

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

**2010-2011**

**MUKESH UDYOG LIMITED**

# **MUKESH UDYOG LIMITED**

CHAIRMAN:	Mr. Krishan Chand Gupta
MANAGING DIRECTOR:	Mr. Pardeep Gupta
DIRECTORS:	Mr. Sandeep Gupta Mr. Ashok Kumar Gupta Mr. Sanjiv Mohan Mrs. Reecha Gupta
COMPANY SECRETARY:	Ms. Navneet Saharan
AUDITORS:	Gupta Vinod Kumar & Associates Chartered Accountants 7, IInd Floor, Surya shopping Arcade, National Road, Ghumar Mandi, Ludhiana
BANKERS:	State Bank of India Punjab & Sind Bank
REGISTRAR:	M/S Skyline Financial Services Private Limited 246, 1 <sup>st</sup> Floor, Sant Nagar, East of Kailash, New Delhi – 110065 Tel. No. - +91 11 26292682-83 Fax No. - +91 11 26292681
ISIN:	INE557J01012
CORP. OFFICE:	Gill Road, Miller Ganj, Ludhiana-141003 Tel. No. +91 161 2537702, 2536013
REGD. OFFICE & WORKS:	V.P.O Bhudewal, Bhudewal Road, Near Kohara, Ludhiana

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# **MUKESH UDYOG LIMITED**

## **NOTICE**

**NOTICE is hereby given that the SEVENTEENTH ANNUAL GENERAL MEETING of the members of MUKESH UDYOG LIMITED will be held on Friday, the 30th day of September, 2011 at 1:00 P:M at the registered office of the company at Buddhewal Road, V.P.O.Buddhewal, Near Kohara,LUDHIANA-141112, to transact the following business:**

### **AS ORDINARY BUSINESS:**

- 1) To receive, consider and adopt the Balance sheet as at 31st March, 2011 and Profit and Loss Account for the year ended on that date together with the reports of Board of Directors and Auditors thereon.
- 2) To appoint a director in place of Sh. Pardeep Gupta who retires by rotation and being eligible offers himself for reappointment.
- 3) To appoint a director in place of Sh. Ashok Gupta who retires by rotation and being eligible offers himself for reappointment.
- 4) To appoint Statutory Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.  
M/s. Gupta Vinod Kumar & Associates, Chartered Accountants, the retiring Auditors are eligible for reappointment.

By order of the Board  
For MUKESH UDYOG LIMITED  
Sd/-  
Krishan Chand Gupta  
(Chairman)

DATED: 03.09.2011  
PLACE: LUDHIANA

### **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/herself and the proxy need not be a member. Proxy Form in order to be effective must be received by the company at its registered office not less than 48 hours before the commencement of the meeting. A blank proxy form is enclosed.
2. Members are requested to intimate the changes, if any, in their registered addresses.
3. The copies of the relevant documents can be inspected at the registered office of the company on any working day prior to the date of meeting between 10.30 A.M. to 12.30 P.M.
4. The Register of Members and share transfer books of the company shall remain closed for a period of three days from Wednesday, 28<sup>th</sup> September, 2011 to Friday, 30<sup>th</sup> September, 2011 (both days inclusive).

By order of the Board  
For MUKESH UDYOG LIMITED  
Sd/-  
Krishan Chand Gupta  
(Chairman)

DATED: 03.09.2011  
PLACE: LUDHIANA

# **MUKESH UDYOG LIMITED**

## **DIRECTOR REPORT**

Dear Members,

The Directors of your company have pleasure in presenting the Seventeenth Annual Report together with the audited accounts of the company for the financial year ended 31<sup>st</sup> March, 2011.

### **1. Financial Highlights**

**Rs. In Lakhs**

	<b>2010-2011</b>	<b>2009-2010</b>
Sales	17311.95	12673.10
Other Revenues	148.26	41.20
Total Revenues	17460.21	12714.30
Profit before Depreciation and Tax	1389.40	984.32
Less: Provision for Depreciation	584.97	492.86
Less: Provision for Current Tax	168.25	79.34
Deferred Tax	102.34	(12.90)
Fringe Benefit Tax	-----	----
Income Tax For Earlier Years	5.40	0.00
Profit (Loss) after Tax	528.43	425.02
Add: Balance B/F from Previous Year	852.87	743.49
Balance carried to Balance Sheet	1381.30	1168.51

### **2. Operations**

During the year under review, your company recorded total revenues of Rs. 17460.21Lacs as against Rs. 12714.30 Lacs during the previous financial year. The Profit before depreciation and tax has increased from Rs. 984.32 lacs in the previous year to Rs. 1389.40

lacs in the year under review. Profit after Tax reported by the Company for the financial year has also increased from Rs 425.02 Lacs to Rs.528.43 Lacs showing an increase of 24.33 percent over that of the previous financial year. The company has also started exports during the last year and reached a level of F.O.B. value of exports of Rs. 2253.11 lacs. during the year as compared to 272.86 lacs in the previous year.

### **3. Dividend**

For the purpose of future expansion requirements your directors had not recommended any dividend for the financial year under consideration.

### **4. Directorate**

In accordance with the provisions of the Articles of Association of the company, Sh. Pardeep Gupta and Sh. Ashok Kumar Gupta, Directors shall retire by rotation at the Annual General Meeting of your company and, being eligible, offer themselves for reappointment.

# **MUKESH UDYOG LIMITED**

## **5. Director's Responsibility Statement**

As required under Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

- a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are 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 2010-11 and of the profit of the company for that period;
- c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other Irregularities; and
- d) The Directors had prepared the Annual Accounts on a going concern basis.

## **6. Auditors**

The Statutory Auditors M/S Gupta Vinod Kumar & Associates, Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and eligible for re-appointment. They have furnished a certificate, to the effect that their re-appointment, if made, will be in accordance with the provisions of Section 224 (1B) of the Companies Act, 1956.

## **7. Auditor's Report**

The Auditors' Report on the accounts of the Company is self explanatory and requires no comments as there are no adverse remarks by the Auditors.

## **8. Listing**

The company's shares continue to remain listed with Ludhiana and Delhi Stock Exchange. The company has complied with all the listing requirements.

## **9. Employees Particulars**

During the year under review, no person employed by the Company received a remuneration of more than Rs.500000/- per month or Rs.6000000/- per annum, as the case may be. Accordingly, the Statement of Particulars of Employees pursuant to the provisions of section 217(2A) of the Companies Act, 1956, is not applicable.

## **10. Public Deposits**

The Company has accepted deposits during the year within the meaning of section 58A and 58AA of the Companies Act, 1956 and Rules framed there under.

## **11. Particulars As Required Under Section 217(1) (E)**

As regard disclosure under Section 217(1)(e) of the Companies Act, 1956 read with the Companies(Disclosure of particulars in the report of Board of Directors) Rules, 1988 a statement showing

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particulars of conservation of energy, technology, absorption and foreign exchange earnings and outgo is annexed hereto and forms part of this report.

## **12. Corporate Governance**

Certificate received from the Auditors of the Company regarding compliance of Corporate Governance guidelines of SEBI as required under Listing Agreement is enclosed as Annexure hereto forming part of this report.

## **13. Industrial Relations**

Industrial relations continued to remain cordial throughout the year and the Directors express their appreciation towards the workmen for their co-operation and hope for continued cordial relations in the years to come.

## **14. Acknowledgement**

The Directors take this opportunity to place on record of wholehearted support received from all the stakeholders, customers and the various departments of Central and State Governments, Financial Institutions, the Bankers, the Dealers and the Suppliers of the company. The Board also appreciates the contribution of contractors and consultants in the implementation of various projects of the Company. The Directors also acknowledge the constructive suggestions received from the Statutory Auditors. The Directors wish to place on record their sense of appreciation for the devoted services of all the associates of the company.

