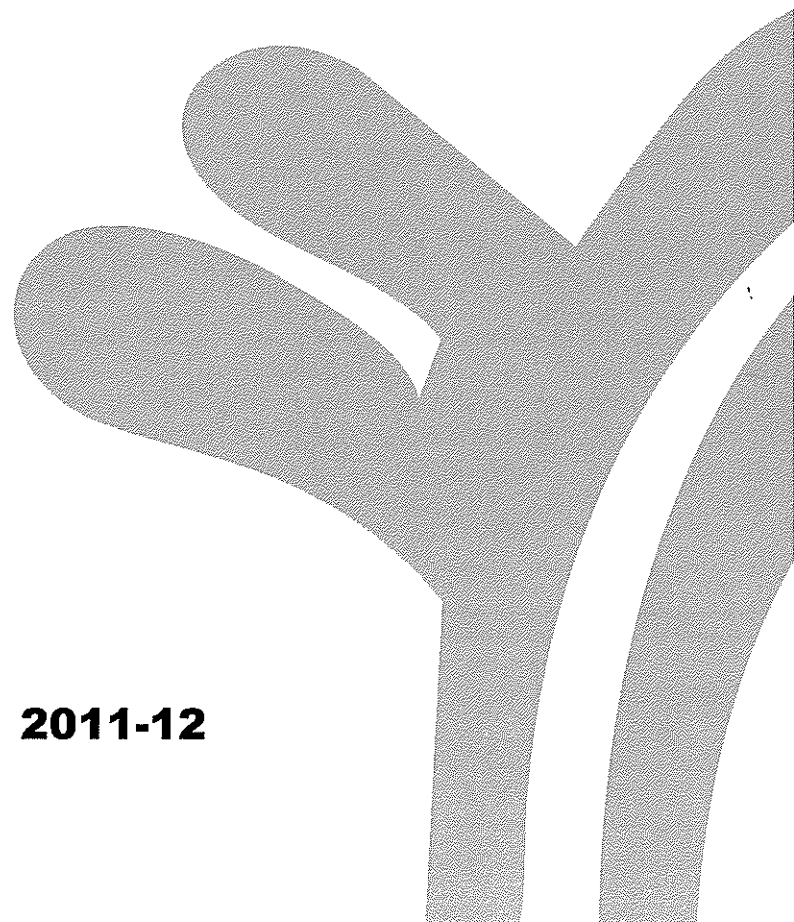




**ANNUAL REPORT | 2011-12**



## NOTICE

NOTICE is hereby given that Annual General Meeting of **CITIZEN YARNS LIMITED** will be held on 15<sup>th</sup> May, 2012 at 11:00 a.m. at the Registered office of the Company at **UL- 10, Ankur Complex, B/h. Town Hall, Opp. X-ray House, Ellisbridge, Ahmedabad – 380006** to transact the following business.

### **ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 and the Profit and Loss Account of the Company for the year ended on that date together with the reports of the Directors and auditors thereon.
2. To appoint a Director in place of Mr. Hariprasad Khetan who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. Hitesh H. Parekh who retires by rotation and being eligible offers himself for reappointment.
4. To appoint auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and to authorize the Board of Directors to fix their remuneration.

Dated : 9<sup>th</sup> April, 2012  
Place : AHMEDABAD

**BY ORDER OF THE BOARD**

Sd/-  
**CHAIRMAN**

### **NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER. Proxy in order to be valid must be received by the company not less than forty-eight hours before the time of holding the Meeting.
2. Members/Proxies should bring the Attendance Slip, duly filled in, for attending the meeting.
3. The Register of Members and share transfer books of the Company will remain closed from 09.05.2012 to 15.05.2012 (both days inclusive)
4. Members desiring any information regarding the accounts are requested to write to the Company at least Seven Days before the meeting so as to enable the management to keep the same ready.

## DIRECTOR'S REPORT

To,  
The Members  
Citizen Yarns Ltd.

Your Directors have pleasure in presenting the Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2012.

### FINANCIAL RESULTS:

The summarized financial results for the year ended 31st March, 2012 are as under:

(Rs. in Lacs)

Particulars	2011-2012	2010-2011
1. Profit before Interest, Depreciation and Tax	4.40	6.45
2. Interest	--	--
3. Depreciation	0.00	0.00
4. Profit (Loss) Before Tax	4.40	6.45
5. Provision for taxation	1.40	1.99
6. Profit (loss) after Tax	3.00	4.46

### **DIRECTORS :**

Mr. Hariprasad Khetan and Mr. Hitesh H. Parekh, directors of the Company retires by rotation at this annual general meeting and being eligible, offers themselves for reappointment. The board of directors recommends the appointment of the director.

### **DIVIDEND :**

Your director do not recommend dividend for the year.

### **FIXED DEPOSITS:**

The company has not accepted the fixed deposits during the year under report.

### **AUDITORS :**

D. A. Rupawala & Associates, Auditors of the Company retires at the conclusion of this Annual General Meeting and being eligible, are recommended for reappointment.

## **AUDITORS REPORT:**

The Auditors report is self-explanatory and so far, there is no negative remark by the Auditors.

## **DIRECTORS RESPONSIBILITY STATEMENT :**

Pursuant to the requirement under section 217 (2AA) of the Companies Amendment Act, 2000 with respect to Director Responsibility Statement it is hereby confirmed:

1. That in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2012 the applicable accounting standards had been followed along with proper explanation relating to material departures.
2. That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.
3. That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. That the directors had prepared the accounts for the financial year ended 31<sup>st</sup> March, 2012 on a going concern basis.

## **CORPORATE GOVERNANCE :**

As per Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on Corporate Governance together with a certificate from the Company's Auditors confirming compliance there to is set out in the Annexure forming part of this report.

## **LISTING:**

The shares of the Company are listed on Ahmedabad and Bombay Stock Exchange Limited. However the trading of the shares of company was suspended.

**PARTICULARS OF THE EMPLOYEES :**

The Company has no employee to whom the provision of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 apply and so it is not applicable to the company.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUT GO :**

The additional information required under Section 217(1)(e) of the Companies Act, 1956 relating to Conservation of energy, technology absorption and foreign exchange earnings or outgoes is not applicable to the company as no such related activity was carried out by the company.

**ACKNOWLEDGMENT :**

The Directors wish to thank and deeply acknowledge the cooperation and assistance received from the Bankers, Suppliers and shareholders. The Director also wishes to place on record their appreciation of the devoted services of employees of the Company.

DATE : 09.04.2012  
PLACE: AHMEDABAD

FOR AND ON BEHALF OF THE  
BOARD OF DIRECTORS,

Sd/-  
CHAIRMAN

## CITIZEN YARNS LIMITED

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### 1. Overall Review

The Growth rate has been on the upward trend as compared to the previous year with favorable market conditions which reflect the positive market.

#### 2. Financial Review

During the year the company has increase the business activities and has profit of Rs. 3.0 Lacs.

#### 3. Risk and Concern

Bullish trend in Equity Markets, Commodities and Real estate will effect volume and profitability of Government Securities business. Changes in rate of Interest will effect Company's Profitability.

#### 4. Internal Control System and their adequacy

The internal control system is looked after by Directors themselves, who also looked after the day to day affairs to ensure compliance of guide lines and policies, adhere to the management instructions and policies to ensure improvements in the system. The Internal Audit reports are regularly reviewed by the management.

#### 5. Environmental Issues

As the company is not in the field of manufacture, the matter relating to produce any harmful gases and the liquid effluents are not applicable.

#### 6. Financial Performance with Respect to Operation Performance

The Company has all the plans for tight budgetary control on key operational performance indication with judicious deployment of funds without resorting to any kind borrowing where ever possible.

#### 7. Cautionary Statement

Statement in this report on Management Discussion and Analysis may be forward looking statements within the meaning of applicable security laws or regulations. These statements are based on certain assumptions and expectations of future events. Actual results could however, differ materially, from those expressed or implied. Important factors that could make a difference to the company's operations include global and domestic demand supply conditions, finished goods prices, raw material cost and availability and changes in government regulation and tax structure, economic development within India and the countries with which the company has business contacts and other factors such as litigation and industrial relations.

