u>
5. SHORT TERM BORROWINGS		
Secured loan (inclusive of interest thereon)		
WORKING CAPITAL LIMIT		
From State Bank of Bikaner & Jaipur	17,392,787	70,290,185
(Working Capital limit from State Bank of Bikaner & Jaipur is secured by way of first charge over all the fixed & current assets.)	<u>17,392,787</u>	<u>70,290,185</u>
6. TRADE PAYABLES		
Micro, Small & Medium Enterprises	-	-
Others	27,673,807	70,698,944
	<u>27,673,807</u>	<u>70,698,944</u>
6.1: Details of dues to Micro, Small and Medium Enterprises under 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.		
7. OTHER CURRENT LIABILITIES		
PF & ESI Payable	17,541	255,418
Credit Balance of Schedule Bank	76,035	76,035
CST Payable	-	1,879
Gratuity Provision	2,170,355	2,072,780
TDS Payable	9,148	121,046
VAT Payable	-	2,677
Electricity Exps. Payable	52,134	32,716
Telephone Exps Payable	17,712	64,004
	<u>2,342,925</u>	<u>2,626,555</u>
8. NON CURRENT INVESTMENTS		
Other Investments (unquoted) (Non Trade)		
N S C	1,000	1,000
Ganesham Vinayak Estate Pvt. Ltd.	-	10,566,000
(Nil (5000) equity shares of Rs. 100/ each fully paid.)	<u>1,000</u>	<u>10,567,000</u>

M. K. Exim (India) Limited											
9. FIXED ASSETS											
S. No.	PARTICULARS	Rate of Dep.	GROSS BLOCK			DEPRECIATION			NET BLOCK		
			AS AT 01.04.2012	ADDITION/ (DELETION)	AS ON 31.03.13	UPTO 31.03.2012	ADJUSTMENT ON SALE OF ASSETS	FOR THE YEAR	UPTO 31.03.2013	AS ON 31.03.2013	AS ON 31.03.2012
1.	LAND		3,987,680		3,987,680	0	0	0	0	3,987,680	3,987,680
2.	SITE DEVELOPMENT	3.34%	265,586		265,586	67,420	8,871	76,291	189,295	189,295	198,166
3.	BUILDING	3.34%	8,540,594		8,540,594	3,479,613	285,256	3,764,869	4,775,725	5,060,981	5,060,981
4.	PLANT & MACHINERY	4.75%	19,224,942		19,224,942	12,205,981	913,185	13,119,166	6,105,776	7,018,961	7,018,961
5.	FURNITURE & FIXTURES	6.33%	338,392		338,392	245,328	21,420	266,748	71,544	93,064	93,064
6.	VEHICLES	9.50%	3,370,550		3,370,550	2,760,289	320,202	3,080,491	290,059	610,261	610,261
7.	MISC. FIXED ASSETS	4.75%	946,642	109,500 -3,300	1,052,842	415,362	48,642	464,004	588,838	531,280	531,280
8.	COMPUTER	16.21%	539,061		539,061	459,737	79,324	539,061	0	79,324	79,324
9.	OFFICE EQUIPMENT	4.75%	109,822		109,822	7,604	5,217	12,821	97,001	102,218	102,218
	TOTAL		37,323,269	106,200	37,429,469	19,641,334	0	21,323,450	16,106,019	17,681,935	17,681,935
	Previous Year		37,204,899	118,370	37,323,269	17,956,598	0	1,684,736	19,641,333	17,681,936	

NOTES FORMING PART OF FINANCIAL STATEMENT

	AS AT 31.03.2013 Rs.	AS AT 31.03.2012 Rs.
10. LONG TERM LOANS & ADVANCES		
(Unsecured & Considered good)		
Advances to Related Parties	7,750,000	8,850,000
Other Advances	96,405,788	94,905,788
TDS Receivable	372,642	150,113
Security Deposit	262,865	333,113
	104,791,295	104,239,014
10.1. Trade Advances amounting to Rs. 958.06 Lacs (Previous Year 961.83 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.		
11. OTHER NON CURRENT ASSETS		
Preliminary Exp.	160,000	240,000
Claim receivable for Loss by fire	4,689,857	4,689,857
VAT Receivable	254,896	234,964
	5,104,753	5,164,821
12. INVENTORIES		
Raw Material	7,037,827	12,032,203
Finished Goods	14,018,124	437,244
Work In Progress	316,394	16,732,795
Packing Material & Consumables	28,882	130,302
	21,401,227	29,332,544
13. TRADE RECEIVABLES		
(Unsecured & Considered Good)		
Debts (Outstanding for a period exceeding Six months)	62,447,455	105,438,371
Others	50,106,453	77,014,391
	112,553,908	182,452,762
14. CASH & CASH EQUIVALENTS		
Cash in Hand	1,265,045	9,397,912
Balance with Banks	4,457,456	3,589,401
	5,722,501	12,987,313

