

**21<sup>TH</sup> ANNUAL REPORT**

**REPORT AND ACCOUNTS - 2009**

**BOARD OF DIRECTORS** : Shri Jatta Shankar Poddar – Chairman Cum  
Managing Director  
: Dr. Sharad Poddar – Director  
: Shri Sandeep Modi – Director  
: Shri Udit Master - Director

**AUDITORS** : Shankarlal Jain & Associates  
Chartered Accountants

**REGISTERED OFFICE** : 16, Engineer Building,  
265, Princess Street,  
Mumbai 400 002.

**WORKS** : 77/78 Piparia Industrial Estate,  
Dadra & Nagar Haveli,  
Silvassa,  
Union Territory.

## **NOTICE TO THE MEMBERS**

**NOTICE IS HEREBY GIVEN THAT THE TWENTEETH ANNUAL GENERAL MEETING OF THE MEMBERS OF JATTASHANKAR INDUSTRIES LTD. WILL BE HELD ON WEDNESDAY ON 30<sup>TH</sup> SEPTEMBER 2009 AT 16, ENGINEER BUILDING, 265 PRINCESS STREET, MUMBAI 400 002 AT 10 A.M. TO TRANSACT THE FOLLOWING BUSINESS.**

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as on 31<sup>st</sup> March ,2009 and the Profit and Loss Account for the year ended on that date together with the Report of the Directors and Auditors thereon.
2. To appoint Auditors to hold office from the conclusion of the Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.
3. To consider and if thought fit, to pass with our without modification (s) the following Resolution as an Ordinary Resolution.

To appoint a Director in place of Shir Udit Master who retires by rotation and being eligible, offer himself for reappointment.

By order of the Board of Director  
For **JATTASHANKAR INDUSTRIES LIMITED**

**SD/-**  
**JATTA SHANKAR PODDAR**  
**(MANAGING DIRECTOR)**

**Place: Mumbai**  
**Date : 04/09/2009**

**Registered Offcie:**  
**16, Engineer Building,**  
**265, Princess Street,**  
**Mumbai 400 002.**

## NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY AND VOTE INSTEAD OF HIMSELF ON A POLL ONLY AND THE PROXY NEED NOT BE A MEMBER. Proxy form should be deposited at the Registered Office of the company not less than 48 hours before the time for holding the aforesaid meeting.
2. The Register of Members and share Transfer Books of the company will remain closed from 25-09-2009 to 30-09-2009 (both day inclusive).
3. All documents referred to in the Notice and the Explanatory statement are open for inspection at the Registered office of the company during office hours on all working days except Sundays between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting.
4. Members are requested to bring copy of Annual Report as copies of Report will not be distributed again at the meeting.
5. The members are requested to notify the changes, if any, in their addresses to the company.
6. Members/Proxies should bring the Attendance Slip, duly filled in and signed for attending the meeting.
7. Shareholders seeking any information with regard to accounts are requested to write to the company at an early so as to enable the management to keep the information ready.

## **DIRECTOR'S REPORT**

### **THE MEMBERS, JATTASHANKAR INDUSTRIES LIMITED.**

Your Director's have pleasure in presenting 20<sup>h</sup> Annual Report and the Audited account of the company for the year ended 31<sup>st</sup> March 2009.

### **FINANCIAL RESULTS**

	YEAR ENDED 31.03.09 Rs.in lacs	YEAR ENDED 31.03.08 Rs.in lacs
Sales & Services	806.41	1119.54
Profit Before Exception item	53.29	51.32
Profit Before Tax	141.77	51.32
Less: Fringe Benefit Tax	0.16	0.14
Profit After Tax	141.61	51.18
Loss brought forward	2719.79	2770.97
Total Loss available for appropriation	2578.18	2719.79

### **APPROPRIATIONS**

Deficit carried forward to Balance Sheet	2578.18	2719.79
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	(2578.18)	(2719.79)

### **DIVIDEND**

Your directors regret their inability to propose any dividend in view of the accumulated losses of the company.

### **REVIEW OF OPERATIONS FOR 2008-09**

In the year under review, the turnover of the company has decreased by 27.97% and the Operating Profit has been increased to Rs. 53.29 Lacs due to various measures taken by management of the company in pursuing cost cutting measures & improving efficiencies in manufacturing & other areas. In current year Proportion of Dyed Yarn sales has been increased substantially. However company could not increase its capacity utilization beyond certain level due to shortage of working capital

The out look for the current year is expected to be better than year 2009-2010 barring any unforeseen events & the management is taking all necessary measures for revival of the company.

## **DIRECTORS RESPONSIBILITY STATEMENT**

In terms of Section 217 (2AA) of the Companies Act, 1956 the directors would like to state that:-

- I) In the preparation of the annual accounts, the applicable accounting standards have been followed.
- II) The directors have 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;
- III) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- IV) The directors have prepared the annual accounts on a going concern basis.

## **PROVISION FOR SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985 .**

The company has been declared sick as per the order of BIFR dated 14.06.02 & Central Bank of India has been appointed as operating agency and Rehabilitation proposal has been submitted after doing Techno Economic Viability Study for review. However in lender meeting in September 2005, it has been decided that the company can not be revived with existing old and obsolete plant and machineries and the company shall do One Time Settlement with all Lenders. After giving Show Cause Notice to the Company, Hon'ble BIFR has passed order on 12.07.06 recommending for Winding up . Company has preferred Appeal with AAIFR against Order of BIFR for Winding up. Subsequently AAIFR has allowed the appeal as per their order dt. 20.06.07. Accordingly Company has submitted revised DRS to BIFR as per direction of AAIFR . The Company has already done OTS via Assignment of Debts with IDBI, GIIC and Central Bank of India. Company has also submitted OTS proposal to GSFC is under negotiation .If OTS proposal is accepted than the revival of company will be feasible.

## **DIRECTOR**

Shri Udit Master retired by rotation at the ensuing annual general meeting and being eligible to offer himself for reappointment.

## **AUDITORS**

M/s. Shankarlal Jain & Associates, Chartered Accountants, Auditors of the company, retire at the conclusion of this Annual General Meeting and being eligible, offer themselves for re-appointment.

## **PARTICULARS OF EMPLOYEES**

The company had no employees drawing remuneration of Rs.3,00,000/- per annum or Rs.25,000/- or more per month during the year under review and hence no statement as required under Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 is required.

## **CONSERVATION OF ENERGY, TECHNOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND EXPENDITURE**

As required Under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988, the relevant information is given annexure which forms part of this report.

## **FIXED DEPOSITS**

Your company has not accepted any fixed deposits and the provisions of Section 58 A of the Companies Act, 1956 are not applicable to the company.

## **INSURANCE**

All the properties of your company including its buildings, plant and machinery and stocks have been adequately insured.

## **ACKNOWLEDGMENTS**

Your Directors convey their sincere thanks to the Government of India, The Government of Maharashtra, The Government of Dadra & Nagar Haveli, Gujarat Industrial Investment Corporation Ltd., Gujarat State Financial Corporation and Bankers of the company viz Central Bank of India, the company's customers, marketing agents and suppliers for the support and assistance provided to the company. Your Directors thank all the employees of the company for their dedicated and unstinted service and their highly valued contribution and continuing support to your company at all levels.

For and on behalf of the Board of Directors

SD/-  
**(JATTA SHANKAR PODDAR)**  
**CHAIRMAN**

Place: Mumbai  
Date : 04.09.09

## **ANNEXURE TO THE DIRECTOR'S REPORT**

Information as per section 217 (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of Board of Director) Rules, 1988 and forming part of the Directors report for the year ended 31<sup>st</sup> March 2009.

### **(A) CONSERVATION OF ENERGY:-**

The company is making continuous effort to conserve energy wherever practicable by economizing on use of power and electricity in the factory and office. The total energy consumption as per prescribed Form 'A' is as under:-

Form for disclosure of particulars with respect to conservation of energy. Total energy consumption and energy consumption per unit of production.

### **PART A POWER AND FUEL CONSUMPTION**

	Year Ended 31.03.09	Year Ended 31.03.08
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#### **1. Electricity:-**

a) Purchased Units (in Lacs)	6.49	15.75
Total amount (Rs.in Lacs)	24.51	50.55
Rate /Unit (Rs.)	3.78	3.20

2. <b>Coal</b>	0.00	0.00
3. <b>Furnace Oil</b>	0.00	0.00
4. <b>Other/Internal Generation System</b>	0.00	0.00

### **(B) TECHNOLOGY ABSORPTION**

#### **Research & Development:-**

The company is continuously developing new shades in dyed yarn. The company is also planning to install Computer Software developed for getting various shades in Dyed Yarn which will provide great help in capturing the market.