By order of the Board  
For MUKESH UDYOG LIMITED

Sd/-

Krishan Chand Gupta  
(Chairman)

DATED: 03.09.2011  
PLACE: LUDHIANA

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**Particulars as required under Companies (Disclosure of particulars in the Report of Board of Directors) Rule, 1988 and forming part of the Directors' Report for the year ended 31st March, 2011**

## **FORM-A**

### **FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

Particulars	Year Ended 31.03.2011	Year Ended 31.03.2010
Power & Fuel Consumption:		
A) Electricity Purchased		
Units	26001000.00	14403486.00
Amount (Rs.)	120254383.38	64070996.67
Rate/Unit	4.62	4.44
B) Electricity Consumption		
Units/MT		4360.61
Rupees/MT		14693.13
C) Fuel Consumption		
Diesel (Ltrs.)		28964.17
Amount (Rs.)	118237.00	984782.00
Rate/Ltr.(Rs.)	39.50	34.00
Diesel Consumed (Rs.)/MT		225.84

## **FORM-B**

### **FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION OF RESEARCH AND DEVELOPMENT (R&D)**

A) Research & Development	NIL	NIL
B) Technology absorption, Adaptation and innovation	NIL	NIL
C) (i) Foreign Exchange Earnings(Rs.in Lacs)	2253.11	272.86
(ii) Foreign Exchange Outgo (Rs.in Lacs)		
Raw Material	2925.93	519.63
Capital Goods	NIL	NIL
Spare Parts	NIL	NIL
Foreign Travelling Expenses	NIL	NIL
Others (Int on FCNRB)	2.13	15.04
Purchase of Stores	8.74	NIL

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## **MANAGEMENT DISCUSSION & ANALYSIS REPORT**

### **Industry Structure and Development**

The textiles industry in India enjoys a distinctive position due to the pivotal role it plays by way of contribution to industrial output, employment generation (second largest after agriculture) and export earnings of the country. The industry is rich and varied, embracing the hand-spun and hand-woven sector at one end and the capital intensive, sophisticated mill sector at the other. Its association with the ancient culture and tradition of the country lends it a unique advantage in comparison with textiles industry of other countries, thus giving it an uncommon edge to cater to a vast variety of products and market segments both domestically, as well as, globally.

The industry currently contributes about 14 per cent to industrial production, 4 per cent to GDP, and 17 per cent to the country's export earnings, according to the Annual Report 2010-11 of the Ministry of Textiles. The industry accounts for nearly 12 per cent share of the country's total exports basket. It provides direct employment to more than 35 million people.

### **Industry sub-sectors**

The textile industry comprises the following:

Organised Cotton/Man-Made Fibre Textiles Mill Industry

Man-Made Fibre / Filament Yarn Industry

- Wool and Woollen Textiles Industry
- Sericulture and Silk Textiles Industry
- Handlooms, Handicrafts, the Jute and Jute Textiles Industry
- Textiles Exports

### **Market size**

The Vision Statement for the textiles industry for the 11th Five Year Plan (2007-12) sees India securing a 7 per cent share in the global textiles trade by 2012. At current prices, the Indian textiles industry is valued at US\$ 55 billion, 64 per cent of which caters to domestic demand.

The export of textiles and clothing (T&C) aggregated to US\$ 22.42 billion in 2009-10. The Government fixed the target for 2010-11 at US\$ 25.48 billion. So far during the period April- September 2010, exports of T&C have been achieved at US\$ 11.26 billion.

Cotton plays an important role in the Indian economy as the country's textile industry is predominantly cotton based. India is one of the largest producers as well as exporters of cotton yarn. As of August 2010, India had about 11 million hectares under cotton cultivation and produced 32.5 million bales (170 kg each) of cotton, making it the second-largest producer of cotton worldwide in 2009-10. The states of Maharashtra,



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Andhra Pradesh, Madhya Pradesh, Punjab, Haryana, Rajasthan, Karnataka, Gujarat and Tamil Nadu are the major cotton producers in India.

During February 2011, total cloth production rose by 5.8 per cent year-on-year (y-o-y). During April-February 2011 cloth production increased by 4.5 per cent y-o-y.

## **Export**

Total textile exports during April-December 2010 registered an increase of 16.54 per cent in rupee terms at Rs 87,582.83 crore as against Rs 75,149.98 crore during the corresponding period of the previous year, according to the latest data released by DGCI&S, Kolkata. The same were valued at US\$ 19,217.12 million as against US\$ 15,695.07 million during the corresponding period of the previous year, registering an increase of 22.44 per cent.

The share of textile exports in total exports was 11.29 per cent during April-December 2010 as against 12.34 per cent during April- December 2009.

## **Technical Textile Segment**

The technical textiles segment is expected to grow by 11 per cent per annum till 2012-13 and is likely to grow at 6-8 per cent per annum till 2020 without any policy interventions. If the government intervenes by way of regulatory push, the growth of technical textiles industry can be estimated at 12-15 per cent per annum till 2020, according to Rita Menon, Secretary, Union Ministry of Textiles. She added that the technical textiles segment in India has the potential to attract investment and create additional employment opportunities in coming years. She further said that investments of US\$ 1.1 billion are expected by 2012 and employment is expected to increase to 1.2 million by 2012.

## **Investment trends**

The textile industry plays a significant role in getting the foreign exchange reserves into the country, contributing to approximately 15 per cent of the total exports from the country. Exports in textiles and apparel have registered a strong growth in last few years – 11 per cent CAGR from 2004-05 to 2007-08.

India's liberalisation of its foreign investment regulations, buoyant domestic demand for textiles, and strong export potential have led to growing foreign investment in the country. The country has become one of the fastest growing destinations for FDI inflows and collaboration. The textiles industry has attracted FDI worth US\$ 956.97 million between April 2000 and March 2011, according to data released by the Department of Industrial Policy and Promotion (DIPP)

## **The Road Ahead**

India's T&C industry has great potential, and is one of the mainstays of the country's economy. The industry has enormous opportunities for domestic as well as international investors given its consistent growth performance, abundant cheap skilled manpower and growing domestic demand. With the abolition

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of quotas, India has surged ahead of other countries and positioned itself as a value-added manufacturer with a varied material base, an educated and English-speaking class of executives with high product development and design orientation.

On the global front, India is set to become an even bigger participant, both as a consumer and as a producer. The country offers an attractive combination of a large domestic market, and a base for low cost production. The industry has gained a strong position in cotton based products, especially in the readymade garments and home furnishings segment, which are expected to be the key drivers of growth for the industry.

Besides this, the T&C industry is contributing towards promoting inclusive growth. It has been contributing to broad based socio-economic development by providing employment opportunities at local level.

The government envisions building state-of-the-art production capacities and achieving a preeminent global standing in the textile sector by 2020, which includes manufacture and export of all types of textiles.

**References:** Ministry of Textiles, Indian Textile Journal, Department of Industrial Policy and Promotion, CII, Business Standard

## **Business Profile & Outlook**

The Company is currently in the business of manufacturing of Polyester, Cotton and other yarns which are appropriate for apparels, suitings & knitted fabrics and also manufacturing of billets in its steel division which are used in various engineering sectors. The Company enjoys a premium position in the yarn market of Ludhiana & constantly earning a reasonably good margin on the sale of the same.

The Company will be looking forward to its presence felt in the international markets too from the present levels.

## **Product wise performance**

**(Rs. in crs)**

Particulars	Year ended March 31, 2011		Year ended March 31, 2010	
	Qty ( MT)	Turnover	Qty (MT)	Turnover
Acrylic Yarn	188	3.90	193	2.86
Polyester Yarn	2870	37.57	2349	25.54
100% Cotton Yarn	1 627	26.90	2769	32.92
Knitted Cloth	1 981	49.58	2586	47.76
Fibre and Wastes	5 12	2.21	835	3.47
Iron Scrap	-----	-----	2982	5.30
Others	519	8.51	749	8.85
Billets	14101	41.55	---	---
Scrap	1291	2.86	---	---

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## **Risk and Concern**

- Factors that may affect results of operations
- Fluctuation and increase in raw material prices.
- Non-availability of raw material and other resources.
- Supply of Power.
- New Competitive products.
- Government rules and regulations relating to Textiles Industry.
- Any slowdown in the economic growth in general and textile Industry in particular.