The Company assumes no responsibility in respect of forward - looking statements, which may be amended or modified in future on the basis of subsequent developments, information or events.

## REPORT ON CORPORATE GOVERNANCE

The company pursuant to the code on Corporate Governance introduced by the Securities and Exchange Board of India (SEBI) furnishes its report as under :

### **Company's Philosophy on Code of Governance**

The Company's philosophy on corporate governance envisages the attainment of the highest level of transparency, accountability and equity, in all facets of its operations, and in all its interactions with its stakeholders, including shareholders, employees, the government and lenders.

### **BOARD OF DIRECTORS**

#### **a) Size and Composition of the Board:**

The Company has a proper blend of Executive and Independent Directors to maintain the independence of the Board. As of the year ended 31<sup>st</sup> March, 2012, the Board of Directors had 4 members comprising of 1 Executive Directors and 3 Non-Executive Directors. 2 Non – Executive directors are Independent director.

The details in regard to the attendance of Directors at Board Meetings/Shareholders Meetings held during the year as also the number of Directorship/s held by them in other Companies and the position of membership of Committee/s are given below:

Name of Director	Category of Director	No. of Board Meetings attended	Attendance at the last AGM	Directorships in other Indian Public Companies* as at 31 <sup>st</sup> March 2012	Other Mandatory Committee** membership as at 31 <sup>st</sup> March 2012	
					Chairman	Member
Mr. Hariprasad G. Khetan	Executive Director	9	Yes	NIL	NIL	NIL
Mr. Ankur Khetan	Non - Executive Director	9	Yes	NIL	NIL	NIL
Mr. Rajubhai B. Desai	Non - Executive Director	9	Yes	Yes	Yes	Yes
Mr. Hitesh H. Parekh	Non - Executive Director	9	Yes	NIL	NIL	NIL

\*Excludes Directorships in private/foreign companies and companies incorporated under Section 25 of the Companies Act, 1956.

\*\*Represents Membership/Chairmanship of the Audit Committee, Shareholders/ Investors Grievance Committee and Remuneration Committee of other companies.

CMD-Chairman & Managing Director, WTD- Whole Time Director, NE- Non Executive:

**b) Management & Function of the Board:**

The day-to-day management of the Company is conducted by the Chairman & Managing Director in consultation with four Whole Time Directors and subject to the supervision and control of the Board of Directors. The required information as enumerated in Annexure I to Clause 49 of the Listing Agreement is made available to the Board of Directors for discussions and consideration at Board Meetings. The Board also reviews the Board Minutes of its Subsidiary Company.

**c) Details of Board Meetings held during the Financial Year and the number of Directors present:**

Serial No.	Dates on which the Board Meeting was held	Total Strength of the Board	No. of Directors Present
1	30.04.2011	5	5
2	14.05.2011	4	4
3	30.06.2011	4	4
4	31.07.2011	4	4
5	31.10.2011	4	4
6	01.01.2012	4	4
7	31.01.2012	4	4
8	01.02.2012	4	4
9	31.03.2012	4	4

**d) Committees of the Board**

Currently the Board has three committees viz:

**1) Audit Committee**

**Composition:**

The Audit Committee has been constituted in conformity with the requirements of Section - 292A of the Companies Act, 1956 and Clause – 49 of the Listing Agreement with Stock Exchanges.

At present the Audit Committee comprises of two directors. Both directors are Non Executive & Independent. Details of the composition, number of meetings held during the year and attendance thereat are as under:



Name	Position held	Attendance at Audit Committee meeting held on			
		30.04.2011	31.07.2011	30.10.2011	30.01.2012
Mr. Hitesh H. Parekh	Chairman	Yes	Yes	Yes	Yes
Mr. Rajubhai B. Desai	Member	Yes	Yes	Yes	Yes
Mr. Hariprasad Khetan	Member	Yes	Yes	Yes	Yes

Minutes of meetings of the Audit Committee are circulated to members of the Committee and the Board is kept apprised.

Members of the Audit Committee have requisite financial and management expertise. The Statutory Auditors, Internal Auditor and the Chief Financial Officer are invited to attend and participate at meetings of the Committee.

Powers of the audit committee includes:

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

The terms of reference are broadly as under :

- a. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- c. Reviewing with management the annual financial statements before submission to the Board, focusing primarily on;
  - Matters required to be included in the Director's Report in terms of clause 2AA of Section 217 of the Companies Act, 1956
  - Any changes in accounting policies and practices.
  - Major accounting entries based on exercise of judgment by management.
  - Qualifications in draft audit report.
  - Significant adjustments arising out of audit.
  - The going concern assumption.
  - Compliance with accounting standards.
  - Compliance with stock exchange and legal requirements concerning financial statements
  - Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.
- d. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.

- e. Reviewing the periodical financial statements with management before submission to the board for their approval.
- f. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- g. Discussion with internal auditors any significant findings and follow up there on.
- h. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- i. Discussion with external auditors before the audit commences nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- j. Reviewing the Company's financial and risk management policies.
- k. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

## 2) Shareholders'/Investors' Relations Committee

The Shareholders'/Investors' Grievance Committee of the Company comprises of three directors. Details of the composition, number of meetings held during the year and attendance thereat as under:

Name	Category of Director	Position held	Attendance at Shareholders' Committee meeting held on				
			30.04.2011	30.07.2011	30.09.2011	31.10.2011	31.01.2012
Mr. Rajubhai B. Desai	Non - Executive Director	Chairman	Yes	Yes	Yes	Yes	Yes
Mr. Hitesh H. Parekh	Non- Executive Director	Member	Yes	Yes	Yes	Yes	Yes
Mr. Hariprasad Khetan	Executive Director	Member	Yes	Yes	Yes	Yes	Yes

The Company addresses all complaints, suggestions and grievances expeditiously and replies have been sent / issues resolved usually within 15 days except in case of dispute over facts or other legal constraints.

During the year complaints were received from SEBI or shareholders were resolved satisfactory.

No requests for share transfers are pending except those that are disputed or sub-judice.

Mr. Hariprasad G. Khetan, Director of the company is the Compliance Officer of the Company.

### 3) Remuneration Committee:

The Remuneration Committee of the Company comprises of two members, all being non-executive independent directors. Details of composition, number of meetings held during the year and attendance thereat are as under:

Name	Position held	Attendance at Remuneration Committee meeting held on			
		30.04.2011	30.07.2011	30.10.2011	31.03.2012
Mr. Rajubhai B. Desai	Chairman	Yes	Yes	Yes	Yes
Mr. Hitesh H. Parekh	Member	Yes	Yes	Yes	Yes

The terms of reference of the Remuneration Committee, inter alia consists of to recommend to the Board and to the shareholders with agreed terms of reference, the Company's policy on specific remuneration packages for executive directors including any compensation payment if required and shall review the same from time to time if required.

#### e) Remuneration Policy & Remuneration paid to Board of Directors:

##### Remuneration Policy

At present the company has decided not to pay any remuneration to any directors of the company unless and until the company will achieve good financial performance.

The Company does not have any scheme for grant of stock option to its Directors or Employees nor it pay any commission to any of its Directors.

##### Code of Conduct for Senior Management

The Company has adopted a Code of Conduct for Directors and Senior Management. It is the responsibility of all employees and Directors to familiarize themselves with the Code and comply with the same.

The Code includes provisions where the employees of the Company can voice their concerns on violation and potential violation of this Code in a responsible and effective manner.

All Board members and senior management personnel have confirmed compliance with the code. A declaration signed by the Managing Director is attached and forms part of the Annual Report of the company.

##### CEO Certification

Chief Executive Office (CEO) certification on financial statements pursuant to the provisions of Clause 49 of the listing agreement is annexed and forms part of the Annual Report of the company.