Research and Development on improving the production process, yield and quality is ongoing exercise, Expenditure on Research and Development and its benefit is not separately quantified at present, since it is continuous exercise merged in the manufacture and quality and quality control activity.

The company has not availed any foreign technology during the year.

**(C) FOREIGN EXCHANGE EARNINGS / OUTGOINGS:-**

Foreign Exchange earning were Rs. Nil  
Foreign Exchange outgoing were as under:

I)	Raw material	Rs. Nil
II)	Capital Goods	Rs. Nil
III)	Traveling	Rs. Nil
IV)	Interest on Foreign Currency Loan	Rs. Nil

For and on behalf of the Board of Directors

SD/-  
**(JATTA SHANKAR PODDAR)**  
**CHAIRMAN**

Place: Mumbai  
Date : 04.09.09



## JATTASHANKAR INDUSTRIES LIMITED

FINANCIAL YEAR 2008-09

### MANAGEMENT DISCUSSION AND ANALYSIS

#### OVERVIEW OF THE ECONOMY :

##### **Economic Overview**

2008-09 was a year of contrasts. The first part of the year saw a concerted rise in the prices of all asset and commodity classes — minerals, metals, oil, foodgrains, agricultural commodities and real estate. Indian inflation reached double digits for the first time in more than a decade. The second part of FY 2008-09, on the other hand, witnessed one of the sharpest global economic contractions since World War II. Credit conditions tightened, consumer confidence declined and companies around the world reduced production, adopted cost cutting measures and implemented survival strategies.

Central banks and governments across the world reacted to the situation by pumping in billions of dollars by way of fiscal and interest rate stimuli . According to some estimates, till March 2009, over 3% of the world's GDP in 2008 has been injected into economies across the world. In addition to the US\$ 800 billion that has been pumped into the US economy, the G20, in April 2009, announced a stimulus package of US\$ 1.1 trillion The International Monetary fund (IMF) estimates that the global economy is expected to contract by 1.4% in 2009.

USA has reported three successive quarters of negative growth. The Euro zone countries, too, are facing deflationary pressures. Japan's GDP has shrunk by 12.1%.

Over the past month, however, macroeconomic indicators point to stability and recovery. The worst phase of the recession seems to be over. Asian economies, in particular, seem to be returning to a growth path, albeit slowly. Recent reports published by a number of investment and research houses indicate cautious optimism about calendar 2009 and more robust hopes of growth for 2010, by which time the global economy is estimated to expand by 2.5%.

##### **Asia & India**

Amidst the global economic slowdown, Asian economies, led by China and India, have grown, though not at the same pace as in the recent past. For calendar 2009, China reported GDP growth of 7.5%, which, though sharply lower than the 9% and 13% growth rates of earlier years, nevertheless, represents the fastest growth rate of any major economy in the world during the last year. Most emerging Asian economies are export-driven, and hence susceptible to global recessionary pressures, however, economic indicators, including manufacturing output, point to Asian economies recovering much faster than their European or American counterparts. This is borne out by The Economist, which says Thanks to a large fiscal stimulus and the healthier state of private-sector balance-sheets in most economies, domestic spending (consumption and investment) should revive earlier in emerging Asia than elsewhere, rising by perhaps 7% next year, up from 4-5% this year

GDP estimates for 2008-09 reflect growth of 6. 7%. The RBI and government have acted in concert to stem declining growth. Three rounds of fiscal stimulus and economic packages pumped substantial sums into the Indian economy. The latest, on 24 February 2009, announced Rs. 30,000 crore worth of tax cuts, excise duty and countervailing duty rate reductions. Excise duty on selected items was reduced, service tax was reduced from 12% to 10%.

Although the central bank has made a series of interest rate cuts, commercial banks still have headroom to reduce interest rates and thereby boost credit offtake and economic activity. This is also the signal that is being sent out by the recently elected government, which has received a convincing mandate from the Indian electorate and therefore should be able to aggressively pursue the path of economic recovery.

The Union Budget declared on 6 July 2009 has given a clear indication that government aims at achieving GDP growth rate of 9% at the earliest with focus on all-round development of the economy.

A large part of this growth is likely to come from government investment in infrastructure, though it is expected that given Indian households' low rate of consumption and borrowing, they have scope to spend more, thus stimulating economic growth.

#### **Fibres, Textiles and Clothing Overview Industry: The Global Scenario**

The present global merchandise trade for textiles and clothing is estimated to be US\$ 583 billion, of which the textiles segment contributes 41%, the balance 59% comprises of clothing trade. Together, clothing and textiles contribute to 4.3% of the world's merchandise trade and to 6.1% of global manufactures (clothing 3.6%, textiles 2.5%).

Due to the global economic slowdown in 2008-09, textile markets across the world have been impacted, particularly affected were retail sales for textiles and clothing in the US. The situation was aggravated by surging crude oil prices. Total fibre consumption dropped 6.7% to 67.3 million tonnes, equal to an average per capita consumption of 10 kg and represents a demand shortfall of about 4.85 million tonnes.

All fibre types suffered from slowing demand. Usage of cotton, wool and silk decreased by 10.1% to 25.2 million tonnes and manmade fibres fell by 4.5% to 42.2 million tonnes. (Chart C). In the world market, cotton prices have begun to drop from August 2008, as textile demand has softened. But, with acreage under crop in all leading cotton-growing countries shrinking, it is anticipated that prices will rise over a period in time more so, when the economic recovery spurs manufacturing activity and consumer demand.

#### **Industry: India**

The Indian textile industry occupies a position of importance in the economy. In 2007-08 it contributed 4% to the GDP 14% to industrial production, 14% to the manufacturing sector and 17% to the country's total export earnings. Over 35 million people are directly employed in it, in addition to which a further 55 million people are indirectly benefited from it. The sector has an estimated market size of US\$ 61 billion (US\$38 billion domestic, US\$ 23 billion exports). It is expected that by 2012, the industry will grow to a size of US\$ 110 billion, of which US\$ 50 billion should be from exports. As per the latest available WTO data, India's percentage share in the global textiles export was 3.97% (US\$ 9.45 billion) in textiles, and 2.79% (US \$ 9.65 billion) in clothing during the year 2007.

Cotton is a key raw material input for the Indian textile industry and cotton prices, to a large extent, determine the profitability of cotton textile units. In 2008-09, Government of India (GoI) hiked the Minimum Support Price (MSP) for procuring cotton from farmers, by as much as 47% in some cases. For example, in 'Shankar — 6cotton, the MSP was hiked from Rs. 2,055 per quintal (100 kgs) in 2007-08 to Rs. 2,850 per quintal — a rise of 36%. As a result, cotton procurement prices for 2008-09 across the year was higher than the peak prices of the previous year (Chart D).

This, in turn, led to small and medium ginning and spinning mills coming under severe cost pressure. In 2009, however, cotton prices have softened. By mid-June 2009, most varieties of Indian cotton saw downward movement in prices. The price drop ranged between Rs. 100-300 a candy (1 candy = 355.6 kilograms).

To support the textile industry, GoI announced a series of stimulus packages which includes the following:

Fresh allocation of Rs. 1,400 crore for quick TUFs subsidy release, subsequently, in August 2009, GoI has released Rs. 2,546 crore against pending TUFs dues. Interest subvention of 2% on pre-shipment and post-shipment credit. Extension of the DEPB scheme till December 2009, with an increase of rates by 3%. 4% reduction in excise duty rate on polyester yarns — which was subsequently reversed in the Union Budget announced on 6 July 2009.

Although Indian exports of textiles and clothing showed marginal increase in 2008-09 on an overall basis, some trends have emerged that need to be highlighted.

Indian textiles exports did slow down during 2008-09 by about 2% — but the maximum de-growth in exports took place in the handicrafts segment, followed by cotton yarn and jute products. Textile exports, on the other hand, grew by 4.6% during 2008-09 to reach US\$ 10.13 billion.

The demand slowdown in USA and Europe has led to increase in demand for basic products as opposed to luxury products. India has been traditionally catering to the mid-market segment, which has seen growth during 2008-09 — and this is expected to sustain during 2009-10 as well.