The Company continues to follow a suitable strategy to modify its risk profile by eliminating and significantly reducing key business risks.

One of the major challenges to the textile industry is the continued appreciation in the Indian rupee against US dollar, which has serious implication on textile exports. Being highly competitive industry, increase in the external value of rupee would cripple the competitiveness of the industry. Another important issue is availability, quality and the price of power. The availability of good quality power at reasonable prices is critical for sustainability of the industry. However, the cost of power has been continuously increasing, adding to the input cost pressure in the industry. We hope that power situation will improve in the near future. Our major raw material-Cotton is agriculture produce, which suffers from climatic volatility in the major cotton producing countries. In addition, growing demand as well as overall increase in prices of commodities in the world has pushed up the prices of domestic cotton leading to pressure on the textile industry. The differentiated treatment for different sectors of textile industry in government policy is also a serious setback in its development. The proposal to withdraw export incentives on cotton yarn exports can be seen in this respect. We are making all efforts to cope up with the challenges through continuous cost reduction, process improvements and improved customer services to mitigate the growing cost pressure.

## **Strengths**

- Experienced Management
- Continuous maintenance of Quality Standards
- Wide Customer Base

## **Adequacy of Internal Control Systems**

The Company's internal control system ensures proper safeguarding of assets, maintaining proper accounting records and reliable financial information. Internal Audit also evaluates the functioning and quality of internal controls and provides assurance of its adequacy and effectiveness through periodic reporting.

# **MUKESH UDYOG LIMITED**

## **Financial Analysis**

### ➤ **Revenue Break – up:**

(Rs.In Crs)

<b>Particulars</b>	<b>2010-11</b>	<b>%</b>	<b>2009-10</b>	<b>%</b>
Sales	173.11	99.14	126.73	99.63
Other Income	1.49	0.86	0.41	0.37
Total Income	174.60	100	127.14	100

The net turnover has increased to Rs. 174.60 Crs in the year 2010–11 as against Rs. 127.14 Crs in the year 2009–10, showing thereby increase of about 37.32% on account of increased exports.

### ➤ **Profitability**

(Rs. in Crs)

<b>Particulars</b>	<b>2010- 11</b>	<b>2009-10</b>
Profit before depreciation, interest and tax	18.36	12.55
Interest	4.48	2.71
Profit before Depreciation	13.88	9.84
Depreciation	5.84	4.92
Profit before tax	8.04	4.91
Tax	2.76	0.66
Profit after Tax	5.28	4.25

The EBIDTA margin increased from 9.86% in the year 2009-10 to 10.51% in the year 2010-11 on account of better sales realization.

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Interest/Financial expenses increased from 2.71 crs for Financial Year 2009-10 to Rs 4.48. crs for Financial Year 2010-11. Increase in interest cost is due to increased utilization of working capital limits.

No dividend has been proposed by the company.

## ➤ **Resource Utilization**

### a) **Fixed Assets**

The gross fixed assets as at 31<sup>st</sup> March 2011 are Rs79.42crs as compared to Rs. 56.36 crs in the previous year. The net fixed assets (including work – in – progress & capital advances) as on 31<sup>st</sup> March 2011 are Rs.60.79 crs as compared to Rs. 54.14 crs in the previous year.

### b) **Current Assets :**

Sundry debtors of the Company are Rs.27.43 crs in the year 2010-11 as against the Rs. 10.65 crs in the previous year. Inventory level is at Rs.26.78 crs in the year 2010-11 as against Rs. 8.92 crs in the previous year.

## **Material Development in terms of Human Resources**

Human Resources are considered to be a form of Capital and Wealth of the Company. It has been the focus of the management to improve and expand the contribution of its human resources towards attainment of organizational goals and values.

The Company keeps the objective of believing in empowerment and delegation with a balancing of authority and responsibility in our organization where talent can bloom.

## **Cautionary Statement**

Statement in the management Discussion & Analysis, describing the Company's objectives, projections and estimates are forward looking statements and progressive within the meaning of applicable security laws and regulations.

Actual results may vary from those expressed or implied, depending upon the economic conditions, Government policies and other incidental factors.

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## **CORPORATE GOVERNANCE REPORT**

### **Company's Philosophy on Corporate Governance**

The Management of the Company believes that corporate performance in the long run is co-related to corporate governance and that well governed companies mitigate 'non-business risks' better. It is therefore, committed to further improve the Corporate Governance practices in the Company by laying emphasis on 'substance' of Corporate Governance over the 'form'. The Company endeavors to adopt the best practices in corporate governance and thereby aims to increase the value for all its stakeholders.

Details of compliance with the Corporate Governance Code are given below:

### **Board of Directors**

The role of the Board is to determine the Group's strategy and provide appropriate leadership. It oversees management's implementation of the strategy and acts as a sounding board for senior executives. It also provides a critical overview of strategic risks and monitors the adequacy of the Group's control environment.

The Company's Board consist of optimum combination of Executive and Non Executive Directors. The Board currently comprises of Chairman, Managing Director and three independent non-executive directors in addition to one promoter director other than the Chairman and Managing Director.

<b>Category</b>	<b>Name of Directors</b>
Promoter Executive Director	Sh. Pardeep Gupta, Managing Director
Promoter Non Executive Directors	Sh. Krishan Chand Gupta, Chairman Sh. Sandeep Gupta
Independent Non Executive Directors	Mrs. Reecha Gupta Sh. Sanjeev Mohan Sh. Ashok Kumar Gupta

The non-executive directors share responsibility for the execution of the Board's duties and are actively involved in the development of the Company's strategy. They are also required to provide advice to the Managing Director, to scrutinise performance and assess risks and the integrity of financial information and controls, to ensure appropriate remuneration and succession planning

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for executive directors, and to ensure that individual business decisions conform to agreed strategies and policies.

The Board members' length of service and their committee membership as on 31-03-2011 is shown in the table below:

S.No.	Name of the Director	Category	No of Other Directorships	Committee Memberships	Committee Chairmanships
1.	Sh. Krishan Chand	Non-Executive/ Promoter Director	9	6	-
2.	Sh. Pardeep Gupta	Executive/ Promoter Director	7	-	-
3.	Sh.Sandeep Gupta	Non-Executive/ Promoter Director	7	-	-
4.	Sh.Sanjiv Mohan	Non-Executive/ Independent Director	1	3	1
5.	Sh.Ashok Gupta	Non-Executive/ Independent Director	-	3	1
6.	Sh. Reecha gupta	Non-Executive/ Independent Director	-	1	-

## **1. BOARD PROCEDURE**

It has been the policy of the company that in addition to matters which are statutorily required to be approved by the Board, all policy/planning matters, major decisions including Quarterly results of the Company, capital expenditure proposals, mortgages, etc. are regularly placed before the Board. This is in addition to information regard to actual operations, feedback etc.

### **NO. OF BOARD MEETINGS HELD AND DATES ON WHICH HELD:-**

During the year Company held 12 Board meetings. These were held on 30-04-2010, 27-05-2010, 26-07-2010, 31-07-2010, 03-09-2010, 25-09-2010, 11-10-2010, 31-10-2010, 27-11-2010, 15-02-2011, 19-02-2011, 28-03-2011

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## **ATTENDANCE OF DIRECTORS AT THE BOARD MEETINGS AND THE LAST ANNUAL GENERAL MEETING**

<b>S.No.</b>	<b>Name of the Director</b>	<b>No.of Board Meetings Attended</b>	<b>Attended the last AGM held on 30-09-2010</b>
1	Sh.Krishan Chand Gupta	12	Yes
2	Sh.Pardeep Gupta	12	Yes
3	Sh.Sandeep Gupta	12	Yes
4	Sh.Sanjiv Mohan	7	Yes
5	Sh.Ashok Gupta	9	Yes
6	Ms Reecha Gupta	5	Yes
7	Sh. R.P.Engira	2	---

### **3. COMMITTEES OF THE BOARD**

The Board has for the efficient and speedy working of the affairs of the company has established a Remuneration Committee, Shareholder's/ Investor's Grievance Committee and an Audit Committee. The main tasks of the committees are preparatory and advisory. In addition, the Board may delegate decision making powers on specific issues. The Board has also decided that issues may be referred to adhoc committees that deal with specific matters.