## SHAREHOLDERS INFORMATION::

### Location and time of Annual General Meetings held in last three years

For the Year	Location	Date & Time	Special Resolution passed Yes Or No
2010-11	2 Corner, Nr. Tirupati Complex, Under Jivraj Bridge, Satellite, Ahmedabad – 380 051	25 <sup>th</sup> July, 2011 11.00 a.m.	No
2009-10	7, Harsiddh Chamber, 3 <sup>rd</sup> Floor, Ashram Road, Ahmedabad.	30th September, 2010 11.00 a.m.	No
2008-09	7, Harsiddh Chamber, 3 <sup>rd</sup> Floor, Ashram Road, Ahmedabad.	30th September, 2009 - 11.00 a.m.	No

**Financial year** : 1<sup>st</sup> April 2011 to 31<sup>st</sup> March 2012

**Date & Time of Annual General Meeting** : 15th May, 2012 at 11.00 a.m.

**Venue** : UL – 10, Ankur Complex, B/h. Town Hall, Opp. X- ray House, Ellisbridge, Ahmedabad – 380 006

**Book closure date** : 9<sup>th</sup> May, 2012 to 15th May, 2012 (both days inclusive) for Annual General Meeting.

**Dividend payment date** : N.A.

**Registered office** : UL – 10, Ankur Complex, B/h. Town Hall, Opp. X- ray House, Ellisbridge, Ahmedabad – 380 006

**Compliance officer** : Mr. Hariprasad G. Khetan, Director

**Financial calendar**

The Company has announced/expects to announce the unaudited quarterly results for the year 2012-13 as per the following schedule:

First quarter	: on or before 31 <sup>st</sup> July, 2012
Second quarter	: on or before 31 <sup>st</sup> October, 2012
Third quarter	: on or before 31 <sup>st</sup> January, 2013
Fourth Quarter	: on or before 30 <sup>th</sup> April, 2013

**Means of communication**

The quarterly and half-yearly financial results are published in newspapers.

**Listing on Stock Exchange**

The shares of the Company are listed on Ahmedabad and Bombay Stock Exchange Limited. However the trading of the securities were suspended.

Stock Code - BSE : 514366  
ASE : 11560

**Dematerialization Information**

The shares of your Company are held in the physical mode and no shares are in the form of demat.

**Distribution of Shareholding as on March 31<sup>st</sup>, 2012**

No. of Equity shares held	No of share holders	% of shareholders	No of shares held	% of holding
1-500	243	55.48	45300	1.44
501-1000	104	23.74	85700	2.72
1001-2000	11	2.51	16100	0.51
2001-3000	6	1.37	16000	0.51
3001-4000	2	0.46	7200	0.24
4001-5000	3	0.68	13900	0.44
5001-10000	10	2.28	77600	2.46
10001 & above	60	13.47	2887400	91.68
<b>Total</b>	<b>439</b>	<b>100.00%</b>	<b>3149200</b>	<b>100.00%</b>

### Categories of Shareholders as on March 31<sup>st</sup>, 2012

	Category	No. of Shares	% of Shares
A	Promoter's Holding		
1	Indian Promoters	325700	10.34
2	Foreign Promoters	--	--
	Sub total	325700	10.34
B	Non-Promoters		
3	Institutional Investors	--	--
	A Mutual Funds and UTI	--	--
	B Banks, Financial Inst., Insurance Com. (Central State Gov. Inst. /Non- Gov Inst.)	--	--
	C FIIS	--	--
	Sub total	--	--
4	Non – Institutional Investors		
	A Private corporate Bodies	100000	3.17
	B Indian Public	2718000	86.31
	C NRIs / Clearing Member/OCBs	5500	0.17
	Sub total	2823500	89.66
	<b>GRAND TOTAL</b>	<b>3149200</b>	<b>100.00</b>

#### Disclosures

(1) There are no materially significant related party transactions of the Company with key managerial personnel which have potential conflict with the interest of the Company at large.

(2) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the period from 1<sup>st</sup> April 2011 to 31<sup>st</sup> March 2012 : NIL.

#### Unclaimed Dividends

The Company will be required to transfer dividends which have remained unpaid/unclaimed for the period of 7 years to the Investor Education & Protection Fund established by the Government. However there is no such unclaimed/unpaid dividend for which Company has to transfer the same to the Investor Education & Protection Fund in this financial year.

**Address for Correspondence**

Shareholders can do the correspondence at:

To,  
Compliance Officer  
**Citizen Yarns Limited**  
UL - 10, Ankur Complex,  
B/h. Town Hall, Opp. X - ray House,  
Ellisbridge,  
Ahmedabad - 380006

**DECLARATION**

The Board has laid down a code of conduct for all Board Members and Senior Management of the Company. The Board members and Senior Management have affirmed compliance with the code of conduct.

**For, Citizen Yarns Limited**

Sd/-

**DIRECTOR**

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## CEO CERTIFICATION

We, Mr. Hariprasad G. Khetan, Director certify to the Board that:

(a) We have reviewed financial statements and the cash flow statement for the year ended on 31.03.2012 and that to the best of their knowledge and belief:

(i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the auditors and the Audit committee

(i) significant changes in internal control during the year;

(ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

(iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

**For Citizen Yarns Limited**

SD/-

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**DIRECTOR**



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

1. We have examined the Compliance of conditions of Corporate Governance by **Citizen Yarns Limited** ("the Company ") for the period from during the year ended 1st April, 2011 to 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchange.
2. The compliance of conditions of corporate governance is the responsibility of the management .Our examination has been limited to a review of 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 opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us , and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
4. As required by the Guidance Note issued by the Institute of Chartered Accountant of India we have to state that based on the report given by the Registrar of the Company to the Investor's Grievance Committee, as on 31st March, 2012, there were no investor grievance matter against the Company remaining unattended /pending for more than 30 days.
5. 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.

**Place : Ahmedabad**  
**Date : 09.04.2012**

**For , D.A. RUPAWALA & ASSOCIATES**  
Chartered Accountants  
Firm Reg. No. 108902W

Sd/-  
**(D. A. Rupawala)**  
Proprietor  
Mem. No. 3674

## AUDITORS' REPORT

To,  
The Members of  
**CITIZEN YARNS LIMITED**

**We have audited the attached Balance Sheet of CITIZEN YARNS LIMITED** as at 31<sup>st</sup> March 2012 and also the annexed Profit and Loss Account of the Company 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.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An Audit includes examining, on a test basis, evidence supporting the amount and disclosures in financial principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As per the Companies (Auditors report) order, 2003 issued by the Central Government of India in terms of Section 227 (4-A) of the Companies Act, 1956, we do hereby state that the company is exempted under the Companies (Auditors report) order, 2003, on the matter specified paragraph 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our Audit.
2. In our opinion, proper books of accounts as required by Law have been kept by the Company so far as appears from our examination of the books.
3. The Balance Sheet & Profit & Loss Account dealt with by this report is in agreement with the books of accounts and comply with the Accounting Standards referred to in Sub- Section 3(C) of section 211 of the Companies Act, 1956.

4. According to information and explanations given to us and on the basis of written representations from the directors of the Company, none of the Director is disqualified from being appointed as a director of the Company under section 274(1) (g) of the Companies Act, 1956.
5. In our opinion and to the best of our information and according to the explanation given to us, the said Balance Sheet and the Profit and Loss Account, 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: -
  - a) In the case of the Balance Sheet of the state of affairs of the Company as at 31<sup>st</sup> March, 2012 and
  - b) In the case of the Profit & Loss Account of the **Profit** for the year ended on that date.

For, D.A.Rupawala & Associates  
Chartered Accountants

Sd/-  
**(Dawoodi Rupawala)**  
Proprietor  
Firm No. 108902W  
Membership : 37674

PLACE : AHMEDABAD  
Date : April 09, 2012.

## ANNEXURE

(Referred to in paragraph 1 of our report of even date)

i.