To save on logistics and procurement costs, large global buyers are actively going in for vendor consolidation, thus integration, scale of operations, efficiencies and a capability to satisfy demanding customers with large volume orders on time have become the key differentiators in the textile industry today.

On the domestic front, notwithstanding the current economic slowdown, India's population of more than 1.1 billion people continues to offer an important market for consumer goods. Typically, domestic textile demand has grown in line with the growth in GDP and the large number of middle-class households offer considerable potential for manufacturers and retailers. Also, according to economic indicators, the Asian economies (with China and India leading) are likely to recover faster from the downturn, the first signs are already being witnessed. Hence, for the textile industry in India, the growth potential remains encouraging.

### **Forward Looking Statements:**

Forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including, but not limited to, statements as to future operating results and plans that involve risks and uncertainties. We use words such as "expects", "anticipates", "believes", "estimates", the negative of these terms and similar expressions to identify forward looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to differ materially from any future results, performance or achievements expressed or implied by those projected in the forward-looking statements for any reason.

### **Company's Business**

The prominent business of the Company is manufacturing of Polyester Texturised, Twisted and Dyed Yarn and also dyeing of Cotton and other fancy Yarns which are used for making fabrics for Shirting, Suiting Upholstery, Knitting, Labels and Curtains etc.

### **Industry Structure and Developments:**

The Textile industry occupies an important place in the Economy of the country because of its contribution to the industrial output, employment generation and foreign exchange earnings. The textile industry encompasses a range of industrial units, which use a wide variety of natural and synthetic fibres to produce fabrics. On a year-on-year basis, cotton textile industry has posted a growth of around 14.8% followed by the products produced by textile industry with a growth rate of above 11%. The textile sub-sector involved in the production of silk, wool and man-made fibres has also seen a steep increase in its growth amounting to 8.2% on a yearly basis. by textile industry with a growth rate of above 11%. The textile sub-sector involved in the production of silk, wool and man-made fibres has also seen a steep increase in its growth amounting to 8.2% on a yearly basis.

### **Opportunities:**

The biggest growth opportunity for the textile industry arises from the changed global scenario of quota free business environment. The opening up of world market would indirectly also give the opportunity to do well in the vast domestic market due to high quality manufacturing and low cost production. The Government of India is giving the good support by giving loans

at Concessional rates and further extension of TUF's scheme and Interest Subvention for Export.

**Threats:**

Along with the opportunity that the quota free regime offers, there lies the threat of stiff global competition which indirectly would result in severe price wars and which would ultimately lead to pressure on margins. Along with this there lies the threat of domestic competition from the unorganised sector. But the Company through its quality production competes well with other players in this sector.

**Insurance:**

Company has insured its assets and operations against all insurable risks including fire, earthquake, flood, and etc. as part of its overall risk management strategies.

**Human Resources:**

Company recognizes that nurturing and developing best human resources by recruiting the best talent is vital to the long term success of the company. Employees are provided with continues opportunities for active learning and development which are viewed as the key drivers of our growth and thereby contributing to the success of the Company. The remuneration structure is linked directly with performance and reward. The Company acknowledges that, human resources are its biggest asset who have been nurtured and strengthen over the years.

**Safety, Health and Environment**

safety is considered at highest priority and all the efforts are made to ensure safe working environment for employees. All probable incidents are analyzed and corrective actions are taken accordingly. Employees are trained in safe practices to be followed at work places at all the times.

**Outlook:**

Company is expected to achieve substantial growth both in terms of turnover and profitability. It will also have an edge over others with large variety of products under one roof. During the current year, your Company will concentrate on optimum utilisation of capacity .

**Risks and concerns:**

There are some areas of concerns also, which need to be stated here. Along-with recovery, the textile industry is also facing increase in input prices in sync with the global trends. In addition to appreciating rupee, free export of cotton followed by withdrawal of export incentives on cotton yarn are also causing concerns for the sustained recovery in the textile industry. In our view, there is need for an integrated approach to be adopted for the development of the textile and clothing industry in the country. Such an approach is required to ward off any such situation where the strengths of one segment of the textile industry is being undermined for passing temporary relief to another segment of the industry leading to permanent damage to the complete textile value chain. In our views, if any segment suffers from some systemic disadvantages affecting its global competitiveness, it should be overcome through suitable incentives mechanism without affecting any other segment of the industry.

**Environmental Preservation:**

Quality of human life is the most important factor to sustain life and this could be achieved through preservation of natural environment. The Company's R & D Department continues to develop new shades in an environmentally sustainable manner..

**Internal control systems and their adequacy:**

The Company continues to have an adequate Internal Control System commensurate with the nature of its business and the size of its operations.

**Discussion on financial performance with respect to operational performance:**

During the year, your Company has operated wholly on jobwork basis . The financial results of the Company have been discussed at length in the Director's Report to the members.

**Material developments in Human Resources / Industrial Relations front:**

The Company has always considered the human resources as the driving force for progress and success and they are the main assets of the Company. Management is of firm belief that the growth of the Company is due to the continuous contribution from its manpower. The Company has the required number of skilled and semiskilled persons and it constantly tries to improve their quality and productivity and provides a congenial working environment for them. The Company is committed for continual improvement in all aspects of social standard, business and employee's welfare to grow as an ethical business. We believe that harmony amongst employees, employer and business leads to socio economic improvement. The industrial relations continued to be extremely cordial during the year.

**By order of the Board  
JATTASHANKAR INDUSTRIES LIMITED**

**SD/-  
Jattashankar Poddar  
Managing Director**

**Place: Mumbai  
Date: 04.09.2009**

## JATTASHANKAR INDUSTRIES LIMITED

### CORPORATE GOVERNANCE REPORT

(Under Clause 49 (VI) (i) of Listing Agreement)

#### I. The Company's Philosophy on Code of Governance

The Company's philosophy on Corporate Governance is to strive for attaining the optimum level of transparency and accountability in all facts of its operations and all dealings with shareholders, employees, lenders, creditors, customers and the government. The Board of Directors by considering itself the trustee of its Shareholders aims at maximizing shareholders value and protecting the interest of other stakeholders

#### II. Board of Directors

##### (i) Composition and category of Director :

The strength of the Board was 4 Directors as on 31st March, 2009. The Composition and category of Directors on the Board of the Company are : 2 Executive/promoter Directors & 2 Independent Directors

##### II) Number of Board Meetings/ AGM held and attendance chart of each Director at the Board Meeting :

During the year 2008-09 , 8 times Board Meeting were held on 30/04/2008 , 31/07/2008 , 04/09/2008 , 25/10/2008 , 24/11/2008 , 28/11/2008, 31/01/2009 & 30/03/2009 & AGM were held on 30.09.2008 & all the 4 directors have attendend all Board Meetings & AGM

##### iii) Details of Directors with Memberships or Chairmanships:

Name of Director	Directorship in other Company	Chairman of Committee	Member of other Committee
Jattashankar Poddar	1	Share Holder Committee (SGC)	AC
Sharad Poddar	1	0	SGC, AC
Sandeep Modi	1	0	SGC,AC
Udit Master	0	Audit Committee(AC)	SGC

##### iv) Code of Conduct :

The Board has formulated a code of conduct for the Board Members and Senior Management Personnel of the Company. All Board Members and Senior Management Personnel have affirmed their compliance with the code for the financial year ended 31st March, 2009. A declaration to this effect signed by the Managing Director of the Company is given elsewhere in the Annual Report.

#### III. AUDIT COMMITTEE

The Composition of the Audit Committee and their attendance at the Audit Committee Meetings are as follows :

During the year 5 meeting of Committee were held on 30/04/2008 ,31/07/2008 ,04/09/2008 , 25/10/2008 & 31/01/2009.All the members have attended same.

The Board of Directors of the Company has framed a Terms of Reference for the Audit Committee. The Terms of Reference is based on Clause 49 (II) (D) of the Listing Agreement. The Audit Committee performs its functions in accordance with the terms of reference. In addition, it exercises powers and reviews information as specified under Clause 49 (II) (C) and (E) of the Listing Agreement.

#### **IV. REMUNERATION COMMITTEE**

The Company has not constituted a separate committee to determine the terms of reference and remuneration package for its managerial personnel.

##### **i) Remuneration Policy:**

The Board of Directors determines the remuneration to be paid to Managing Director and other Directors of the Company. The same is within the limits approved by the Shareholders of the Company. Mr. Sandeep Modi Non Executive Independent Director, who was reire by Rotation, were re-appointed in AGM.