#### **A. AUDIT COMMITTEE**

As a measure of Good Corporate Governance and to provide assistance to the Board of Directors in fulfilling the Board's oversight responsibilities, an audit committee has been constituted, headed by an Independent Director. Majority of the members are Independent Directors and each members has rich experience in the financial and industrial sector.

Chairman: Mr. Sanjiv Mohan

Members : Sh. Sandeep Gupta, Sh. Ashok Kumar Gupta

#### **Functions of Audit Committee:**

The functions of Audit Committee include those specified under the revised clause 49 of the Listing Agreement as well as under section 292A of the Companies Act, 1956 such as:



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- a) To hold periodic discussions with the Statutory Auditors and Internal Auditors of the Company concerning the accounts of the Company, internal control systems, scope of audit and observations of the Auditors/Internal Auditors.
- b) To review compliance with internal control systems:
- c) To review the quarterly, half-yearly and annual financial results of the Company before submission to the Board
- d) To investigate into any matter in relation to items specified in section 292A of the Companies Act,1956 or as may be referred to it by the Board and for this purpose to seek any relevant information contained in the records of the Company and also seek external professional advice, if necessary;
- e) To make recommendations to the Board on any matter relating to the financial management of the Company, including the Audit Report.

## **MEETING AND ATTENDANCE**

During the financial year ended March 31, 2011 Audit Committee met 4 times i.e. on 27- 05-2010, 31-07-2010, 31-10-2010 and 15-02-2011

The attendance of the members of the Committee is given below:-

<b>Committee Members</b>	<b>Category</b>	<b>No.of Committee Meetings attended</b>
Sh.Sanjiv Mohan	Non-Executive/ Independent Director	4
Sh.Ashok Kumar Gupta	Non-Executive/ Independent Director	4
Sh.Sandeep Gupta	Non-Executive/ Independent Director	4

Finance Executive attended all the Audit Committee Meetings.

The Chairman of Audit Committee was present at the Annual General Meeting of the Company held on 30-09-2010 to answer the shareholders queries.

## **B. INVESTORS GRIEVANCE COMMITTEE**

The Company has an Investors Grievance Committee to redress the grievances of investors. It consists of following directors:

Chairman: Sh.Ashok Gupta

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Members : Sh.Krishan Chand Gupta, Sh. Sanjiv Mohan

Functions:

- a) To review the redressal of Shareholders and Investors complaints.
- b) To take note of complaints received and resolution thereof at periodic intervals.
- c) The Committee oversees performance of the Registrar and Transfer Agents of the Company and recommends measures for overall improvement in the quality and Investor services.
- d) The Committee also monitors implementation and compliance of the Company's Code of Conduct

The Company attends to Investors grievances/correspondence expeditiously and usually a reply is sent within 15 days of receipt of letter except in the cases that are constrained by dispute or legal impediment.

There were no outstanding Complaint as on 31<sup>st</sup> March, 2011

## **C. REMUNERATION COMMITTEE**

In order to have a credible and transparent policy in determining and accounting for the remuneration of the Executive directors on behalf of directors and shareholders, the Company has constituted a Remuneration Committee. The Constitution of Remuneration Committee is in accordance with the norms of corporate governance. The Remuneration Committee consists of three independent directors.

Chairman: Mrs. Reecha Gupta

Members : Sh. Ashok Gupta, Sh.Sanjiv Mohan.

Terms of Reference: The Remuneration Committee has been constituted to recommend/review remuneration of the Managing Director/ Whole time Directors, based on their performance and defined assessment criteria

Meetings: Remuneration Committee met two times during the year on 03.09.2010 and 31.10.2010.

## **Remuneration of Directors**

Details of Remuneration paid/payable to the directors for the year ended March 31, 2011 is as follows:

Director	Business Relationship with Company	Loans and Advances from Company	Sitting Fees	Salary & Perquisites	Performance linked Bonus	Total
Krishan Chand Gupta	Chairman	Nil	6000	Nil	Nil	6000
Pardeep Gupta	Managing Director	Nil	Nil	12,00,000	Nil	12,00,000
Sandeep Gupta	Director	Nil	6000	Nil	Nil	6,000
Sanjeev Mohan	Director	Nil	3500	Nil	Nil	3500

# **MUKESH UDYOG LIMITED**

Ashok Gupta	Director	Nil	4500	Nil	Nil	4500
R.P.Engira	Director	Nil	1000	Nil	Nil	1000
Reecha Gupta	Director	NIL	3500			3500

## **4. PROCEDURE AT COMMITTEE MEETINGS:**

The Company's guidelines relating to Board meetings are applicable to Committee meetings. Each Committee can engage outside experts, advisors, counsels to the extent it considers appropriate.

## **5. CODE OF CONDUCT:**

The Code of the Business Conduct and Ethics for Directors is applicable to all Directors and Managerial Personnel. The Code should be adhered in letter and spirit.

## **6. DISCLOSURES**

### **Related Party Transactions:**

Related Party transactions are defined as transactions of the Company of a material nature, with Promoters, Directors or the Management, or their relatives and associate/subsidiary Companies etc., that may have potential conflict with the interest of the Company at large.

The transactions during the year 2010-11 are reported under schedule XX of notes on accounts forming part of the Annual Report in 8th point.

### **Statutory Compliance, Penalties and Strictures**

Company is complying with all the requirements of the Stock Exchanges/SEBI and Statutory Authority(ies) on all matters related to the capital market.

## **7. MEANS OF COMMUNICATION**

Quarterly Results  
News Papers

Published in the Regional

Whether MD & A is a part of Annual Report Yes

## **8. DETAILS OF LAST THREE ANNUAL GENERAL MEETINGS**

<b>Year</b>	<b>Location</b>	<b>Date</b>	<b>Time</b>
2010	V.P.O Buddewal, Near Kohara , Ludhiana	30-09-2010	12.00 P.M
2009	Miller Ganj, Gill Road, Ludhiana	30-09-2009	10.00 A:M
2008	V.P.O Buddewal, Near Kohara , Ludhiana	30-09-2008	11.30 A.M

# **MUKESH UDYOG LIMITED**

## **9. SHAREHOLDER INFORMATION**

### **1. Annual General Meeting**

Date : 30th, September 2011  
Time : 1:00 P:M  
Venue : Registered Office of the Company at Buddhewal Road, VPO Buddhewal,  
Near Kohara, Ludhiana.  
Books closure : From Wednesday, 28th September 2011 to  
Dates : Friday , 30th September 2011 (both days inclusive)

### **2. FINANCIAL CALENDER FOR THE YEAR 2010-2011**

Financial Reporting of the Quarter ended June, 2011	13.08.2011
-----	-----
Financial Reporting for the Half year ending Sep, 2011	Mid November, 2011
-----	-----
Financial Reporting of the quarter ending Dec, 2011.	Mid February, 2012
-----	-----
Financial Reporting for the year ending March, 2012	Mid May, 2012

### **3. REGISTRAR AND SHARE TRANSFER AGENTS**

The details of Registrar and Share Transfer Agents of the Company are as follows:

M/s Skyline Financial Services (P) Ltd.  
D-153A, 1st Floor, Okhla Indl. Area, Phase-1  
New Delhi - 110020.  
Phone Nos. 011-26292682-83  
Fax Nos. 011-26292681  
E-mail: contact@skylinerta.com

### **4. SHARE TRANSFER SYSTEM**

Shares lodged for Transfer are normally processed within 21 days from the date of receipt.