- (a) The Company has maintained proper records showing full particulars including quantities details and situation of Fixed Assets.
- (b) All the Assets have not been physically verified by the management during the year, moreover there is no regular program of Verification 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 and according to the information and explanation given to us the company has not disposed off substantial part of fixed assets during the year. Moreover In Previous Year Depreciation on the Fixed provided, but we not provided Depreciation on the Fixed Assets for the Particular Financial Year. On the value of the last audited Balance Sheet.

ii)

- (a) In our opinion, physical verification of inventory has been conducted by Management at reasonable intervals.
- (b) The procedure of Physical Verification of inventory not followed by the management.

iii)

- (a) As informed to us, the company has not granted loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. The year end Balance of Loan is NIL.
- (b) Not Applicable.
- (c) Not Applicable.
- (d) The aforesaid loan is received on demand & therefore the question of overdue amount does not arise.

(e) The company had taken loan, secured or unsecured from companies, firms or others parties covered in the register maintained under section 301 of the Act.,and the year end balance of loans taken to such parties was Rs.1196020/-

(f) In our opinion the rate of interest and other terms and conditions on which loans have been taken from companies, firms or other 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.

(g) In respect of the aforesaid loans, the amount is payable on demand, the company is repaying the principal amount as & when demanded & has not been paying any interest.

(h) The aforesaid loan is repayable on demand & therefore the question of overdue amount does not arise.

- iv. In our opinion and according to information & explanations given to us, there is adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory and Fixed assets and for the sale of goods. During the course of audit, no major weakness has been noticed in these internal controls.
- v. According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the companies Act, 1956 have been so entered.
- vi. In our opinion, according to the information and explanations given to us, the company has not taken any deposit from the public during the year.
- vii. In our opinion the company has no an internal audit system commensurate with its size and nature of its business.
- viii. As informed to us, the Central Government has not prescribed maintenance of cost records under section 209(1) (d) of the products of the company.
- ix. (a) The company is generally regular in depositing with the appropriate authorities, undisputed statutory dues including Provident Fund, Income tax, Sales-tax, Excise Duty, investors education and protection fund, wealth Tax, Custom Duty, Cess and other material Statutory dues applicable to it except Income Tax Liability of

Rs.NIL/-. There were no arrears for a period of more than six month from the date they became payable as at 31<sup>st</sup> March 2011.

- x. As on 31-03-2011 undisputed amount of Secured Loan were outstanding for a period of more than six month from the date they became payable in respect of Sales Tax, Central Sales Tax, and Turnover Tax Respectively.
- xi. The accumulated losses of the company are not more than 50% of its Net Worth. The company has not incurred any cash losses in current year.
- xii. According to the information and explanations given to us, the company has defaulted in repayment of dues of loan of taken from AS PER NOTE " C " OF THE BALANCE SHEET. i.e. Rs.66.57 of Bank of Baroda, Rs.5.46 of GSFC, The details are mentioned at Schedule 14. Notes forming part of Accounts given at Audited Annual Accounts of the Financial Year 2010-11.
- xiii. According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of Shares, debentures and other securities.
- xiv. The company is not a chit fund or a nidhi mutual benefit fund / society. Therefore, the provision of clause 4 (xiii) of the Companies (Auditor's Report) Order 2003 is not applicable to the company.
- xv. According to the information and explanations given to us, the company is dealing or trading in Shares, Securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order 2003 is applicable to the company.
- xvi. In our opinion, the terms and condition on which the company has given guarantees for loans taken by others from Bank or Financial Institutions are, prima facie, not prejudicial to the interest of the company.
- xvii. According to the information and explanations given to us in this year there is no term loan during the loan.
- xviii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- xix. The company has not made preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act.
- xx. According to the information and explanations given to us, no debentures and/or preference shares have been issued during the year.
- xxi. The company has not raised any money through a public issue.

xxii. Based upon the audit procedures performed and information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the course of our audit

For, D.A.Rupawala & Associates  
Chartered Accountants

Sd/-

**(Dawoodi Rupawala)**

Proprietor

Firm No. 108902W

Membership : 37674

PLACE : AHMEDABAD

Date : April 09, 2012.

**CITIZEN YARNS LIMITED**

**Balance Sheet as at 31st March, 2012**

**(Rs in 10 Thousand)**

Particulars	Note No	As at 31.03.2012	As at 31.03.2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	A	3,128	3,128
(b) Reserves and Surplus	B	(1,061)	(1,092)
(c) Money received against share warrants		-	-
<b>(2) Share application money pending allotment</b>			
<b>(3) Non-Current Liabilities</b>			
(a) Long-term borrowings	C	4,974	4,974
(b) Deferred tax liabilities (Net)			
(c) Other Long term liabilities			
(d) Long term provisions			
<b>(4) Current Liabilities</b>			
(a) Short-term borrowings			
(b) Trade payables	D	201	459
(c) Other current liabilities	E	67	65
(d) Short-term provisions			
<b>Total</b>		<b>7,309</b>	<b>7,535</b>
<b>II. Assets</b>			
<b>(1) Non-current assets</b>			
<b>(a) Fixed assets</b>			
(i) Tangible assets	F	3,710	3,846
(ii) Intangible assets		NIL	NIL
(iii) Capital work-in-progress		NIL	NIL
(iv) Intangible assets under development		NIL	NIL
(b) Non-current investments	G	294	294
(c) Deferred tax assets (net)			
(d) Long term loans and advances	H	-	789



(e) Other non-current assets	I	176	176
<b>(2) Current assets</b>			
(a) Current investments			
(b) Inventories	J	664	165
(c) Trade receivables	K	2,307	2,170
(d) Cash and cash equivalents	L	121	59
(e) Short-term loans and advances	M	37	37
(f) Other current assets			
<b>Total</b>		<b>7,309</b>	<b>7,535</b>

As Per Our Separate Report Of Even Date Attached Herewith

For D.A.Rupawala & Associates  
Firm Registration No :- 108902W  
Chartered Accountants

For Citizen Yarns Limited

Sd/-

Dawoodi Rupawala  
Proprietor  
Membership No. 37674

Sd/-  
Director

Sd/-  
Director

Place : Ahmedabad  
Date : April 09, 2012

Place : Ahmedabad  
Date : April 09, 2012

**CITIZEN YARNS LIMITED**

**Profit and Loss statement for the year ended 31st March, 2012**

(Rs in 10 Thousand)

Particulars	Note No	For the Year end 31.03.2012	For the Year end 31.03.2011
I. Revenue from operations	N	1,738	2,478
II. Other Income		NIL	NIL
<b>III. Total Revenue (I +II)</b>		<b>1,738</b>	<b>2,478</b>
<b>IV. Expenses:</b>			
Cost of materials consumed	O	1,636	2,370
Purchase of Stock-in-Trade		-	-
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		NIL	NIL
Employee benefit expense	P	37	37
Financial costs		NIL	NIL
Depreciation and amortization expense		NIL	NIL
Other expenses	Q	22	7
<b>Total Expenses</b>		<b>1,694</b>	<b>2,413</b>
V. Profit before exceptional and extraordinary items and tax	(III - IV)	44	64
VI. Exceptional Items			
VII. Profit before extraordinary items and tax (V - VI)		44	64
VIII. Extraordinary Items			
IX. Profit before tax (VII - VIII)	(VII-VIII)	44	64
X. Tax expense:			
(1) Current tax		14	20
(2) Deferred tax		-	-
<b>XI. Profit(Loss) from the period from continuing operations</b>	<b>(IX - X)</b>	<b>30</b>	<b>45</b>

<II. Profit/(Loss) from discontinuing operations			
<III. Tax expense of discounting operations			
<IV. Profit/(Loss) from Discontinuing operations	(XII - XIII)		-
<V. Profit/(Loss) for the period	(XI + XIV)	30	45
<VI. Earning per equity share:			
(1) Basic		0.09	0.14
(2) Diluted		0.09	0.14

As Per Our Separate Report Of Even Date Attached Herewith

For D.A.Rupawala & Associates  
Firm Registration No :- 108902W  
Chartered Accountants

For Citizen Yarns Limited

Sd/-  
Dawoodi Rupawala  
Proprietor  
Membership No. 37674

Sd/-  
Director

Sd/-  
Director

Place : Ahmedabad  
Date : April 09, 2012

Place : Ahmedabad  
Date : April 09, 2012

Note No. : A  
Share Capital

(Rs in 10 Thousand)