##### **ii) Details of Remuneration paid to all the Director's:**

A. The Company does not have any pecuniary relationship or transactions with the non-executive directors..

B. During the year Company has paid aggregate value of remuneration to 2 Director Mr Jattashankar Poddar & Mr Sharad Poddar amounting to Rs. 4,80,000/-,

C. The Company has not issued any stock options or paid any performance linked incentives or fixed component incentives to the Directors.

#### **V. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE**

A. The Composition of the Shareholders / Investors Grievance Committee and attendance of the members of the Committee at the Shareholders/Investors Grievance Committee Meetings are as follows:

During the year 5 meeting of Committee were held on 30/04/2008 ,31/07/2008 ,04/09/2008 , 25/10/2008 & 31/01/2009.All the members have attended same.

##### **B. COMPLIANCE OFFICER:**

As required by the Listing Agreement, the Company has appointed Mr. Laxmikant as the Compliance Officer. Email address of Compliance Officer is [jatta@mtnl.net.in](mailto:jatta@mtnl.net.in) . No Complaints were pending at the beginning of the year and the Company received 4 complaints during the year under review from the shareholders and all 4 complaints were disposed off to their satisfaction. No share transfers were pending as on 31st March, 2009.

## **VI. GENERAL BODY MEETINGS**

Date time and venue for the last 3 Annual General Meetings held during the last 3 financial years are given below;

Year	Date	Place
2007-08	30/09/2008	Registered office
2006-07	29/09/2007	Registered office
2005-06	30/12/2006	Registered office

## **VII. DISCLOSURES**

- i. The Company has not entered into any materially significant related party transactions during the financial year that may have potential conflict with the interests of the Company at large.
- ii. There has been no incidence of non-compliance by the Company of any statutory regulations nor any penalty or stricture has been imposed by the Stock Exchange or any other statutory authority, on any matter relating to the capital market over the last three financial years.
- iii. The details of all transactions with related parties are placed before the Audit Committee on quarterly basis.
- iv. In the preparation of financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable.
- v. The constitution of whistle blower policy is a non mandatory requirement. However the Company affirms that no employee has been denied access to the Audit Committee during the financial year 2008 - 2009.
- vi. The Company has complied with all mandatory requirements of clause 49 of Listing Agreement.

## **VIII. GENERAL SHAREHOLDER INFORMATION**

shares of Company are suspended from Trading in Bombay Stock Exchange since year 2006 due to non compliance of various listing agreement . Company has applied to BSE for Revocation of suspension & after compliance of various pending compliances same will be relisted .

**By order of the Board**  
**JATTASHANKAR INDUSTRIES LIMITED**

**SD/-**  
**Jattashankar Poddar**  
**Managing Director**

**Place: Mumbai**  
**Date: 04.09.2009**



## ***AUDITORS REPORT TO THE SHAREHOLDERS***

We have audited the attached Balance Sheet of M/s. ***Jattashankar Industries Limited*** (Formerly Known as Jatta Industries Limited.) as at 31<sup>st</sup> March 2009, & also the Profit & Loss Account and The Cash Flow Statement for the year ended on that date annexed thereto. These Financial statements are the responsibility of the company's Managements .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 & perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An Audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable Basis for our opinion.

1. As required by the companies ( Auditor's Report ) order , 2003 issued by the central government in terms of Section 227 ( 4A) of the companies Act , 1956
2. We enclose in the annexure, a statement on the matters specified in Paragraphs 4 and 5 of the said order.
3. Further to our comments in the annexure referred to the above , we report that
  - a) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our Audit;
  - b) 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;
  - c) The Balance Sheet , Profit and Loss Account & Cash Flow Statement with this report are in agreement with the books of accounts;
  - d) In our opinion Balance Sheet & Profit and Loss Account & Cash Flow Statement dealt with this report Comply with the Accounting Standards as specified in section 211 ( 3 C ) of the Companies Act , 1956 **except Accounting Standards 15 in respect of gratuity liability as referred in Note No.5.**
  - e) On the basis of written representations and explanations received from Directors, as on 31.03.2009 and taken on record by the Board of directors, we report that none of the Directors On the basis of the written representation received from all of them are disqualified as on 31.03.09 from being appointed as a director in terms of Clause (g) of Sub Section (1) of Section of 274 of the Companies Act, 1956.

4. In our opinion and to the best of our information and according to the explanations given to us , **the accounts subject to Note No.4 regarding sundry balances of debtors ,creditors and loan & advances are subject to confirmation and reconciliation ,Note No.5 regarding non provision of gratuity & Leave Encashment liability amount is unascertained ,Note No.9 regarding land purchased from the Directors for which agreement is yet to be executed ,Note No.14 certain discarded assets sold of Rs.1,49,39,413/- in earlier years subject to approval of Financial Institutions ,Note No.16 non provision of interest on secured loan for the year of Rs.8,85,66,848/- and accumulated interest of Rs.44,39,48,578/-due to this loss is understated to that extent** and read together with the significant accounting policies and other notes of Schedule “M” accounts ,give the information required by the Companies Act,1956 in the manner so required.

We further report that without considering item mentioned for **Note No.4 & Note No.5 effect of which can not be determined ,had the observation made by us in Para 3 above been considered the loss for the year would have been Rs.7,44,06,313/- ( as against report the figure of Profit of Rs.1,41,60,535/-) and accumulated loss ( including loss of earlier year unprovided for Rs.44,39,48,578/-) would have been Rs.79,03,33,846/- ( as against reported figure Rs.25,78,18,420/-).**

Due to increase in loss for the year after the considering the observations as referred in Para 3 above ,Earning Per Share basic & diluted reported in Note No.18 in Schedule “M” would be (Rs.16.96)as against reported of Rs.3.23 The information required by the Companies Act , 1956 in the manner so required give a true & fair view ;

( i ) In the case of Balance Sheet of the state of affairs of the company as at 31<sup>st</sup> March , 2009

And

( ii ) In the case of Profit and Loss Account of the PROFIT for the year ended on that date.

And

(iii) In the case of the Cash Flow Statement of the cash flows for the year ended on that date.

*For SHANKARLAL JAIN & ASSOCIATES  
CHARTERED ACCOUNTANTS*

**PLACE: MUMBAI  
DATE: 04.09.2009**

**Sd/-  
S.L.AGRAWAL  
(PARTNER)  
Membership No. 72184**

**ANNEXURE TO THE AUDITORS REPORT**  
**(Referred to its paragraph 1 thereof)**

As required by the companies ( Auditors Report) Order ,2003 issued by the company Central Government of India in terms of section 227 (4A) of the companies Act.,1956 On the basis of such checks as we considered appropriate ,we report that :-

1. a) The company has maintained proper records showing full particulars including quantitative details and situation of Fixed assets but the same is to be updated.  
b) We are informed that fixed assets, except **furniture & fixtures**, were verified by the management during the year, **but discrepancy if any will be determined only after the fixed asset register is updated.**  
c) The company has not disposed off substantial part of fixed assets during the year to effect to its going concern.
- 2.a) Inventories have been physically verified during the year by the management at reasonable intervals.  
b) The procedure followed by the management for physical verification of stock is in our opinion reasonable and adequate in relation to the size of the company and the nature of its business.  
c) In our opinion and according to information and explanation given to us ,the company has maintained proper records of its inventories & discrepancies were noticed on verification between the physical stock and book stock were not material & have been properly dealt with in the books of account.
3. The company has not granted or taken any loans, secured or unsecured to /from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act 1956.
4. In our opinion and according to the information and explanation given to us ,there are adequate internal control procedures commensurate with the size of the company and the nature of its business ,for the purchase & sale of inventories ,fixed assets and with regards to sale of goods and services .During the course of our audit ,We have not observed any continuing to correct the major weakness in internal controls .
- 5.a) There are transactions in the company that need to be entered in the register in pursuance of Section 301 of the Companies Act 1956 ,were duly entered .**However these transactions are subject to compliance of section 300 of the Act.**  
b) In our opinion and according to the information and explanation given to us,the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of companies Act 1956 and aggregating during the year to 5,00,000/- or more in respect of each party ,have been made at

prices seems reasonable as prevailing market prices for such goods ,materials or the price at which transactions for similar goods ,materials or services have been made with the other parties are not comparable not having similar goods or services.

6. In our opinion and according to information and explanation given to us ,the company has not accepted any deposits from public ,hence provisions of Section 58A & 58 AA of the Companies Act 1956 are not applicable.