### **5. INVESTORS CORRESPONDENCE**

All queries of investors regarding the Company's Shares in Physical form may be sent to Registrar & Share Transfer Agent at the address mentioned above or to the Company at the following address:-

M/s Mukesh Udyog Ltd.  
Miller Ganj, Gill Road,  
Ludhiana.  
Phone:0161-2537702  
Fax:-0161-2537337

# **MUKESH UDYOG LIMITED**

## **10. SHAREHOLDING PATTERN OF THE COMPANY AS ON 31-03-2011**

Category	No. of Shares held	% of Shareholding
<b>A. Promoter's Holding</b>		
1. Indian Promoters & their Family	1582800	25.07
Foreign Promoters	NIL	N.A.
2. Persons Acting in Concert (Associates Companies)	1582800	49.91
Sub Total	4733400	74.98
<b>B. Non-Promoters Holding</b>		
3. Institutional investors		
i) Unit Trust of India	NIL	N.A.
ii) Other Mutual Funds	NIL	N.A.
iii) Banks	NIL	N.A.
iv) Financial Institutions	NIL	N.A.
v) State Govt. Institutions	NIL	N.A.
vi) Non-government Institutions	NIL	N.A.
-----		
C. Flls	NIL	N.A.
-----		
Sub-Total	4733400	74.98
-----		
4. Others		
a. Corporate Bodies	395200	6.26
b. Indian Public	1184200	18.76
c. NRIs/OCBs		
d. Any other (Please Specify)		
Share in transit	NIL	NIL
Forfeited Share	NIL	NIL
Foreign Nationals	NIL	NIL
Others	NIL	NIL
-----		
Sub Total	1579400	25.02
-----		
Grand Total	6312800	100.00
-----		

Total Foreign Share holdings is NIL equity shares representing NIL% of the total Share Capital.

## **11. LISTING ON STOCK EXCHANGES**

# **MUKESH UDYOG LIMITED**

Company's equity shares are listed at the following stock exchanges:

1. Ludhiana Stock Exchange Limited, Ludhiana.
2. Delhi Stock Exchange Limited, New Delhi.

The Company has paid listing fees for the year 2011-12 to LSE & DSE.

## 12. DEMATERIALISATION OF SHARES

-----  
ISIN of the Company is INE557J01012.

## 13. MARKET PRICE DATA

-----  
There was no trading of Company's shares in any of the Stock Exchange where Company's Share are listed.

## 14. UNCLAIMED DIVIDEND

-----  
Pursuant to section 205 C of the Companies Act, 1956 there were no unclaimed dividends to be transferred by the Company to the Education and Protection Fund, during the year.

## 15. PLANT LOCATION OF THE COMPANY

-----  
Village Buddewal, Near Kohara,  
Ludhiana.  
PUNJAB.  
Phone:0161-2843731  
Fax:0161-2843739

## 16. COMPLIANCE CERTIFICATE OF THE AUDITORS

-----  
The Company has annexed to this report, a certificate obtained from the Statutory Auditors regarding compliance of conditions of corporate governance as stipulated in clause 49 of the listing agreement.

## 17. SECRETARIAL AUDIT REPORT

-----  
The Company has appointed M/s Harsh Goyal & Associates , Practicing Company Secretary to conduct secretarial audit for the year ended 31<sup>st</sup> March, 2011 who has submitted his report confirming the compliance with all applicable provisions of various corporate laws.

## 19. ACKNOWLEDGEMENTS

-----  
The Directors take this opportunity to thank all investors, business partners, clients, technology partners, vendors, financial institutions/banks, regulatory and governmental authorities, media and Stock Exchanges for their continued support during the year.

# **MUKESH UDYOG LIMITED**

## **AUDITORS' REPORT**

The Members of,  
**MUKESH UDYOG LIMITED**  
V.P.O. BUDDHEWAL,  
NEAR KOHARA,  
LUDHIANA.

1. We have audited the attached Balance Sheet of **MUKESH UDYOG LIMITED, Ludhiana** as at 31<sup>st</sup> March 2011, the Profit & Loss Account and Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with 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 amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act 1956, we annex hereto a Statement on the matters specified in paragraph 4 And 5 of the said Order.
4. Further to our comments in the annexure referred to above, we report that: -
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the company, so far as appear from our examination of those books;
  - c) The Balance Sheet, the Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, the Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956;
  - e) On the basis of written representations received from the directors as on 31-03-2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31-03-2011 from being appointed as a director in terms of Clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956;
  - f) Subject to above, in our opinion and to the best of our information and according to explanation given to us, the said accounts read together with the Notes on Accounts (As Per Schedule XIX), give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India: -
    - i) in the case of the Balance Sheet, of the state of affairs of the company as at 31<sup>st</sup> March, 2011;
    - ii) in the case of the Profit and Loss Account, of the Profit of the company for the year ended on that date and
    - iii) in the case of Cash Flow Statement, of the cash flows of the company for the year ended on that date.

For **GUPTA VINOD KUMAR & ASSOCIATES**  
Chartered Accountants

PLACE : Ludhiana

DATED : This 4th Day of July, 2011

(**VINOD K. GUPTA**)  
Prop.

**M. NO.: 085489**

# **MUKESH UDYOG LIMITED**

## **ANNEXURE TO AUDITORS' REPORT**

### **REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE**

1.
  - a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
  - b) As explained to us, the fixed assets have been physically verified by the management during the year at periodic intervals. In our Opinion, the frequency of physical verification is reasonable having regard to size of the company and nature of its fixed assets. No material discrepancies, which need to be dealt within books of accounts, have been noticed on such physical verification as compared to the book records.
  - c) The company has not disposed off substantial part of its fixed assets during the year. In our opinion, going concern status of the company is not affected.
  
2.
  - a) As explained to us, inventories have been physically verified by the management at regular intervals during the year.
  - b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - c) The company has maintained proper records of inventories. As explained to us, there was no material discrepancy noticed on physical verification of inventory as compared to the book records.
  
3. In respect of loans, secured or unsecured, granted or taken by the company to/from companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956:-
  - a) The company has granted loans to three parties. The maximum amount involved during the year in loans granted was Rs. 288.00 Lacs. The year-end balance of such loans granted was Rs. NIL.
  - b) The company has taken loans from twenty one parties. The maximum amount involved during the year in loans taken was Rs. 795.53 lacs. The year-end balance of such loans taken was Rs. 795.53 Lacs.
  - c) In our opinion and according to the information and explanations given to us, the rate of interest, wherever applicable and other terms and conditions are not prima facie prejudicial to the interests of the company.
  - d) In respect of loans granted by company, the principal and interest, wherever applicable, is being received regularly by the company.
  - e) In respect of loans taken by the company, the interest payments, wherever applicable, are regular and the principal amount is repayable on demand.
  - f) There is no overdue amount in respect of loans granted by the company.
  
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and nature of its business for the purchase of



# **MUKESH UDYOG LIMITED**

inventory, fixed assets and also for the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in internal control.

5. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements, exceeding Rs. 5.00 lacs, in respect of any one party during the financial year have been made at the prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The company has accepted deposits during the year from public. In our opinion and according to information and explanations given to us, the provisions of Section 58A and 58AA of the Companies Act, 1956 and Rules framed there under have been complied with.
7. In our opinion, the internal audit system of the company is commensurate with its size and nature of its business.
8. We have broadly reviewed the cost records maintained by the company pursuant to the order made by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the records have been made and maintained but no examination of such records has been carried out by us.
9.
  - a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31<sup>st</sup> March 2011 for a period of more than six months from the date of becoming payable.
  - b) According to the information and explanations given to us, there are no dues of Value Added Tax, Income Tax, Custom Duty, Wealth Tax, Service Tax, Excise Duty or Cess outstanding on account of any dispute.
10. The company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.
12. In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the company 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 fund or a nidhi/mutual benefit fund/society. Therefore, clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 is not applicable to the company.
14. In our opinion and according to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us and the records examined by us, the company has not given any guarantee for loans taken by others from bank or financial institutions during the year.
16. According to the information and explanations given to us and the records examined by us, the company has applied the term loans for the purpose for which the loans were obtained during the year.