	As at 31 March 2012		As at 31 March 2011	
	Number	Amount(Rs.)	Number	Amount(Rs.)
<b>Authorised</b>				
___% preference shares of `___ each Equity Shares of Rs. 10 each	4,000,000	4,000	4,000,000	4,000
<b>Issued</b>				
___% preference shares of `___ each Equity Shares of `___ each	3,149,200	3,149	3,149,200	3,149
<b>Subscribed &amp; Paid up</b>				
___% preference shares of `___ each Equity Shares of 10 Rs. each fully paid	3,107,400	3,107	3,107,400	3,107
<b>Subscribed but not fully Paid up</b>				
___% preference shares of `___ each, not fully paid up Equity Shares of ` Rs. 5 each, fully paid up	41,800	21	41,800	21
<b>Total</b>	3,149,200	3,128	3,107,400	3,128

Disclosure pursuant to Note no. 6(A)(d) of Part I of Schedule VI to the Companies Act, 1956

Particulars	Equity Shares		Preference Shares	
	Number	Amount(Rs.)	Number	Amount(Rs.)
Shares outstanding at the beginning of the year	-	-	-	-
Shares Issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	-	-	-	-

Disclosure pursuant to Note no. 6(A)(f) of Part I of Schedule VI to the Companies Act, 1956

\_\_\_\_\_ Equity Shares (Previous year) are held by \_\_\_\_\_, the holding company.

Above disclosure is required for each class of Shares held by its holding company or its ultimate holding company including shares held by or by subsidiaries or associates of the holding company or the ultimate holding company in aggregate.

Disclosure pursuant to Note no. 6(A)(g) of Part I of Schedule VI to the Companies Act, 1956 (if more than 5%)

Name of Shareholder	As at 31	As at 31
	March 2012	March 2011
	No. of Shares held	No. of Shares held
I.B.Industriechemie-Beteiligungs-GMBH (Subscribed & Fully Paid up)	-	-
Atul Limited (Subscribed but not fully Paid up)	-	-
Mrs. Anupamaben Kiri (Subscribed & Fully Paid up)	-	-
	-	-

Disclosure pursuant to Note no. 6(A)(i) of Part I of Schedule VI to the Companies Act, 1956

Particulars	Year (Aggregate No. of Shares)			
	2011	2010	2009	2007
<b>Equity Shares :</b>				
Partly paid up pursuant to contract(s) without payment being received in cash	-	-	-	-
Fully paid up by way of bonus shares	-	-	-	-
Shares bought back	-	-	-	-
<b>Preference Shares :</b>				
Fully paid up pursuant to contract(s) without payment being received in cash	-	-	-	-
Fully paid up by way of bonus shares	-	-	-	-
Shares bought back	-	-	-	-

Disclosure pursuant to Note no. 6(A)(k) of Part I of Schedule VI to the Companies Act, 1956

	Amount(Rs.)
Unpaid Calls	
By Directors	-
By Officers	-

Note No. : B  
Reserve and Surplus  
(Rs. in 10 Thousand)

Particulars	As at 31 March 2012		As at 31 March 2011	
	Amount(Rs.)		Amount(Rs.)	
<b>h. Surplus</b>				
Opening balance		(1,092)		(1,136)
(+) Net Profit/(Net Loss) For the current year		30		45
(+) Transfer from Reserves				-
(-) Proposed Dividends				-
(-) Interim Dividends				-
(-) Transfer to Reserves				-
Closing Balance		(1,061)		(1,092)
<b>Total</b>		(1,061)		(1,092)

Non-Current Liabilities

Note No. : C

Long Term Borrowings

Disclosure pursuant to Note no. 6(C) of Part I of Schedule VI to the Companies Act, 1956

Particulars	(Rs. in 10 Thousand)	
	As at 31 March 2012 Amount(Rs.)	As at 31 March 2011 Amount(Rs.)
<u>Secured</u>		
(b) Term loans from banks		
GIDC A/c. I & II7	2,710	2,710
[Secured by Mortgage and Hypothecation of all Present And Future Movable & Immovable Assets of the Company]		
From G.S.F.C.	386	386
[Secured by Mortgage and Hypothecation of all Present And Future Movable & Immovable Assets of the Company]		
Working Capital		
Bank of India Cash Credit & Book Debts A/c.	1,413	1,413
[Secured Against Hypothecation of Stock in Trade, and Stores & Spares goods in Transit other Present & Future Movable Book Debts]		
From G.I.D.C.	82	82
[Secured Against Plot No.3413/2, 3414/2, 3415/2,3416/2 G.I.D.C. Phase - IV, Chatral]		
G.I.D.C. Funded Interest	67	67
G.I.D.C. Interest neither accrued nor due	177	177

G.I.D.C. Interest neither accrued nor due (of the above, _____ is guaranteed by Directors and / or others)	19		19
	4,855		4,855
<u>Unsecured</u> from other parties	120		120
(of the above, _____ is guaranteed by Directors and / or others)	120		120
Terms of Repayment _____	120		120
<b>Total</b>	<b>4,974</b>		<b>4,974</b>

**Note No. : D.**  
**Current Liabilities ( Trade Payable)**

(Rs. in 10 Thousand)

Particulars	As at 31 March 2011	
	As at 31 March 2012	Amount(Rs.)
(a) Trade Payables	201	327
(b) Others	-	132
<b>Total</b>	<b>201</b>	<b>459</b>



Note No. : E

Current Liabilities (Other Current Liabilities)

Particulars	(Rs. in 10 Thousand)	
	As at 31 March 2012 Amount(Rs.)	As at 31 March 2011 Amount(Rs.)
Others	67	65
[Provision for Income Tax, Provision for Expenses and others]		
Total	67	65

Non-Current Assets

Note No. : H

Long Term Loans and Advances

Particulars	(Rs. in 10 Thousand)	
	As at 31 March 2012 Amount(Rs.)	As at 31 March 2011 Amount(Rs.)
Long Term Loans and Advances		
c. Loans and advances to related parties (refer Note 2)		
Secured, considered good		
Unsecured, considered good		789
Doubtful		
Less: Provision for doubtful loans and advances		789
d. Other loans and advances		
Secured, considered good		
Unsecured, considered good		
Doubtful		
Less: Provision for _____		
		789

Disclosure pursuant to Note no. H (iv) of Part I of Schedule VI to the Companies Act, 1956

	As at 31	As at 31
	March 2012 Amount(Rs.)	March 2011 Amount(Rs.)
Directors *		
Other officers of the Company *		
Firm in which director is a partner *		
Private Company in which director is a member		

Note No. : I

Other non-current assets

(Rs. in 10 Thousand)

Particulars	As at 31 March 2012	As at 31 March 2011
	Amount(Rs.)	Amount(Rs.)
b. Others (specify nature)		
Misc. Expenses	176	176
Deferred Revenue Expenses - Old	-	-
Deferred Revenue Expenses - Advance Lease Rent	-	-
Less: Provision for _____		
	176	176

Disclosure pursuant to Note no. I (iii) (iii) of Part I of Schedule VI to the Companies Act, 1956

Particulars	As at 31 March 2012	As at 31 March 2011
	Amount(Rs.)	Amount(Rs.)
Directors *		
Other officers of the Company *		
Firm in which director is a partner *		
Private Company in which director is a member	-	-

Current Assets

Note No. : J

Inventories

(Rs. in 10 Thousand)

Inventories	As at 31 March 2012	As at 31 March 2011
	Amount(Rs.)	Amount(Rs.)
c. Finished goods (Valued at lower of cost or market value)	664	165
Goods-in transit	-	-
	664	165
<b>Total</b>	<b>664</b>	<b>165</b>

Note No. : K

Trade Receivables

(Rs. in 10 Thousand)