7. **The company has no Internal Audit System during the year.**

8. We have broadly reviewed the books of accounts maintained by the company pursuant to the order made by the Central Government for the maintenance of cost records under section 209 (1) of the companies Act 1956 & are of the opinion that prima facie the prescribed accounts and records have been made maintained by the company .However, We have not made detailed examination of records so as to ascertain whether they are accurate and complete.

9.a) The company is regular in depositing statutory dues including Provident fund ,Investor Education & Protection Fund ,Employees State Insurance ,Income Tax, Wealth Tax ,Sales Tax ,Customs duty and Excise duty, Service Tax , Cess and other materials statutory dues wherever applicable with appropriate authorities . We are informed that no undisputed amounts payable in respect of aforesaid dues were outstanding as at 31<sup>st</sup> March 2009 for the period of more than six months from the date they became payable.

b) The disputed statutory dues in respect of excise demand ,Income Tax Liability pending before appropriate higher authorities details as under :-

<b>Name of the Statute</b>	<b>Nature of dues</b>	<b>Amount</b>	<b>Period to which amounts relates</b>	<b>Forum where the dispute is pending</b>
Central Excise Act 1944	Differential Duty of poy purchased under EOU	11,11,073/-	F.Y.2002-03	Add.Comm.Custo ms DRI.
Central Excise Act 1944	Excise duty on stocks of yarns lost in floods	17,33,150/-	F.Y.2004-05	Deputy Commissioner
Income Tax Act 1961	Disallowance of Sundry Bal. w/off	1,54,16,891/-	F.Y.2000-01	IncomeTax Appellate Tribunal
Income Tax Act 1961	Disallowance of Sundry Bal. w/off	28,01,416/-	F.Y.2003-04	IncomeTax Appellate Tribunal CIT appeal

10. The company has accumulated loss at the financial year of Rs. **25,78,18,420/-** ( reported figure ) and it has incurred no cash loss in the financial year & immediately preceding current financial year .However as per our main report accumulated loss would be **Rs.79,03,33,846/-** .

11. In our opinion and according to information and explanation given to us and with reference to Schedule 'C' **the company has defaulted in repayment of dues of Rs 73,17,95,452/-(including interest un provided ) to financial institutions.**
12. According to information and explanation 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.
13. In our opinion the company is not a chit / nidhi / mutual fund/society. Therefore the provision of Clause 4 (Xiii) of the companies (Auditors Report) orders 2003 are not applicable to the company.
14. In our opinion the company is not dealing or trading in any shares ,securities ,debentures & others investments .Accordingly the provision of Clause 4 (Xiii) of the companies ( Auditors Report) order 2003 are not applicable to the company.
15. The company has not given guarantee for loans taken by others from Banks or Financial Institutions.
16. The company has not taken any term loan during the year
17. According to information and explanation given to us and an overall examination of Balance Sheet of the company, we report that no funds raised during the year, on short term basis have been used for long term investments.
18. 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.
19. The company has not issued any debentures during the year.
20. The company has not raised any money by way of Public issue during the year.
21. According to information and explanations given to us, no frauds on or by the company has been noticed or reported during the course of our audit.

***For SHANKARLAL JAIN & SSOCIATES  
CHARTERED ACCOUNTANTS***

**PLACE: MUMBAI  
DATE: 04.09.2009**

**Sd-  
S.L.AGRAWAL  
(PARTNER)**

**JATTASHANKAR INDUSTRIES LIMITED**

**BALANCE SHEET AS AT 31ST MARCH 2009**

<u>PARTICULARS</u>	<u>SCHEDULE</u>	AS AT	AS AT
		31.03.09	31.03.08
		Rs.	Rs.
<b><u>SOURCES OF FUNDS</u></b>			
<b><u>- SHAREHOLDERS FUNDS</u></b>			
Share Capital	A	43,871,000	43,871,000
Reserves & Surplus	B	42,033,000	42,033,000
		<b>85,904,000</b>	<b>85,904,000</b>
<b><u>LOANS FUNDS</u></b>			
Secured Loans	C	199,280,026	209,280,026
		199,280,026	209,280,026
	<b>TOTAL</b>	<b>285,184,026</b>	<b>295,184,026</b>
<b><u>APPLICATION OF FUNDS</u></b>			
<b><u>- FIXED ASSETS</u></b>			
Gross Block	D	136,521,321	136,521,321
Less: Depreciation		120,172,461	125,882,040
Net Block		<b>16,348,860</b>	<b>10,639,281</b>
INVESTMENT	E	<b>7,857,462</b>	<b>3,500,000</b>
<b><u>CURRENT ASSETS, LOANS &amp; ADVANCES</u></b>			
<b><u>CURRENT ASSETS</u></b>			
Inventories	F	9,396,286	13,707,423
Sundry Debtors		1,847,822	4,061,062
Cash & Bank Balances		1,457,086	1,904,218
Loans & Advances		692,984	703,590
		<b>13,394,178</b>	<b>20,376,293</b>
<b><u>LESS: CURRENT LIABILITIES &amp; PROVISIONS</u></b>			
-	G		
Current Liabilities		10,234,894	11,310,503
		<b>3,159,284</b>	<b>9,065,790</b>
<b><u>NET CURRENT ASSETS</u></b>			
-			
<b><u>DEBIT BALANCE OF PROFIT &amp; LOSS A/C</u></b>		257,818,420	271,978,955
	<b>TOTAL</b>	<b>285,184,026</b>	<b>295,184,026</b>
<b><u>NOTES TO ACCOUNTS</u></b>			
	M		

As per our report of even date  
For **SHANKARLAL JAIN & ASSOCIATES**  
CHARTERED ACCOUNTANTS

For **JATTASHANKAR INDUSTRIES LTD.**

SD/-  
**S.L.AGRawal**  
PARTNER

SD/-  
**JATTA SHANKAR PODDAR**  
DIRECTOR

SD/-  
**SHARAD PODDAR**  
DIRECTOR

PLACE : MUMBAI  
DATE : 04.09.2009

PLACE : MUMBAI  
DATE : 04.09.2009

**JATTASHANKAR INDUSTRIES LIMITED**

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009**

<b>PARTICULARS</b>	<b>SCHEDULE</b>	<b>YEAR ENDED 31.03.09</b>	<b>YEAR ENDED 31.03.08</b>
<b><u>INCOME</u></b>			
Sales	<b>H</b>	80,640,682	111,954,388
Other Income	<b>I</b>	802,989	678,762
		<b>81,443,671</b>	<b>112,633,150</b>
<b><u>EXPENDITURE</u></b>			
Decrease / (Increase) in Stocks	<b>J</b>	4,828,125	(6,604,119)
Raw Material Consumed	<b>K</b>	34,414,059	63,797,125
Operating & Other Expenses	<b>L</b>	33,734,565	44,745,757
Interest Paid to Bank		-	60,000
Depreciation		3,137,917	5,502,370
		<b>76,114,666</b>	<b>107,501,133</b>
<b>PROFIT FOR THE YEAR</b>		<b>5,329,005</b>	<b>5,132,017</b>
- Add: Excess Depreciation For Earlier year written back		<b>8,847,495</b>	-
- <b>PROFIT BEFORE TAX</b>		<b>14,176,500</b>	<b>5,132,017</b>
- <b>LESS: Fringe Benefit tax</b>		<b>15,965</b>	<b>13,596</b>
- <b>PROFIT AFTER TAX</b>		<b>14,160,535</b>	<b>5,118,421</b>
Add: Balance brought forward		271,978,955	277,097,376
Balance Carried forward to Balance Sheet		<b>257,818,420</b>	<b>271,978,955</b>
Basic & Diluted Earning Per Share of RS. 10/- each (Refer Note 18)		<b>3.23</b>	<b>1.17</b>
<b>NOTES TO ACCOUNTS</b>	<b>M</b>		

As per our report of even date  
For **SHANKARLAL JAIN & ASSOCIATES**  
CHARTERED ACCOUNTANTS