# **MUKESH UDYOG LIMITED**

17. According to the information and explanations given to us and on the basis of overall examination of the Balance Sheet of the company, we report that the funds raised on short term basis have prima facie not been used during the year for long term investments.
18. During the year under review, the company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The company did not issue any debentures during the year.
20. The company has not raised any money by way of public issue during the year.
21. In our opinion and according to the information and explanations given to us, we report that no fraud on or by the company has been noticed or reported during the year.

For **GUPTA VINOD KUMAR & ASSOCIATES**  
Chartered Accountants

PLACE : LUDHIANA

DATED : This 4th Day of July, 2011

**(VINOD K. GUPTA)**  
Prop.  
M. No. : 085489

# MUKESH UDYOG LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2011

<b>PARTICULARS</b>	<b>SCHEDULES</b>	<b>AS AT 31.03.2011</b>	<b>AS AT 31.03.2010</b>
<b>SOURCES OF FUNDS</b>			
<b>A. <u>SHAREHOLDERS' FUND</u></b>			
Share Capital	<b>I</b>	95828000.00	64264000.00
Reserves and Surplus :		138130543.81	116851213.55
Surplus i.e. Balance in Profit & Loss A/c			
		<u>233958543.81</u>	<u>181115213.55</u>
<b>B. <u>SHARE APPLICATION MONEY</u></b>			
		-	38000000.00
<b>C. <u>LOAN FUNDS</u></b>			
Secured Loans	<b>II</b>	665402060.76	427915362.00
Unsecured Loans	<b>III</b>	166372938.00	51207638.00
		<u>831774998.76</u>	<u>479123000.00</u>
<b>D. <u>DEFERRED TAX LIABILITY</u></b>			
		45049008.00	34814881.00
<b>TOTAL</b>		<u><b>1110782550.57</b></u>	<u><b>733053094.55</b></u>
<b>APPLICATION OF FUNDS</b>			
<b>A. <u>FIXED ASSETS</u></b>			
Gross Block	<b>IV</b>	794256620.67	563690478.50
Less : Depreciation		222704654.67	164207336.50
Net Block		571551966.00	399483142.00
CAPITAL WORK IN PROGRESS		20000279.81	120591090.22
NET CAPITAL ADVANCES		16387106.27	21381151.71
		<u>607939352.08</u>	<u>541455383.93</u>
<b>B. <u>INVESTMENTS</u></b>			
	<b>V</b>	5702629.50	5702629.50
<b>C. <u>CURRENT ASSETS, LOANS AND ADVANCES</u></b>			
Inventories	<b>VI</b>	267848160.27	89220274.00
Sundry Debtors	<b>VII</b>	274359591.52	106579128.22
Cash & Bank Balances	<b>VIII</b>	25843982.46	22148159.61
Loans and Advances	<b>IX</b>	250475825.35	83248636.19
		<u>818527559.60</u>	<u>301196198.02</u>
<b>D. <u>CURRENT LIABILITIES AND PROVISIONS</u></b>			
Liabilities	<b>X</b>	304561990.61	104379765.90
Provisions		16825000.00	10921351.00
		<u>321386990.61</u>	<u>115301116.90</u>
<b>E. <u>NET CURRENT ASSETS ( C-D )</u></b>			
		<u>497140568.99</u>	<u>185895081.12</u>
<b>TOTAL (A+B+E)</b>		<u><b>1110782550.57</b></u>	<u><b>733053094.55</b></u>

### **NOTES ON ACCOUNTS**

**XIX**

As per our separate report of even date

**For GUPTA VINOD KUMAR & ASSOCIATES**

Chartered Accountants

**(VINOD K. GUPTA)**

Prop.

PLACE : LUDHIANA

DATED : 04.07.2011

**(KRISHAN CHAND GUPTA)**

Director

**(NAVNEET SAHARAN)**

Co. Secretary & CFO

**(PARDEEP GUPTA)**

Managing Director

# MUKESH UDYOG LIMITED

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

<b>PARTICULARS</b>	<b>SCHEDULES</b>	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>
<b><u>INCOME</u></b>			
Turnover (Gross)		1779542861.00	1273973959.57
Less : Excise Duty		48347355.73	6664044.10
Turnover (Net)		1731195505.27	1267309915.47
Other Income	<b>XI</b>	14826177.50	4120463.99
<b>TOTAL</b>		<b>1746021682.77</b>	<b>1271430379.46</b>
<b><u>EXPENDITURE</u></b>			
Material Consumed & Purchase of Goods	<b>XII</b>	1373074145.63	1046495142.86
Manufacturing Expenses	<b>XIII</b>	142355739.72	77727863.44
Personnel Expenses	<b>XIV</b>	20384247.00	9194519.00
Administrative and Other Expenses	<b>XV</b>	5018935.19	3294921.43
Repair and Maintenance	<b>XVI</b>	472934.50	852945.50
Selling Expenses	<b>XVII</b>	14694562.14	6828139.75
Financial Expenses	<b>XVIII</b>	51080378.16	28603991.00
Depreciation	<b>IV</b>	58497318.17	49286384.44
<b>TOTAL</b>		<b>1665578260.51</b>	<b>1222283907.42</b>
<b>Profit Before Taxation</b>		<b>80443422.26</b>	<b>49146472.04</b>
<b><u>Tax on Income</u></b>			
- Current Tax	16825000.00		7933604.00
- Deferred Tax	10234127.00	27059127.00	(1289548.00)
Income Tax Earlier Years		540965.00	-
<b>Net Profit After Tax</b>		<b>52843330.26</b>	<b>42502416.04</b>
Balance Brought Forward From Previous Year		85287213.55	74348797.51
<b>Balance Carried Over To Balance Sheet</b>		<b>138130543.81</b>	<b>116851213.55</b>
<b><u>BASIC AND DILUTED EARNING PER SHARE OF RS. 10.00 EACH</u></b>			
		12.47	13.47

### **NOTES ON ACCOUNTS**

**XIX**

As per our separate report of even date

**For GUPTA VINOD KUMAR & ASSOCIATES**

Chartered Accountants

**(VINOD K. GUPTA)**  
Prop.

**(KRISHAN CHAND GUPTA)**  
Director

**(PARDEEP GUPTA)**  
Managing Director

PLACE : LUDHIANA

DATED : 04.07.2011

**(NAVNEET SAHARAN)**  
Co. Secretary & CFO

# **MUKESH UDYOG LIMITED**

## **SCHEDULE `I' SHARE CAPITAL**

	<b>AS AT 31.03.2011</b>	<b>AS AT 31.03.2010</b>
<b><u>AUTHORISED SHARE CAPITAL</u></b>		
148,00,000 (Previous Year 103,00,000) Equity Shares of Rs 10.00 Each	148000000.00	103000000.00
5,80,000 (Previous Year 58,00,000) 6% Non Cumulative Redeemable Preference Shares of Rs.10.00 Each	5800000.00	5800000.00
46,20,000 (Previous Year 46,20,000) 2% Non Cumulative Redeemable Preference Shares of Rs.10.00 Each	46200000.00	46200000.00
TOTAL `	<u>200000000.00</u>	<u>155000000.00</u>

## **ISSUED, SUBSCRIBED & PAID UP SHARE CAPITAL**

63,12,800 (Previous Year 31,56,400) Equity Shares of Rs. 10.00 Each Fully Paid Up (Of the above, 3156400 Equity Shares of ` 10.00 each are allotted as fully paid up by way of Bonus shares)	63128000.00	31564000.00
5,80,000 (Previous Year 5,80,000) 6% Non Cumulative Redeemable Preference Shares of Rs. 10.00 Each Fully Paid Up	5800000.00	5800000.00
26,90,000 (Previous Year 26,90,000) 2% Non Cumulative Redeemable Preference Shares of Rs. 10.00 Each Fully Paid Up	26900000.00	26900000.00
TOTAL `	<u>95828000.00</u>	<u>64264000.00</u>

NOTE : 6 % Non Cumulative Redeemable Preference Shares shall be redeemed after 20 years from the date of allotment. The earliest date of redemption is 30.03.2023.