NOTES FORMING PART OF FINANCIAL STATEMENT

	AS AT 31.03.2013 Rs.	AS AT 31.03.2012 Rs.
15. SHORT TERM LOANS & ADVANCES		
(Unsecured & considered good)		
Prepaid Insurance	39,180	97,261
Advances to Employees	896,202	220,517
	<u>935,382</u>	<u>317,778</u>
16. REVENUE FROM OPERATIONS		
Domestic Sales	93,920,341	18,153,511
Export Sales	26,213,351	105,404,303
Job Work Charges	659,634	6,249,696
Exchange Rate Difference	8,901,572	16,963,036
	<u>129,694,898</u>	<u>146,770,546</u>
17. OTHER INCOME		
Duty Drawback	1,671,030	2,303,155
Interest on FDR	-	829,605
Rent	3,267,000	-
Claim Received from Insurance Co. (under Keyman Insurance Policy)	4,812,500	-
	<u>9,750,530</u>	<u>3,132,760</u>
18. COST OF MATERIALS CONSUMED		
Opening Stock	12,032,203	14,267,858
Add : Purchases	10,109,821	23,543,490
Less: Closing Stock	7,037,827	12,032,203
	<u>15,104,197</u>	<u>25,779,145</u>
19. PURCHASE OF TRADING GOODS		
Purchase of Diamond	-	64,000,258
Purchase of Gold Jewellery	-	9,397,117
Purchase of Fabric	88,931,512	-
Purchase of Goods(For NGO)	15,292,710	13,916,134
	<u>104,224,222</u>	<u>87,313,509</u>
20. CHANGES IN INVENTORIES OF FINISHED GOODS AND WIP		
Closing Stock of Finished Goods	14,018,124	437,244
Less:Opening Stock of Finished Goods	437,244	7,129,945
(Increase)/Decrease in Finished Goods	(13,580,880)	6,692,701
Closing Stock of Work-in-Progress	316,394	16,732,795
Less:Opening Stock of Work-in-Progress	16,732,795	14,692,822
(Increase)/Decrease in Work-in-Progress	16,416,401	(2,039,973)
	<u>2,835,521</u>	<u>4,652,728</u>

NOTES FORMING PART OF FINANCIAL STATEMENT

	AS AT 31.03.2013 Rs.	AS AT 31.03.2012 Rs.
21. EMPLOYEE BENEFITS EXPENSES		
Salary Expenses	2,331,965	5,474,795
Wages Expenses	311,954	2,497,328
Staff Welfare Expenses	16,853	99,120
Provident Fund & ESI Contribution	113,343	137,054
Gratuity	97,575	148,385
Festival Expenses	-	211,100
	<u>2,871,690</u>	<u>8,567,782</u>
22. FINANCE COST		
Interest	3,722,746	7,010,945
Other Expenses	423,790	1,107,815
	<u>4,146,536</u>	<u>8,118,760</u>
23. OTHER EXPENSES		
Manufacturing Expenses:-		
Diesel & Oil expenses	3,492	39,841
Carriages & Cartages	2,730	9,330
Grading Charges	107,276	226,584
Processing Charges	1,568,818	2,900,805
Testing Charges	-	226,733
Kundan & Stone Making Charges	3,212	180,091
Touch Charges	534	3,370
Refining Charges	83	5,000
Job Charges	161,565	3,914,976
Power & fuel	117,968	384,065
	<u>1,965,678</u>	<u>7,890,795</u>
Total (A)	<u>1,965,678</u>	<u>7,890,795</u>
Other Expenses :-		
Conveyance Charges	60,168	129,522
Discount	-	30,389
Electric & Water Expenses	16,419	58,744
Freight Charges	1,898,099	1,749,173
Office Expenses	35,128	186,232
Misc. Expenses	-	1,940
Printing & Stationery	59,152	176,053
Repairs to Building	509,937	7,500