For **JATTASHANKAR INDUSTRIES LTD.**

SD/-  
**S.L.AGRAWAL**  
PARTNER

SD/-  
**JATTA SHANKAR PODDAR**  
DIRECTOR

SD/-  
**SHARAD PODDAR**  
DIRECTOR

PLACE : MUMBAI  
DATE : 04.09.2009

PLACE : MUMBAI  
DATE : 04.09.2009

**JATTASHANKAR INDUSTRIES LIMITED**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31.03.2009**

<u>PARTICULARS</u>	AS AT 31.03.09	AS AT 31.03.08
	Rs.	Rs.
<b><u>SCHEDULE 'A'</u></b> <b><u>SHARE CAPITAL</u></b>		
Authorised: 1,05,00,000 Equity Shares of Rs. 10/ each	-	-
	<b>105,000,000</b>	<b>105,000,000</b>
<b><u>ISSUED, SUBSCRIBED &amp; PAID UP:</u></b>		
43,87,100(43,87,100) Equity Share of of Rs.10/- each full paid.	43,871,000	43,871,000
	<b>43,871,000</b>	<b>43,871,000</b>
<b><u>SCHEDULE 'B'</u></b> <b><u>RESERVES &amp; SURPLUS</u></b>		
Share Premium (As per last Balance sheet)	41,806,500	41,806,500
Capital Reserve on Forfeiture of Shares	226,500	226,500
	<b>42,033,000</b>	<b>42,033,000</b>
<b><u>SCHEDULE 'C'</u></b> <b><u>LOAN FUNDS</u></b>		
<b><u>SECURED LOANS</u></b>		
I. Term Loan :		
Rupee Loan:		
From Financial Institution	46,482,422	46,482,422
From Other	68,214,323	68,214,323
(Refer Note No.16 of Schedule M) (Of the above loan amount repayable within next one year Rs.11,46,96,745 /- (Previous Year Rs.11,46,96,745/-)		
II. Working Capital Facilities		
From Other	84,583,281	94,583,281
(Refer Note No.16 of Schedule M)		
	<b>199,280,026</b>	<b>209,280,026</b>



**SCHEDULE "D" FIXED ASSETS**

Description	BLOCK			DEPRECIATION					NET BLOCK		
	As on 01.04.08 Rs.	Additions Rs.	Deductions Rs.	As on 31.03.09 Rs.	As on 01.04.08 Rs.	For the year Rs.	Deductio ns Rs.	Excess Depreciation Written back Rs.	Up to 31.03.09 Rs.	As on 31.03.09 Rs.	As on 31.03.08 Rs.
Freehold Land	3554309	0	0	3554309	2191859	0	0	0	2191859	1362450	1362450
Buildings	25524320	0	0	25524320	21007908	548123	0	0	21556031	3968289	4516412
Office Premises	791280	0	0	791280	219265	12898	0	0	232163	559117	572015
Plant & Machinery *	101413385	0	0	101413385	97768913	2378530	0	-8445863	91701580	9711805	3644472
Office Equipment	1833735	0	0	1833735	1520470	24907	0	-224942	1320435	513300	313265
Furniture & Fixtures	2402133	0	0	2402133	2305027	120629	0	-127939	2297717	104416	97106
Vehicles	1002159	0	0	1002159	868598	52830	0	-48751	872677	129482	133561
<b>Total Rs.</b>	<b>136521321</b>	<b>0</b>	<b>0</b>	<b>136521321</b>	<b>125882040</b>	<b>3137917</b>	<b>0</b>	<b>-8847495</b>	<b>120172462</b>	<b>16348859</b>	<b>10639281</b>
<b>Prev. Year Total</b>	<b>136510321</b>	<b>11000</b>	<b>0</b>	<b>136521321</b>	<b>120379670</b>	<b>5502370</b>	<b>0</b>	<b>0</b>	<b>125882040</b>	<b>10639281</b>	<b>16130651</b>

**Note : - 1 )** Plant & Machinery includes Machinery of Rs.15,86,520/- given on operating lease(P.Y.15,86,520/-)  
**2 )** During the year Company has written back excess depreciation as per Straight Line Method provided in earlier years on Fixed Assets due to effect of Provision for Impairment

**JATTASHANKAR INDUSTRIES LIMITED**

<b><u>PARTICULARS</u></b>	<b>AS AT 31.03.09 Rs.</b>	<b>AS AT 31.03.08 Rs.</b>
<b><u>SCHEDULE 'E'</u></b>		
<b>INVESTMENT (At Cost)</b>		
<b>(Unquoted Other Than Trade)</b>		
In Mutual Fund		
In 297116.855 (160904.657) Units of Birla Cash Plus Retail Growth Scheme	6,967,436	3,500,000
In 52611.381 ( - ) Units of Birla Sun Life Savings Fund- Retail-Growth	850,000	-
In 2459.486 ( - ) units of HDFC Liquid Plus Growth Scheme (NAV Rs 79,04,500/- P.Y. RS 35,02,717 )	40,026	-
	<b>7,857,462</b>	<b>3500000</b>
<b><u>SCHEDULE 'F'</u></b>		
<b><u>CURRENT ASSETS, LOANS &amp; ADVANCES</u></b>		
<b><u>I. INVENTORIES</u></b>		
(As taken, valued & certified by Management )		
Finished Goods	4,863,879	7,124,825
Work-in-Progress	2,275,801	4,842,273
Raw Materials	998,438	935,216
Stores & Packing Materials	1,248,621	794,855
Scrap Stock	9,547	10,254
	<b>9,396,286</b>	<b>13,707,423</b>
<b><u>II. SUNDRY DEBTORS</u></b>		
(Unsecured and considered good )		
over six months	-	137,677
Less than six months	1,847,822	3,923,385
	<b>1,847,822</b>	<b>4,061,062</b>
<b><u>III. CASH AND BANK BALANCES</u></b>		
Cash in hand	40,595	52,449
Balance with Scheduled Banks		
- On current Account	289,389	724,665
- On Fixed Deposit Account( Receipt pledge with Electricity & - /SalesTax Department) (Including Accued Interest Rs.1,388/- (PY 1,104/-)	1,127,102	1,127,104
	<b>1,457,086</b>	<b>1,904,218</b>
<b><u>IV. LOANS AND ADVANCES</u></b>		
(Unsecured and considered good )		
Deposit	351,430	368,890
Advances Recoverable in cash or in kind or for value to be received	70,212	94,361
Advance Income Tax	271,342	240,339
	<b>692,984</b>	<b>703,590</b>
<b><u>SCHEDULE 'G'</u></b>		
<b><u>CURRENT LIABILITIES</u></b>		
Sundry Creditors (includes payable to SSI Rs. 5,90,175/- (P.Y. Rs. 2,23,636/-)	9,848,777	11,009,147
Advance From Customer	282,104	219,202
Other liabilities	104,013	82,154
	<b>10,234,894</b>	<b>11,310,503</b>

**JATTASHANKAR INDUSTRIES LIMITED**

**SCHEDULES FORMING PART OF PROFIT & LOSS A/C FOR THE YEAR ENDED ON 31.03.09**

<b><u>PARTICULARS</u></b>	<b>CURRENT YEAR Rs.</b>	<b>PREVIOUS YEAR Rs.</b>
<b><u>SCHEDULE 'H'</u></b>	-	-
<b><u>SALES &amp; SERVICES</u></b>	-	-
Sales(net)	80,448,341	111,842,328
Yarn Processing Charges (TDS 1,296 /- P.Y.Rs. 2,539 /-)	192,341	112,060
	<b>80,640,682</b>	<b>111,954,388</b>
<b><u>SCHEDULE 'I'</u></b>		
<b><u>OTHER INCOME</u></b>		
Profit On Sale of Units of Mutual Fund	329,161	126,765
Rent	180,000	405,000
Interest - Other (TDS Rs. 8,349 /- P.Y. Rs. 5,158 /-)	36,843	44,050
Interest on Bank Deposit (TDS Rs. 21,358 /- P.Y Rs. 20,921 /-)	103,675	101,980
Sundry Balance Written Back(Net)	153,310	967
	<b>802,989</b>	<b>678,762</b>
<b><u>SCHEDULE 'J'</u></b>		
<b><u>DECREASE / (INCREASE) IN STOCKS</u></b>		
<b><u>OPENING STOCKS</u></b>		
Work-in-Progress	4,842,273	2,485,748
Finished Goods	7,124,825	2,875,170
Scrap Stock	10,254	12,315
-	<b>11,977,352</b>	<b>5,373,233</b>
<b><u>CLOSING STOCKS</u></b>		
Work-in-Progress	2,275,801	4,842,273
Finished Goods	4,863,879	7,124,825
Scrap Stock	9,547	10,254
-	<b>7,149,227</b>	<b>11,977,352</b>
-		
-	<b>4,828,125</b>	<b>(6,604,119)</b>
<b><u>SCHEDULE 'K'</u></b>		
<b><u>RAW MATERIAL CONSUMED</u></b>		
Opening Stocks	935,216	2,271,687
Add: Purchase (Net)	34,477,281	62,460,654
	<b>35,412,497</b>	<b>64,732,341</b>
Less: Closing Stock	<b>998,438</b>	<b>935,216</b>
	<b>34,414,059</b>	<b>63,797,125</b>