Trade Receivables	As at 31	As at 31
	March 2012	March 2011
	Amount(Rs.)	Amount(Rs.)
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	-	-
Secured, considered good	2,307	2,170
Unsecured, considered good	-	-
Unsecured, considered doubtful	-	-
Less: Provision for doubtful debts	2,307	2,170
<b>Total</b>	<b>2,307</b>	<b>2,170</b>

Trade Receivable stated above include debts due by:

Particulars	As at 31	As at 31
	March 2012	March 2011
	Amount(Rs.)	Amount(Rs.)
Directors *	-	-
Other officers of the Company *	-	-
Firm in which director is a partner *	-	-
Private Company in which director is a member	-	-

Note No. : L

Cash and cash equivalents

(Rs. in 10 Thousand)			
Cash and cash equivalents	As at 31 March 2012		As at 31 March 2011
	Amount(Rs.)	7.	Amount(Rs.)
a. Balances with banks*			2
This includes:			
Earmarked Balances	-		
(eg/- unpaid dividend accounts)	-		
Margin money	-		
Security against borrowings	-		
Guarantees	-		
Other Commitments	-		
Bank deposits with more than 12 months maturity	-		
b. Cheques, drafts on hand	-	114	57
c. Cash on hand*	-		
d. Others (specify nature)			
		121	59

\*Repatriation restrictions, if any, in respect of cash and bank balances shall be separately stated.

Note No. : M

Short-term loans and advances

(Rs. in 10 Thousand)			
Short-term loans and advances	As at 31 March 2012		As at 31 March 2011
	Amount(Rs.)	37	Amount(Rs.)
Duties & Taxes - Excise Duty			
Secured, considered good	37		37
Unsecured, considered good			
Doubtful			
Less: Provision for _____			
		37	37

Disclosure pursuant to Note no.M (iv) of Part I of Schedule VI to the Companies Act, 1956

	As at 31	As at 31
	March 2012	March 2011
	Amount(Rs.)	Amount(Rs.)
Directors *		
Other officers of the Company *		
Firm in which director is a partner *		
Private Company in which director is a member		
	-	-

As at 31st December, 2011

Note No. : F  
Fixed Assets

(Rs. in 10 Thousand)

Name of Fixed Assets	Gross Block					Accumulated Depreciation				Net Block		
	Balance as at 1st April, 2011	Additions	Acquired through business combinations	Revaluation (Impairments)	(Disposals)	Balance as at 31 March, 2012	Balance as at 1st April, 2011	Depreciation charge for the year	Adjustment due to revaluations	On disposals	Balance as at 1st April, 2011	Balance as at 31 March, 2012
a Tangible Assets												
Land	136				136	(0)					136	(0)
Factory Building	914					914					767	767
Plant and Equipment	4,008					4,008					2,518	2,518
Electrical Equipments	211					211					148	148
D.G.Set	47					47					35	35
Tools Equipments	118					118					77	77
Air Conditioner	14					14					11	11
Cycle	1					1					1	1
Furniture & Fixtures	113					113					91	91
Water Cooler	3					3					2	2
EPBX System	4					4					3	3
Computer Systems	7					7					2	2
Air Conditioner	2					2					1	1
Fax	3	0				3	0				2	2
TV	5	0				5	0				4	4
Motor Car	76	0				76	0		0		48	48
Total	5,661				136	5,525	1,815				3,846	3,710

**Rudolf Atul Chemicals Limited**  
**As at 31st December, 2011**

**Note No. : G**  
**Non-Current Investments**  
 (Rs. in 10 Thousand)

Particulars	As at	As at 31
	31.03.2012	March 2011
	Amount Rs.	Amount Rs.
<b>A</b>		
<b>Trade Investments (Refer A below)</b>		
(a) Investment Properties		
(b) Investment in Equity instruments		
(c) Investments in preference shares		
(d) Investments in Government or Trust securities		
(e) Investments in debentures or bonds		
(f) Investments in Mutual Funds		
(g) Investments in partnership firms*		
(h) Other non-current investments		
<b>Total (A)</b>	-	-
<b>B</b>		
<b>Other Investments (Refer B below)</b>		
(a) Investment Properties		
(b) Investment in Equity instruments		
(c) Investments in preference shares		
(d) Investments in Government or Trust securities		
(e) Investments in debentures or bonds		
(f) Investments in Mutual Funds		
(g) Investments in partnership firms*	294	294
(h) Other non-current investments	294	294
<b>Total (B)</b>	294	294
<b>Grand Total (A + B)</b>	294	294
Less : Provision for diminution in the value of Investments		
<b>Total</b>	294	294



Note No. : N

Revenue from operations

(Rs in 10 Thousand)

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
	Amount (Rs.)	Amount (Rs.)
Sale of products	1,738	2,478
Sale of services	-	-
Other operating revenues	-	-
<u>Less:</u>		
Excise duty (net)	-	-
<b>Total</b>	<b>1,738</b>	<b>2,478</b>

Note No. : O

Cost Of Goods Sold

(Rs in 10 Thousand)

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Opening Stock	165	164
Gross Purchases	2,135	2,370
Less : Inter - Divisional	-	-
Less : Closing Stock	(664)	(165)
<b>Total</b>	<b>1,636</b>	<b>2,370</b>

Note No. : P

(Rs in 10 Thousand)

Employee Benefits Expense

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
(i) salaries and wages,	37	37
(ii) contribution to provident and other funds,		
(iii) expense on Employee Stock Option Scheme (ESOP) and Employee Stock Purchase Plan (ESPP),	-	-
(iv) staff welfare expenses		
<b>Total</b>	<b>37</b>	<b>37</b>

Note No. : Q

Administrative Expenses

(Rs in 10 Thousand)

Particulars	For the year ended 31 March 2012	For the year ended 31 March 2011
Audit Fees	2	2
Office Exps.	7	2
Postage & Courier Expenses	1	0
Misc. Expenses	3	2
Conveyance Expenses	3	-
Account Fees Expenses	2	-
Business Pramotion & Devlopment Expenses	5	-
<b>Total</b>	<b>22</b>	<b>7</b>

**Disclosure pursuant to Note no. 6(U) of Part I of Schedule VI to the Companies Act, 1956**

Particulars	Total	Per share
Dividends proposed to be distributed to equity shareholders	NIL	NIL
Dividends proposed to be distributed to preference shareholders	NIL	NIL
Arrears of fixed cumulative dividends on preference shares	NIL	NIL

**Disclosure pursuant to Note no. 6(V) of Part I of Schedule VI to the Companies Act, 1956**

Where in respect of an issue of securities made for a specific purpose, the whole or part of the amount has not been used for the specific purpose at the
NIL

**Disclosure pursuant to Note no. 6(W) of Part I of Schedule VI to the Companies Act, 1956**

In the opinion of the Board, all assets other than fixed assets and non current investments, have a realisable value in the ordinary course of business which

Name of Assets	Realisable Value	Value in Balance Sheet	Opinion of Board

	For the year ended 31st March 2012	For the year ended 31st March 2011
<b>Employee Benefits Expense . : Note. 1</b>		
(a) Salaries and incentives	368,957	368,000
(b) Contributions to -		
(i) Provident fund	NIL	NIL
(c) Gratuity fund contributions	NIL	NIL
(d) Social security and other benefit plans for overseas employees	NIL	NIL
(e) expense on Employee Stock Option Scheme (ESOP) and Employee Stock Purchase Plan (ESPP),	NIL	NIL
(f) Staff welfare expenses	NIL	NIL
<b>Total</b>	<b>368,957</b>	<b>368,000</b>

Disclosure pursuant to Note no. 5(i)(g) of Part II of Schedule VI to the Companies Act, 1956

	For the year ended 31st March 2012	For the year ended 31st March 2011
<b>Payments to the auditor as . : Note.2</b>		
a. auditor	15,000	15,000
b. for taxation matters	5,000	5,000
c. for company law matters		
d. for management services	NIL	NIL
e. for other services	NIL	NIL
f. for reimbursement of expenses		
<b>Total</b>	<b>20,000</b>	<b>20,000</b>