: 2 % Non Cumulative Redeemable Preference Shares shall be redeemed after 20 years from the date of allotment. The earliest date of redemption is 24.03.2028.

The earliest date of redemption is yet to be decided by the BOD in both the cases.

## **SCHEDULE `II' SECURED LOANS**

	<b>AS AT 31.03.2011</b>	<b>AS AT 31.03.2010</b>
<b><u>TERM BORROWINGS FROM BANKS</u></b>		
State Bank of India (Secured against Hypothecation of First charge on entire fixed assets both present & future and Equitable mortgage on leasehold rights of the company on the land and personal Guarantee of the promoter Directors)	199699869.00	241540054.00
Punjab and Sind Bank	148569819.00	103434157.00

# **MUKESH UDYOG LIMITED**

(Secured against first charge on plant & machinery, building and other assets to be created out of land of the company & subservient charge on the fixed assets of the spinning unit of the company)

HDFC BANK Car Loans BMW (Secured against Hypothecation of Motor Car)	3183800.00	-
CORPORATION BANK TRUCK Loan (Secured against Hypothecation of Trucks)	2100556.00	-
ICICI Bank Car Loans (Secured against Hypothecation of Motor Car)		35294.00
	<u>353554044.00</u>	<u>345009505.00</u>
BALANCE CARRIED OVER	353554044.00	345009505.00
BALANCE BROUGHT FORWARD	353554044.00	345009505.00

## **WORKING CAPITAL BORROWINGS FROM BANKS**

State Bank of India (Secured against Hypothecation of entire current assets and extension of charge on entire fixed assets both present and future of the company and personal guarantee of the promoter directors)	153352203.79	82905857.00
Punjab National Bank (Secured Against First Pari-Passu Charge on entire Current Assets and Second pari-passu charge on Fixed Assets of the Steel Division of the Company and also subservient charge on the Fixed Assets of the Spinning Division of the Company)	100511580.72	-
Punjab and Sind Bank (Secured Against First Pari-Passu Charge on entire Current Assets and Second pari-passu charge on Fixed Assets of the Steel Division of the Company and also subservient charge on the Fixed Assets of the Spinning Division of the Company)	57984232.25	-
	<u>665402060.76</u>	<u>427915362.00</u>
TOTAL `	665402060.76	427915362.00

\* It includes interest accrued and due ` 2200032.00 (Previous Year ` 2396679.00)

\*\* It includes interest accrued and due ` 1569819.00 (Previous Year ` 903758.00)

\*\*\* It includes interest accrued and due ` 1344039.00 (Previous Year ` 875648.00)

@ It includes interest accrued and due ` 976502.00 (Previous Year ` NIL)

# It includes interest accrued and due ` 166648.00 (Previous Year ` NIL)

## **SCHEDULE `III' UNSECURED LOANS**

	<b>AS AT 31.03.2011</b>	<b>AS AT 31.03.2010</b>
From Directors and Their Relatives	8998202.00	462902.00
From Others	66080000.00	32970000.00
Intercorporate Deposits	91294736.00	17774736.00
TOTAL `	<u>166372938.00</u>	<u>51207638.00</u>

# MUKESH UDYOG LIMITED

## SCHEDULE `V' INVESTMENTS

### LONG TERM INVESTMENTS

#### NON TRADE

#### QUOTED-AT COST

417100 Equity Shares of Mukesh Strips Ltd. of Rs. 10.00 Each Fully Paid Up	4087763.75	4087763.75
144600 Equity Shares of Mukesh Steels Ltd. of Rs. 10.00 each Fully Paid Up	1439865.75	1439865.75
10000 units of SBI One India Fund of Rs. 10.00 Each	100000.00	100000.00
5000 units of SBI Infrastructure Fund of Rs. 10.00 Each	50000.00	50000.00

#### UNQUOTED-AT COST

2500 Equity Share of RCS Financial Technology Ltd. of Rs. 10.00 each Fully Paid Up	25000.00	25000.00
--	----------	----------

TOTAL `

5702629.50	5702629.50
------------	------------

Market Value of Quoted Investments	6581361.00	8471275.00
Book Value of Unquoted Investments	25000.00	25000.00

## SCHEDULE `VI' INVENTORIES

### INVENTORIES

(As taken valued & Certified by the Management)

Raw Material	115565063.27	54853772.00
Finished Goods	136274280.00	24317821.00
Work in Process	9023932.00	7957538.00
Consumable Stores	6984885.00	2091143.00

TOTAL `

267848160.27	89220274.00
--------------	-------------

## SCHEDULE `VII' SUNDRY DEBTORS

### SUNDRY DEBTORS

(Unsecured Considered goods)

i) Debts Outstanding for a Period exceeding 6 Months	27665419.72	6475535.00
ii) Other Debts	246694171.80	100103593.22

TOTAL `

274359591.52	106579128.22
--------------	--------------

## SCHEDULE `VIII' CASH & BANK BALANCES

Cash in Hand including imprest	3146117.46	742214.44
<u>With Scheduled Banks</u>		
In Fixed Deposit Account	22565476.00	5054468.00
(Pledged as Margin Money against Letter of Credit		
In Cash Credit Account	-	16251868.42
In Current Accounts	132389.00	99608.75
	25843982.46	22148159.61

# MUKESH UDYOG LIMITED

TOTAL		
<b><u>SCHEDULE 'IX' LOAN AND ADVANCES</u></b>	<b>AS AT 31.03.2011</b>	<b>AS AT 31.03.2010</b>
(Unsecured considered good)		
Advance recoverable in cash or in kind or for value to be received	128114412.51	45175962.29
Balance With Excise Department	28174727.29	22081152.14
Advances to Suppliers	53127285.55	904621.76
Loans & Advances	23530000.00	30000.00
Security Deposits	17529400.00	15056900.00
TOTAL \`	250475825.35	83248636.19
<b><u>SCHEDULE 'X' LIABILITIES</u></b>	<b>AS AT 31.03.2011</b>	<b>AS AT 31.03.2010</b>
<u>Sundry Creditors</u>		
Due to Small Scale Industrial Undertakings	32614283.35	2737878.55
Due to Others	197059384.85	89158396.85
Trade Deposits & Advances	15831601.58	1121156.00
Other Liabilities	59056720.83	11362334.50
TOTAL \`	304561990.61	104379765.90
<b><u>SCHEDULE 'XI' OTHER INCOME</u></b>	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>
Interest Earned	4349827.00	754814.67
Insurance Claim received	7100.00	1295329.00
Profit on Commodities Trading	-	30400.00
Foreign Exchange Fluctuation	8720289.50	(568030.58)
DEPB Incentive	769811.00	2092862.00
Focas Market Scheme	979150.00	514858.00
Profit on Sale of Current Investments	-	230.90
TOTAL \`	14826177.50	4120463.99
<b><u>SCHEDULE 'XII' COST OF RAW MATERIAL</u></b>	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>
Opening Stock	87129131.00	58820537.00
Purchases	1546808289.90	1074803736.86
TOTAL \` (A)	1633937420.90	1133624273.86
Less : Closing Stock		
Raw Material	115565063.27	54853772.00
Finished Goods	136274280.00	24317821.00
Work in Process	9023932.00	7957538.00
TOTAL \` (B)	260863275.27	87129131.00
<b>COST OF MATERIAL CONSUMED (A-B)</b>	1373074145.63	1046495142.86



# **MUKESH UDYOG LIMITED**

## **SCHEDULE `XIII' MANUFACTURING EXPENSES**

	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>
Consumable Stores	18471183.53	12668955.19
Excise Duty Consumed	2980080.68	(169525.24)
Electricity & Fuel Consumed	120254383.38	64070996.67
Machinery Repair	531855.13	172654.82
Generator Expenses	118237.00	984782.00
TOTAL `	<u>142355739.72</u>	<u>77727863.44</u>