NOTES FORMING PART OF FINANCIAL STATEMENT

	AS AT 31.03.2013 Rs.	AS AT 31.03.2012 Rs.
Repairs to Machinery	50,200	127,617
Sales Promotion Expenses	-	44,359
Advertisement Expenses	260,623	182,471
Auditors Remuneration	100,000	100,000
Vehicle Expenses	255,919	326,662
Commission Expenses	-	-
Council Charges	2,297	2,465
Demand & Penalties	657,781	-
Insurance Charges	168,171	170,035
Legal & Professional Charges	480,920	244,033
Packing material & consumables Consumed	320,241	423,405
Postage Expenses	161,964	185,535
Misc. Exp. W/Off	80,000	80,000
Registration & Annual Charges	128,406	177,347
Rent	70,000	57,124
Sample expenses	(2,905)	49,284
Sundry Balances W/Off	(47,350)	(5,993)
Telephone Charges	365,742	423,057
Travelling Expenses	103,345	476,865
Website & Internet Expenses	7,495	19,990
ECGC Premium	135,296	233,984
Total (B)	5,877,048	5,657,793
Total (A)+(B)	7,842,726	13,548,588

23.1 VALUE OF PACKING MATERIAL CONSUMED

	Rs. In Lacs	%	Rs. In Lacs	%
Imported	0	0	0	0
Indigenous	3.20	100	4.23	100

23.2 PAYMENTS TO AUDITORS

(a) As Auditors:			
Statutory Audit Fees	100,000	100,000	
(b) As Advisers, in respect of			
- Other Services	82,000	19,000	
	182,000	119,000	

	AS AT 31.03.2013 Rs.	AS AT 31.03.2012 Rs.
24. EARNINGS PER SHARE(EPS)		
Net Profit after tax available for Equity Share holders	789,004	305,539
Weighted average of number of equity share outstanding during the year	7,180,500	7,180,500
Basic & Diluted Earnings per share(in Rs.)	0.1099	0.0426
Face value per equity share(in Rs.)	10	10
25. ARNING IN FOREIGN EXCHANGE & EXPENDITURE		
Foreign Exchange Earning(FOB Value)		
Export	25,929,822	104,769,863
Foreign Exchange Expenditure.	0	0
	<u>25,929,822</u>	<u>104,769,863</u>

26. 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.	Mrs. Pushpa Khanchandani:	Key Management Personnel
3.	Mr. Ashok Patni	Key Management Personnel
4.	M.K.Products	Partnership firm of key
5.	Rakhi Khanchandani	Relative of Director
6.	M/s Square Gem General Trading L.L.C.	Related concern of key Management personnel
7.	M/s Square Textile L.L.C.	Related concern of key Management personnel
8.	M/s Symphony Jewels Pvt. Ltd.	Related Concern of key Management Personnel

NOTES FORMING PART OF FINANCIAL STATEMENT

	AS AT 31.03.2013 Rs.	AS AT 31.03.2012 Rs.
Details of transactions with related parties and the status of outstanding balances at the year end.		
1. Key Management Personnel		
Remuneration	426,000	1,026,000
Outstanding Payable at the end	248,500	1,195,880
Unsecured Loans		
Balance at the beginning	81,691	604,952
Taken during the year	25,000,000	2,740,000
Paid during the year	25,000,000	3,263,261
Balance Payable at the end	81,691	81,691
2. Relative of Key Management Personnel		
Sale of Finished Goods	12,730,749	36,176,990
Debit Balance Outstanding at the end of the year	1,266,800	25,993,784
3. Associate Company		
Loans & Advances		
Balance at the beginning	8,892,800	8,892,800
Given during the year	8,892,800	335,000
Received during the year	0	335,000
Balance at the end	0	8,892,800
Investment	0	10,566,000
27 REMUNERATION PAID TO DIRECTORS		
Salary	426,000	1,026,000
28. CONTINGENT LIABILITIES AND COMMITMENTS	Year Ended 31.03.2013	Year Ended 31.03.2012
Claims against the Company not acknowledge as debts	NIL	NIL
Disputed Income Tax Liability		
Pending in Appeals	NIL	10.21 lacs
Corporate Gurantee given by Company to Bank	NIL	516.66 lacs