5	Additional Information	Remarks
	A Company shall disclose by way of notes additional information regarding aggregate expenditure and income on the following items:-	
(i)	Employee Benefits Expense (showing separately) : (i) salaries and wages, (ii) contribution to provident and other funds, (iii) expense on Employee Stock Option Scheme (ESOP) and Employee Stock Purchase Plan (ESPP), (iv) staff welfare expenses	Note 1
	(b) Depreciation and amortization expense;	NIL
	(c) <u>Any item of income or expenditure which exceeds one per cent of the revenue from operations or Rs.1,00,000, whichever is higher;</u>	Amendment
	(d) Interest Income;	0
	(e) Interest Expense;	0
	(f) Dividend Income;	NIL
	(g) Net gain/ loss on sale of investments;	NIL
	(h) Adjustments to the carrying amount of investments;	NIL
	(i) Net gain or loss on foreign currency transaction and translation (other than considered as finance cost);	0
	(j) Payments to the auditor as a. auditor, b. for taxation matters, c. for company law matters, d. for management services, e. for other services, f. for reimbursement of expenses;	Note 2
	(k) Details of items of exceptional and extraordinary nature;	NIL
	(l) Prior period items;	2500

As per annexure

(ii)	(a)	In the case of manufacturing companies,-	
	(1)	Raw materials under broad heads.	
	(2)	goods purchased under broad heads.	
	(b)	Depreciation and amortization expense. In the case of trading companies, purchases in respect of goods traded in by the company under broad heads.	
	(c)	In the case of companies rendering or supplying services, gross income derived from services rendered or supplied under broad heads.	N.A.
	(d)	In the case of a company, which falls under more than one of the categories mentioned in (a), (b) and (c) above, it shall be sufficient compliance with the requirements herein if purchases, sales and consumption of raw material and the gross income from services rendered is shown under broad heads.	
	(e)	In the case of other companies, gross income derived under broad heads.	
(iii)		In the case of all concerns having works in progress, works-in-progress under broad heads.	
(iv)	(a)	The aggregate, if material, of any amounts set aside or proposed to be set aside, to reserve, but not including provisions made to meet any specific liability, contingency or commitment known to exist at the date as to which the balance-sheet is made up.	
	(b)	The aggregate, if material, of any amounts withdrawn from such reserves.	
(v)	(a)	The aggregate, if material, of the amounts set aside to provisions made for meeting specific liabilities, contingencies or commitments.	Same as Old Schedule VI
	(b)	The aggregate, if material, of the amounts withdrawn from such provisions, as no longer required.	
(vi)		Expenditure incurred on each of the following items, separately for each item:-	
	(a)	Consumption of stores and spare parts.	NIL
	(b)	Power and fuel.	NIL
	(c)	Rent.	--
	(d)	Repairs to buildings.	NIL
	(e)	Repairs to machinery.	NIL
	(f)	Insurance.	
	(h)	Rates and taxes, excluding, taxes on income.	
	(i)	Miscellaneous expenses,	
(vii)	(a)	Dividends from subsidiary companies.	Same as Old Schedule VI
	(b)	Provisions for losses of subsidiary companies.	

	The profit and loss account shall also contain by way of a note the following information, namely:-	Same as Old
(viii)	<p>a) Value of imports calculated on C.I.F basis by the company during the financial year in respect of –</p> <p>i. Raw materials;</p> <p>ii. Components and spare parts;</p> <p>iii. Capital goods;</p> <p>b) Expenditure in foreign currency during the financial year on account of royalty, know-how, professional and consultation fees, interest, and other matters;</p> <p>c) Total value if all imported raw materials, spare parts and components consumed during the financial year and the total value of all indigenous raw materials, spare parts and components similarly consumed and the percentage of each to the total consumption;</p> <p>d) The amount remitted during the year in foreign currencies on account of dividends with a specific mention of the total number of non-resident shareholders, the total number of shares held by them on which the dividends were due and the year to which the dividends related;</p> <p>e) Earnings in foreign exchange classified under the following heads, namely:-</p> <p>i. Export of goods calculated on F.O.B. basis;</p> <p>ii. Royalty, know-how, professional and consultation fees;</p> <p>iii. Interest and dividend;</p> <p>iv. Other income, indicating the nature thereof</p>	<p>NIL</p> <p>NIL</p> <p>NIL</p>
Note:-	Broad heads shall be decided taking into account the concept of materiality and presentation of true and fair view of financial statements.	

**CITIZEN YARNS LIMITED**

**NOTES FORMING PARTS OF ACCOUNTS**

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**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS :**

**A. SIGNIFICANT ACCOUNTING POLICIES :**

The significant accounting policies followed by the company are as stated below:

**I. ACCOUNTING CONVENTION :**

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The financial statement is prepared under the historical cost convention and follows the mercantile system of accounting and recognizes income and expenditure on the accrual basis except those with significant uncertainties. Sales & Purchase is accounted exclusive of excise duty.

**II. FIXED ASSETS :**

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The Fixed assets were stated at Historical Cost.

**III. DEPRECIATION :**

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Depreciation on fixed assets is not provided.

**IV. INVENTORIES :**

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The Inventory at the year ended 31-03-2012 is stated at Cost or Net Reliasable Value whichever is Lower.

**V. INVESTMENT :**

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All the Investment are Long Term and stated at Cost.

**VI. MISCELLANOUS EXPENSES :**



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At the end of the year the balance of Miscellaneous Expenditure is Rs.176Lakhs.

**VII. CONTINGENT LIABILITIES :**

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No Provision is made for liabilities, which are contingent in nature but, if material, the same all disclosed by way notes to the accounts.

**B. NOTES ON ACCOUNTS:**

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- I. Previous years figures have been regrouped wherever necessary.
- II. Balances of creditors, Loans & Advances and Debtors are subject to confirmation by the parties concerned.
- III. In respect of sales tax / income tax liability company does not expect any more liability than provided in the books of accounts.
- IV. Expenditure on Employees getting remuneration not less Rs.300000/- per year employed throughout the year and Rs.25000/- per month employed for part of year :

| a. <u>No. of Employees</u>       | <u>Amount Rs.</u> | <u>Amount Rs.</u> |
|----------------------------------|-------------------|-------------------|
| b. Employed through out the year | Nil<br>(Nil)      | Nil<br>(Nil)      |
| c. Employed for a part of a year | Nil<br>(Nil)      | Nil<br>(Nil)      |

**V. Value of import calculates on CIF basis:**

|                             |     |       |
|-----------------------------|-----|-------|
| 1. Raw Material             | Nil | (Nil) |
| 2. Components & Spare Parts | Nil | (Nil) |
| 3. Capital Goods.           | Nil | (Nil) |

**VI. Expenditure in Foreign Currency on account of :**

|                                                                                       |     |       |
|---------------------------------------------------------------------------------------|-----|-------|
| 1. Royalty                                                                            | Nil | (Nil) |
| 2. Knowhow.                                                                           | Nil | (Nil) |
| 3. Professional Consultancy                                                           | Nil | (Nil) |
| 4. Other Matters                                                                      | Nil | (Nil) |
| (c) The amount remitted in foreign currency on Account of dividends to non- residents | Nil | (Nil) |

VII. Auditor's Remuneration.

|                             | 31-03-2012 | 31-03-2011 |
|-----------------------------|------------|------------|
| a. As Auditors              | 20000.00   | 15000.00   |
| a. Tax Audit Fees           | NIL        | NIL        |
| In other Capacity           |            |            |
| 1. For Income Tax           | 5000.00    | 5000.00    |
| 2. For Company Law – Matter | NIL        | NIL        |
| 3. For Certification Work   | NIL        | NIL        |
| 4. For Other Works          | NIL        | NIL        |

VIII. We relied on vouchers duly certified by the Assessee wherever original bills are not available during the test checked conducted in the course of our audit.

IX. In the opinion of the Directors of the Company the current assets, Loans & Advances appearing in the balance sheet are approximately of the value as stated if realized in the ordinary course of business.

X. Cash on hand at the year end certified by the management. Moreover we are not physically Verified the Cash Balance as on 31-03-2012.