**JATTASHANKAR INDUSTRIES LIMITED**

**SCHEDULES FORMING PART OF PROFIT & LOSS A/C FOR THE YEAR ENDED ON 31.03.09**

<u>PARTICULARS</u>	<u>CURRENT YEAR</u> Rs.	<u>PREVIOUS YEAR</u> Rs.
<b><u>SCHEDULE 'L'</u></b>		
<b><u>OPERATING &amp; OTHER EXPENSES</u></b>		
Salary, Wages Bonus etc.	1,790,259	1,627,283
Contribution to Provident Fund & Pension	18,475	18,366
Gratuity	23,798	-
Staff Welfare	122,022	119,288
Labour Charges	-	132,961
Job Charges	16,276,636	20,716,370
Power & Fuel	2,561,008	5,054,564
Stores, Spares and Oil Consumed	2,023,672	3,875,159
Repairs & Maintenance		
-Building	195,707	227,326
-Machinery	179,408	141,932
-Others	105,649	144,916
Auditors Remuneration		
-Audit Fees	44,120	44,944
-Tax Audit Fees	11,030	11,236
- Income Tax & Other Matter	60,000	44,318
Insurance Charges	125,264	106,684
Freight & Forwarding Expenses	535,475	690,429
Packing material consumed	2,969,287	4,851,307
Dyes & Chemical Consumed	3,663,675	4,181,176
Brokerage & Commission	993,521	688,420
Sales Tax	350,407	622,692
Advertising & Business Promotion	10,008	5,581
Miscellaneous Expenses	1,675,144	1,440,805
	<b>33,734,565</b>	<b>44,745,757</b>

## SCHEDULE 'M'-- NOTES FORMING PART OF THE ACCOUNTS

### SIGNIFICANT ACCOUNTING POLICIES :

- (a) **Basis of preparation of financial statement**  
The financial statement has been prepared under the historical cost convention.
- (b) **Fixed Assets :**  
Fixed Assets are stated at cost net of Excise Duty Cenvat availed on capital goods less depreciation .All pre-operative expenses including financing cost till the commencement of commercial production are capitalized to fixed asset on appropriate basis.
- (c) **Depreciation :**  
Depreciation is provided on all depreciable assets on Straight Line Method at the rates and in the manner prescribed in schedule XIV of the Companies Act , 1956.
- (d) **Inventories :**  
i ) Raw Material ,stores & spares are valued at cost .  
ii ) Finished goods are valued at lower of cost or net realizable value.  
iii ) Work in Progress are valued at estimated cost.
- (e) **Provision for retirement benefits**  
The company has not made provision for estimated liability of gratuity for its employees as the same is treated on cash basis (Please refer Note No.5 also) .Contribution to Provident fund and pension funds are monthly determined and paid by the company.
- (f) **Recognition of Income and Expenditure**  
All expenditure and income are accounted on accrual basis and to the extent company is reasonably certain of ultimate realization of income except interest on call money due from share holders, Leave encashment & gratuity liability which is accounted for on cash basis.
- (g) **Sale**  
Sale are inclusive of excise duty and net of rebate ,discount ,claims and sales tax collected on sales .Sales is recognized on the basis of invoice or dispatch to the customer.
- (h) **Write off of miscellaneous expenditure**  
Preliminary expenses, share issue expenses and Increase in Authorised Share capital expenses are written off over a period of 10 years.
- (i) **Borrowing Cost** that are directly attributable to the acquisition , construction or production of a qualifying assets is capitalized and other borrowing cost are recognized as an expenses in the period in which they are incurred.
- (j) **Use of Estimates**  
The preparation of financial statements in conformity with the Accounting Standards generally accepted in India requires ,the management to make estimates and assumption in respect of certain items like provision for doubtful debts ,provision for impairment of fixed assets etc. that affect the reported amount of assets and liability & disclosure of contingent liability as at the date of the financial statement and reported amount of revenue and expenses for the year. Actual result could differ from these estimates .Any revision to accounting estimates is recognized in current and future period.

**(k) Impairment of Assets**

The company assesses at each balance sheet date whether there is any indication of impairment of any assets. If such indication exist, assets are impaired by comparing carrying amount of each asset to the recoverable amount being higher of net selling price.

**2. Contingent liabilities not provided for in the accounts**

- a) Disputed excise demand for the appeal is pending before higher authorities amounting to Rs.11,11,073/- ( P.Y.Rs.11,11,073/-)
  - b) The company has received notice from Excise department for debiting excise duty of Rs.17,33,150/- (P.Y. Rs.17,33,150/-) on yarns lost in floods. The company has made application with the deputy Commissioner Excise for remission of excise duty on same.
  - c) Disputed Income Tax matters relating to disallowance of sundry balance written off of Rs.1,82,18,307/- (P.Y.Rs.1,82,18,307/-) for the assessment year 2001-02 to 2004-05.
3. i) Term loan excluding interest accrued and due from I.D.B.I, which has been assigned to Shivkripa Enterprises Private Limited under One Time Settlement Scheme as per Assignment Deed dated 23.09.05, to the extent of Rs.2,85,00,000/- ( Previous Year Rs.2,85,00,000/-) is secured by mortgage of all the immovable property of the company situated at plot no.77,admeasuring 1000 sq meter at Silvassa and hypothecation of movable properties of the company including movable plant and machinery, machinery spares, tools and accessories and other movables, both present and future ( Save and except book debts) subject to prior charges created /to be created on specified current assets in favor of company 's bankers for securing the borrowing for working capital and also personal guarantee of the promoter Directors of the company.
- ii) Terms loans excluding interest accrued & due from G.S.F.C. to the extent of Rs.3, 35, 30,166/- (Previous year Rs.3, 35, 30,166/-) are secured by first charge of hypothecation of specific plant and machineries and personal guarantee of the promoter directors of the company.
- iii) Term loan excluding interest accrued and due from I.D.B.I., which has been assigned to Shivkripa Enterprises Private Limited under One Time Settlement Scheme as per Assignment Deed dated 23.09.05, to the extent of Rs.2,50,00,000/- ( Previous Year Rs.2,50,00,000/-) is secured by mortgage of all the immovable property of the company situated at plot no.77,admeasuring 1000 sq meter at Silvassa and hypothecation of specified movable assets, present & future acquired under Asset Credit Scheme and also by hypothecation of other movable plant and machinery, machinery spares, tools and accessories and other movables, both present and future ( Save and except book debts) subject to prior charges created /to be created on specified current assets in favor of company 's bankers for securing the borrowing for working capital and also personal guarantee of the promoter Directors of the company.
- iv) Working capital facility from Central Bank Of India, which has been assigned to Shivkripa Enterprises Private Ltd. under One Time Settlement Scheme as Per Assignment Deeds dated 10.04.07, are secured by hypothecation of Raw materials, Work in Progress, Finished goods, Book Debts and other assets and personal guarantee of the promoter directors of the company and second charge on block of fixed assets of the company.
4. Balance of sundry debtors, Creditors and loans and advances including loan from G.S.F.C. are subject to confirmation, reconciliation and adjustment required, if any.

5. Provision for gratuity & Leave Encashment Liability has not been actuarially determined. Amount is unascertained, as the same is treated on cash basis.
6. In the opinion of management, sundry debtors, Loans and advances are approximately of the value stated, if realized in the ordinary course of business. The provisions of all liabilities are adequate and not in excess of the amount reasonably necessary .There are no contingent liabilities other than those stated above.
7. Sales is shown net of claims , Rate difference & Discount of Rs.8,17,792 /- (P.Y. Rs. 7, 63,841/-)
8. The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures as required by Notification dated 16<sup>th</sup> November, 2007 issued by Ministry of Corporate Affairs have not been made.
9. Land at Vapi , purchased from Directors of Rs.8,57,452/- during 1999-2000 for which agreement is yet to be executed.