NOTES FORMING PART OF FINANCIAL STATEMENT

29. 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
	31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	31.03.12	31.03.13	31.03.12
Revenue	162.23	995.76	984.52	299.03	164.67	194.12	0.00	0.00	83.04	10.24	1394.45	1499.15
Results Less :	(32.74)	(16.41)	(43.96)	50.92	2.35	36.57	0.00	(0.70)	81.73	(68.00)	7.38	2.38
MAT	0.00	0.00	0.00	(0.43)	(0.05)	(0.31)	0.00	0.00	(1.54)	0.00	(1.59)	(0.74)
Deferred tax liability Created/(Reverse)	0.26	0.94	1.58	0.28	0.26	0.19	0.00	0.00	0.00	0.00	2.10	1.41
Profit After Tax	(32.48)	(16.41)	(42.38)	51.35	2.57	36.88	0.00	(0.70)	80.19	(68.00)	7.89	3.05
Segtment Assets	301.28	2318.74	1985.19	719.76	317.82	420.92	0.00	0.76	61.87	167.25	2666.16	3627.43
Segment Liabilities	36.15	490.39	228.68	147.26	38.25	0.00	0.00	0.00	173.93	708.72	477.01	1346.37
Capital Expenditure	0.13	0.79	0.82	0.24	0.14	0.15	0.00	0.00	0.00	0.00	1.09	1.18
Non Cash Expenses other than Depreciation	0.12	0.97	0.74	0.31	0.12	0.20	0.00	0.00	0.00	0.00	0.98	1.48
Depreciation	2.01	11.27	12.69	3.38	2.12	2.20	0.00	0.00	0.00	0.00	16.82	16.85

- (v) **Information about secondary business segment :-**

	<u>Current Year</u>	<u>Previous Year</u>
Export	939.20	1054.04
Domestic	262.13	181.54
	<u>1201.33</u>	<u>1235.58</u>

ATTENDANCE SLIP
M.K. EXIM (INDIA) LIMITED

REGISTERED OFFICE :

G1/150, Garment Zone, E.P.I.P. RIICO Industrial Area, Sitapura, Sanganer, Jaipur-302022

(To be handed over at the entrance of the Meeting Hall)

21st Annual General Meeting - 30th September, 2013

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

I hereby record my presence at **21st ANNUAL GENERAL MEETING** of the company on **Monday the 30th September, 2013** at 10.00 a.m. at G1/150, Garment Zone, E.P.I.P. RIICO Industrial Area, Sitapura, Sanganer, Jaipur-302022

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-302022

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 _____

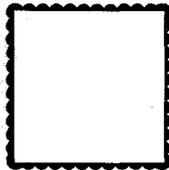
Affix
Revenue
Stamp
of
Rs. 1

asmy/our proxy to vote for me/us on my/our behalf at the **TWENTY FIRST ANNUAL GENERAL MEETING** of the Company to be held on **Monday the 30th September, 2013** and at any adjournment thereof. Signed this _____ day of _____ 2012. Signature _____

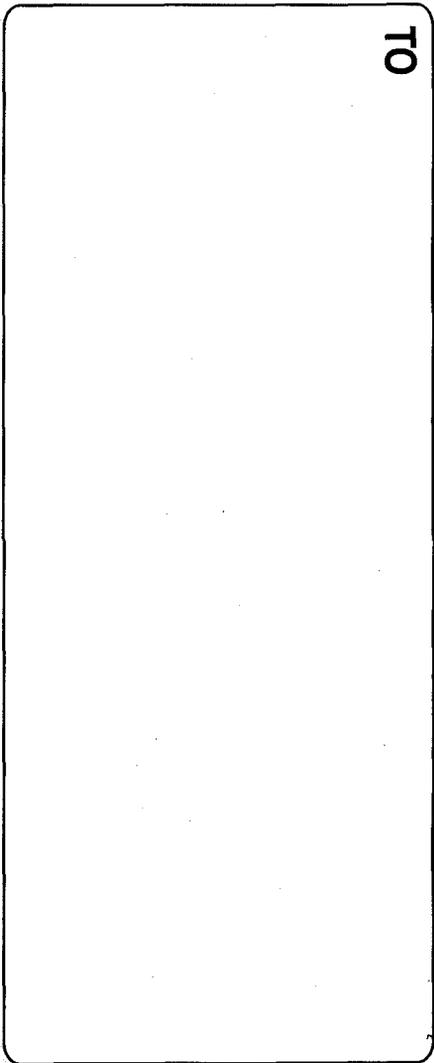
Note : The proxy form should be deposited at the Registered Office of the Company at least forty-eight hours before the meeting.

BOOK POST

PRINTED MATTERS



TO



If undelivered please return to

M. K. Exim (India) Limited

Regd. Office :

G1/150, Garment Zone, E.P.I.P.

RILCO Industrial Area, Sitapura, Sanganer, Jaipur-302022