XI. We are unable to express our opinion regarding diminution, if any, in the value of the investments as no documentary evidence were available or verification / judgment of the same.

- XII. Although the working of Plant & Machinery and other assets were not effective during the year under review, So the depreciation on assets have not been accounted to give effects of decrease in value of timing factor.
- XIII. During the year 1997-989 company has taken loan from Different Institute like GIDC, GNFC, Bank of India Cash Credit, GSFC, and Management has not provided any data for same loan. So, we are unable to express any opinion on the Status of Loans Taken & Repayment as the same were outstanding for a long Period. This all loan are also Personally Granted by Shri H.P. Khetan, and Govindram Khetan.

FOR, D.A. Rupawala & Associates

FOR, CITIZEN YARNS LIMITED

**CHARTERED ACCOUNTANTS**

**Sd/-**

**Sd/-**

**Sd/-**

**(Dawoodi Rupawala)**

**DIRECTOR DIRECTOR**

PROPRIETOR

Membership # 37674

FRN No. 108902W

PLACE: AHMEDABAD

PLACE : AHMEDABAD

DATE : April 09, 2012

DATE : April 09, 2012

**Additional information pursuant to part IV schedule VI to the Companies Act, 1956**

**BALANCE SHEET ABSTRACT AND COMPANY GENERAL BUSINESS PROFIT**

**1. Registration No. :**

**State Code : 04**

**Balance Sheet as on 31-03-2012**

**2. Capital Raised During the year**

**Rs. In Thousand**

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

**3. Position of mobilization and deployment of funds.**

|                 |         |
|-----------------|---------|
| Total Liability | 7309.00 |
| Total Assets    | 0309.00 |

**4. Source of funds**

|                                 |         |
|---------------------------------|---------|
| Paid up Capital                 |         |
| [Incl. Share Application money] | 3128.00 |
| Reserves & Surplus              | 0000.00 |
| Secured Loan                    | 4855.00 |
| Unsecured Loan                  | 0120.00 |

**5. Application of Funds**

|                    |         |
|--------------------|---------|
| Net Fixed Assets   | 3846.00 |
| Investment         | 0294.00 |
| Net Current Assets | 2726.00 |
| Misc. Expenditure  | 0176.00 |

6. Accumulated Losses

Profit & Loss Account 01061.00

7. Performance of the Company

|                        |          |
|------------------------|----------|
| Turnover/ other income | 1738.00  |
| Total Expenses         | 1694.00. |
| Profit before Tax      | 0045.00  |
| No Of shares           | 3107400  |
| Earning Per Share      | Rs.0.14  |
| Dividend               | Rs.0.000 |

8. General Names of Three principal products/ services of the company.

|                        |      |
|------------------------|------|
| a) Item Code No. :     | N.A. |
| b) Product description | N.A. |

For, D.A. Rupawala & Associates  
*Chartered Accountants*

For & on behalf of the Board

Sd/-  
**(Dawoodi Rupawala)**  
**Proprietor**  
Firm No. 108902W  
Membership : 37674

Sd/-  
Director

Sd/-  
Director

Place : Ahmedabad  
Date : April 09, 2012

Place : Ahmedabad  
Date : April 09, 2012

**CITIZEN YARNS LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2012**  
**PURSUANT TO CLAUSE 32 OF LISTING AGREEMENT**

| [Rs. In 10 Thousand]                                                        |            |             |
|-----------------------------------------------------------------------------|------------|-------------|
| Particulars                                                                 | 31-03-2012 | 31-03-2011  |
| <b><u>A. CASH FLOW FROM OPERATING ACTIVITIES</u></b>                        |            |             |
| Net profit / (Loss) After Tax & Extra ordinary Items                        | 45         | 64.5        |
| Adjustment for :                                                            |            |             |
| Depreciaton                                                                 | 0          | 0           |
| Preliminary & Public Issue Exp. Written off                                 | 0          | 0           |
| Operation Profit / Loss Before Working Capital Change                       | 45         | 64.5        |
| Adjustment for                                                              |            |             |
| Long Term, Loans Raised                                                     | 0          | 0           |
| (Increase) / Decreased in current Assets                                    | 273        | 1338.71     |
| (Increase) / Decreased in current Liabilities                               | -256       | -1403       |
| <b><u>NET CASH FLOW FROM OPERAITON : (A)</u></b>                            | <b>62</b>  | <b>0.21</b> |
| <b><u>B. CASH FLOW FROM INVESTING ACTIVITIES</u></b>                        |            |             |
| Sales / (Purchase) of Fixed Assets                                          | 0          | 0           |
| Sales / (Purchase) of Fixed Investment                                      | 0          | 0           |
| <b><u>NET CASH FLOW FROM INVESTING AVTIVITIES : ( B )</u></b>               |            | <b>0</b>    |
| <b><u>C. NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS (A+B)</u></b> | <b>62</b>  | <b>0.21</b> |
| Opening Cash & Cash Equivalents                                             | 59         | 56          |
| Closing Cash & Cash Equivalents                                             | 121        | 59          |

As per our report of even date Annexed

For D.A.Rupawala & Associates  
 Firm Registration No :- 108902W  
 Chartered Accountants

For Citizen Yarns Limited

Sd/-  
 Dawoodi Rupawala  
 Proprietor  
 Membership No. 37674

Sd/-  
 Director

Sd/-  
 Director

Place : Ahmedabad  
 Date : April 09, 2012

Place : Ahmedabad  
 Date : April 09, 2012

**Auditor's Certificate**

To  
The Board of Directors  
Citizen Yarns Limited  
Ahmedabad

We have examined the attached Cash Flow Statement of Citizen Yarns Limited for the Year ended 31<sup>st</sup> March' 2012. The statement has been prepared by the Company in accordance with the requirements of Listing Agreements Clause 32 with Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of 9<sup>th</sup> April,2012 to the Members of the Company.

Date: 09.04.2012  
Place: Ahmedabad

For D.A. RUPAWALA & ASSOCIATES  
Chartered Accountants  
Firm Reg. No.108902W

Sd/-  
(D.A. Rupawala)  
Proprietor  
Mem. No. 3674

# CITIZEN YARNS LIMITED

Registered office :UL - 10, Ankur Complex, B/h. Town Hall, Opp. X -ray House, Ellisbridge, Ahmedabad - 380 006

## ATTENDANCE SLIP

To be handed over at the entrance of the Meeting Hall

Full Name of the member attending.....

Full Name of the first Joint-holder.....

(To be filled in if first named joint-holder does not attend the meeting)

Name of Proxy.....

(To be filled in if Proxy Form has been duly deposited with the Company)

I hereby record my presence at the Annual General Meeting of the Company held on Tuesday, the 15<sup>th</sup> day of May, 2012 at 11:00 A.M. at UL - 10, Ankur Complex, B/h. Town Hall, Opp. X - ray House, Ellisbridge, Ahmedabad - 380 006.

Ledger Folio No.....

No. of Share held.....

Member's/Proxy's Signature

(To be signed at the time of handing over the slip)

# CITIZEN YARNS LIMITED

Registered office :UL - 10, Ankur Complex, B/h. Town Hall, Opp. X -ray House, Ellisbridge, Ahmedabad - 380 006

## PROXY

I/We.....of.....  
..... in the district  
of..... being a Member / Members of  
**CITIZEN YARNS LIMITED** hereby appoint  
..... of  
..... in the district of ..... or  
..... failing him,.....  
..... of .....  
..... in the district of .....  
..... as my /  
our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company held on Tuesday, the 15<sup>th</sup> day of May, 2012 at 11:00 A.M. at UL - 10, Ankur Complex, B/h. Town Hall, Opp. X - ray House, Ellisbridge, Ahmedabad - 380 006 and at any adjournment thereof.

Signed this ..... day of .....2010.

Ledger Folio No.....

No. of Shares held.....

(Signature of Member)

**Note :** Proxy must be deposited at the Registered Office of the Company not less than 48 Hours before the commencement of the meeting.