10.(a) Salary included in schedule of operating & other expenses include managerial remuneration :

Particulars	Current Year (Amt. in Rs.)	Previous Year(Amt. In Rs.)
Salary	4,80,000/-	4,80,000/-
<b>Total</b>	<b>4,80,000/-</b>	<b>4,80,000/-</b>

- b) Commission on net profit is not payable to managing director and the whole time director for the year; hence computation of net profit in accordance with section 198 of the companies Act, 1956 is not required.

11. Pursuant to requirement of Accounting Standard -18 ,issued by the ICAI ,the details of transactions carried out during the year with related parties are disclosed as under :-

Name of Party	I. Relationship	Nature of Transaction	Amount of Current year	Amount of Previous year.
Sunrise Colours Ltd.	Associate Co.	Job Work Exps.	1,62,76,636/-	2,07,16,370/-
		Machine Rent Income	1,20,000/-	3,00,000/-
		Payable O/S	74,97,546/-	72,78,590/-
		Inventory held for Job work	62,95,923/-	95,33,924/-
Jattashankar Poddar	Managing Director	Remuneration	2,40,000/-	2,40,000/-
Sharad Poddar	Whole time Director	Remuneration	2,40,000/-	2,40,000/-

12. The company mainly deals in texturised /twisted yarns which are considered only one segment therefore, disclosure of segment reporting pursuant to Accounting Standards – 17 issued by the ICAI is not required.
13. In view of the applicability of Accounting Standards –22 accounting for taxes on income issued by the ICAI , company does not have current tax as well as deferred tax liability as Company is BIFR declared Sick Unit having accumulated losses. In the opinion of the management deferred tax asset is not recognized in view of uncertainty of future taxable profits.

14. The company had sold certain assets including plant & machinery of Rs.1,49,39,413/- (Net block) in earlier years which were discarded from operation .However the same is subject to approval from Financial Institutions .
15. The company has been declared sick as per the order of BIFR dtd.14.06.02 & Central bank of India has been appointed as Operating Agency.. Rehabilitation proposal is under process.The company has done Techno Economic Viability Study (TEVS) of the Rehabilitation proposal and submitted the said report to the bank and same is under review by the lenders. However the accounts are prepared on going concern basis.
16. a) Interest for the year on secured loan taken from financial institutions and others of Rs.8,85,66,848/- ( P.Y.Rs.8,52,80,745/-) has not provided for during the year. Accumulated interest not provided for Rs.53,25,15,426/-(P.Y.Rs.44,39,48,578/-) Due to, this loss for the year and secured loan are understated to that extent.
- b) Loans from the financial institutions & others are shown secured of Rs19,92,80,026/- including interest provided up to 31.03.2001. However the same are secured to Rs.2,75,92,968/-.Therefore the said loans are unsecured by Rs.17, 16, 87,058/-.
17. The Company has done One Time Settlement with Central Bank of India via Assignment of Debts in favor of Strategic Promoter Investor Shivkripa Enterprises Private Limited as per Board Resolution dated 28.03.07 and Assignment Deeds dated 10.04.07 which is yet to be registered .

18. earning Per Share (EPS) pursuant to Accounting Standard –20 issued by the ICAI as under:

Particulars	Current Year	Previous Year
Net Profit /(Loss) available for Equity shareholders	1,41,60,535	51,18,421
Weighted Average Equity shares Rs.10/- each	4,38,71,000	4,38,71,000
Basic EPS of Rs. 10/- each	3.23	1.17
Diluted EPS of Rs.10/- each	3.23	1.17

19. As per requirement of Accounting Standards 28 the Company has made provision , for Impairment of Fixed Assets for excess carrying amount over expected realizable value as per the valuation report of approved valour , amounting up to last years amounting to Rs.5,50,09,414 /- . But in the Current Financial Year , there were no Impairment of Fixed Assets.
20. Inventory of Finished goods and work in progress include stock lying with third party for job work Rs 62,95,923/- ( P. Y. 95,33,924/-) .
21. Additional information as required under schedule VI of companies' act 1956 as certified by the management is as under:-

A. Details of licensed capacity and installed capacity:-

	J. Licensed capacity	K. Installed Capacity
Texturising	N.A. (N.A.)	1104 spindles (1104 spindles)
Twisting	N.A. (N.A.)	8800 spindles (8800 spindles)

Note: The company is getting dyed yarn produced on job from outside.



B. Details of Opening Stock , Production ,Sales ,Closing Stock in respect of finished goods.

Item	Opening Stock		Production	Sales		Closing Stock	
	Qty. (kgs)	Value (Rs.)	Qty. (kgs)	Qty. (kgs)	Value (Rs.)	Qty. (kgs)	Value (Rs.)
Yarn Texturised Grey & Dyed	39197 (8723)	3954167 (923344)	430224 (750102)	427564 (719628)	66190852 (103504281)	41857 (39197)	3454816 (3954167)
Twisted Grey & Dyed	28403 (16677)	3170658 (1951826)	96967 (71708)	104962 (59982)	15075281 (9101888)	20408 (28403)	1409063 (3170658)
<b>TOTAL</b>	<b>67600</b> <b>(25400)</b>	<b>7124825</b> <b>(2875170)</b>	<b>527191</b> <b>(821810)</b>	<b>532526</b> <b>(779610)</b>	<b>81266133</b> <b>(112606169)</b>	<b>62265</b> <b>(67600)</b>	<b>4863879</b> <b>(7124825)</b>

- Excludes Job Production 3643 kg (Previous Year 2475 kg)
- Excludes captive consumption 539241 kg. ( Previous year 786123 kg)
- Sales does not include rate difference , claims and discount given of Rs.8,17,792/- (P.Y. Rs.7,63,841/-)

C) Details of Raw Material consumed

Items	Qty.(Kgs)	Value (Rs.)
Partially Oriented Yarn	441855 (752279)	3,11,45,245 (5,64,94,250)
Texturised /Twisted Yarn	48743 (98648)	39,42,406 (80,62,713)
<b>TOTAL</b>	<b>490598</b> <b>(850927)</b>	<b>3,50,87,651</b> <b>(6,45,56,963)</b>

\* The above does not include Rate difference ,Claims & discount received of Rs 6,73,592/- (P.Y. Rs.7,59,838/-).

D) Raw Material consumed

Items	% of total consumption	Value (Rs.)
Imported	Nil ( Nil)	Nil ( Nil)
Indigenous	100 % ( 100%)	3,50,87,651 (6,45,56,963)
<b>Total</b>	<b>100 %</b> <b>( 100%)</b>	<b>3,50,87,651</b> <b>(6,45,56,963)</b>

E) Stores & spares consumed are wholly indigenous during the current year and previous year.

22. Previous years figures have been regrouped / rearranged wherever is necessary .

23. Figures shown in bracket are for the previous year .

## 24. BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### *I Registration Details .*

*Registration number* : 11 - 48451

*Balance Sheet Date* : 31/03/2009

### *II Capital raised during the year*

*( Amount in Rs. )*

Public Issue Nil	Rights Issue Nil
Bonus Issue Nil	Private Placement Nil

### *III Position of Mobilisation and Deployment of Funds*

*(Amount in Rs.)*

Total Liabilities 28, 51, 84,026	Total Assets 28, 51, 84,026
Paid Up Capital 4, 38, 71,000	Reserve & Surplus 4, 20, 33,000
Secured Loan 19, 92, 80,026	Unsecured Loan --
Application of Funds	
Net fixed Assets 1, 63, 48,860	Investments 78, 57,462
Net Current Assets 31, 59,284	Misc Expenditure --
Accumulated Losses 25, 78, 18,420	

### *IV. Performance of the company*

*(Amount in Rs. )*

Turnover 8, 06, 40,682	Total Expenditure 6,64,64,182
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Profit before Tax	Profit after Tax
14,176,500	14,160,535
Earning per share in Rs.	Dividend rate ( % )
3.23	--

***V Generic Names of three principal products of the company ( as per monetary term)***

a) Item Code No. ( as per ITC Code )	540232-001
Product Description	Texturised Polyester Yarn
b) Item Code no. ( As per ITC code )	540252-00
Product Description	Twisted Polyester yarn

As per our report of even date  
for ***SHANKARLAL JAIN & ASSOCIATES***  
CHARTERED ACCOUNTANTS

SD-

***JATTASHANKAR PODDAR-MANAGING DIRECTOR***

SD/-

**SHARAD PODDAR - DIRECTOR**

SD/-  
**S.L.AGRAWAL**  
( PARTNER )

*PLACE : MUMBAI*

***Date: 04.09.2009***

*PLACE : MUMBAI*