## **SCHEDULE `XIV' PERSONNEL EXPENSES**

	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>
Salaries and Wages	19634743.00	8778116.00
Contribution to Family Pension Fund Provident Fund Etc.	620446.00	392010.00
Social Welfare Expenses	5000.00	-
Labour & Staff Welfare	124058.00	24393.00
TOTAL `	<u>20384247.00</u>	<u>9194519.00</u>

## **SCHEDULE `XV' ADMINISTRATIVE & OTHER EXPENSES**

	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>
Printing & Stationery	155087.50	110091.00
Telephone & Mobile Expenses	269031.30	164015.93
Travelling Expenses	32667.00	14695.00
Legal and Professional Charges	655039.00	292360.00
Fees, Taxes & Subscription	965418.00	382146.50
Fines & Penalties	14947.00	23648.00
Postage and Courier	52752.39	44091.00
Charity & Donations	26100.00	15000.00
Diwali Expenses	154337.00	183200.00
Insurance	830380.00	582853.00
Lease Money	210000.00	210000.00
Security Arrangements	233486.00	67668.00
Directors' Remuneration	1200000.00	1050000.00
Directors' Sitting Fee	20000.00	14500.00
<u>Auditors' Remuneration</u>		
As Audit Fee	60000.00	70000.00
As Tax Audit fee	-	14000.00
Loss on Sale of DEPB	75093.00	-
Loss on Sale of Focus Market Scheme	26992.00	-
Miscellaneous Expenses	37605.00	56653.00
TOTAL `	<u>5018935.19</u>	<u>3294921.43</u>

## **SCHEDULE `XVI' REPAIR & MAINTAINANCE**

	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>
Car Expenses	189213.00	116363.00

# **MUKESH UDYOG LIMITED**

Tempo Trax Expenses	52830.00	100840.00
Two Wheeler Expenses	55456.00	28092.16
Tractor & Trolley Expenses	13530.00	-
Building Repair	64275.00	107329.77
General Repair & Maintenance	97630.50	500320.57
TOTAL	<u>472934.50</u>	<u>852945.50</u>

## **SCHEDULE 'XVII' SELLING EXPENSES**

	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>
Freight & Cartage Outward	8071810.82	3778720.36
Brokerage and Commission	4965663.91	696126.30
Rebate & Discount	1254020.41	2198864.09
Advertisement	70920.00	42338.00
Tempo Expenses	332147.00	112091.00
TOTAL	<u>14694562.14</u>	<u>6828139.75</u>

## **SCHEDULE 'XVIII' FINANCIAL EXPENSES**

	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>
Interest on Term Loans	23534998.00	18979545.00
Interest on Working Capital	16674923.66	7655657.18
Other Interest	4611986.00	529240.00
Bank Charges	6258470.50	1439548.82
TOTAL	<u>51080378.16</u>	<u>28603991.00</u>

## **SCHEDULE 'XIX' OF NOTES ON ACCOUNTS FORMING PART OF THE BALANCE SHEET**

### 1. **SIGNIFICANT ACCOUNTING POLICIES**

#### a) Accounting Convention

The financial statements are prepared under the historical cost convention in accordance with the applicable Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956 and the relevant provisions of the said Act.

#### b) Fixed Assets

Fixed Assets are stated at cost of acquisition less accumulated depreciation. Cost is inclusive of purchase price and any other directly attributable cost to bring the asset to their working condition for intended use.

Fixed Assets are reviewed for impairment losses whenever events or changes in circumstances indicate that carrying amount may not be recoverable. An impairment loss is then recognized for the amount by which the carrying amount of assets exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

#### c) Depreciation

Depreciation on fixed assets has been provided on pro-rata basis at the Straight Line Method in accordance with the Schedule XIV of the Companies Act, 1956.

# **MUKESH UDYOG LIMITED**

d) Inventories

Inventories are valued at Cost or Net Realisable Value whichever is lower. The cost in respect of following items is computed as under: -

- Raw Material	:	At FIFO Basis Plus Direct Expenses.	
- Stores & Spares	:	At FIFO Basis Plus Direct Expenses.	
- Finished Goods	:	At Raw Material Cost (Weighted Average for Textile Division and on FIFO basis for Steel Division) Plus Conversion Cost.	
- Work in Process	:	At Raw Material Cost Plus 50 % of Conversion Cost.	- By
Products	:	At Net Realisable Value.	

e) CENVAT

CENVAT credit, wherever available, on Excise Duty/VAT paid inputs and capital assets is accounted for by reducing the purchase cost of the related inputs or the capital assets, as the case may be.

f) Investments

Current Investments are carried at lower of cost or quoted/fair value. Long Term Investments are carried at cost less provisions, if any, for permanent diminution in value.

g) Government Grants

The interest subsidy receivable under TUF Scheme of Government of India is being accounted for on accrual basis and reduced from the related expense.

h) Provisions and Contingent Liabilities

Provisions are recognised in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company.

i) Sales

Sales are Net of Returns, Value Added Tax and Excise Duty.

j) Revenue Recognition

Revenue on sale of goods is recognised at the point of dispatch of goods to the customers.

k) Employee Benefits :

i) Short Term Employee Benefits:

Short Term Employee Benefits are recognized as an expense on an undiscounted basis in the profit and loss account of the year in which the related services is rendered.

ii) Post Employment Benefits:

DEFINED CONTRIBUTION PLANS :

Provident Fund :

Contribution to Provident Fund is made in accordance with the provisions of the Employees Provident Fund & Miscellaneous Provisions Act, 1952 and is charged to the Profit & Loss Account.

# MUKESH UDYOG LIMITED

## DEFINED BENEFIT PLANS :

### Gratuity :

Provision for Gratuity Liability to Employees is made on the basis of Actuarial Valuation as at the close of the year.

l) Borrowing Cost

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as a part of the cost of the asset. Other Borrowing costs are recognised as an expense in the year in which they are incurred.

m) Foreign Currency Transactions

Foreign currency transactions are accounted for at equivalent rupee value converted at the rates prevalent at the time of transaction and/or at the forward contract rate, if so applicable. However, where there is no forward contract and the payments are pending, the rate prevailing at the year end are considered and difference is accounted for as income/loss under Foreign Exchange Rate Fluctuation.

n) Hedging Contracts

The company uses forward exchange contracts to hedge its foreign exchange exposure in accordance with its Forex Policy. As at 31<sup>st</sup> March, 2011, the company had only two outstanding Forward Exchange Contract to purchase foreign currency aggregating to US\$ 1000000 at the rate of Rs. 41.395 per US\$. The uncovered foreign exchange exposure as at 31<sup>st</sup> March 2011 is US\$ 12,82,799.21

o) Accounting For Taxes on Income

Provision for taxation for the year comprises of current tax, deferred tax and fringe benefit tax.

i) Current tax is the amount of Income Tax ascertained on the basis of assessable profit computed in accordance with the provision of Income Tax Act, 1961.

ii) Deferred tax is recognised, subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

2. Contingent Liabilities not provided for :

i) The Company has an outstanding export obligation amounting to US \$ 125407 under EPCG Licence which needs to be fulfilled over a period of eight years from the issue of EPCG Licence (Prev. Year : Rs. NIL).

ii) Liability in respect of bill discounted with banks is Rs. 70,68,558.00 (Previous Year Rs. NIL)

iii) Letter of Credit outstanding in favour of suppliers is Rs. 1184.38 Lacs (Previous Year Rs. 501.79 Lacs)

3. The Company has paid remuneration to a whole time director within the limits prescribed in the Schedule XIII to the Companies Act, 1956 as under:

	<u>Current Year</u>	<u>Previous Year</u>
Directors' Remuneration	1200000.00	1050000.00
Directors' Sitting Fees	20000.00	14500.00

4. The Company has adopted Accounting Standard AS (15) prescribed by the companies Accounting Standard Rules 2006 with effect from 1<sup>st</sup> April 2007.

# **MUKESH UDYOG LIMITED**

The summarized position of Post-Employment benefits & long term employee benefits recognized in the Profit & Loss Account and Balance Sheet in accordance with AS(15) is as under.

**a) Changes in the present value of the defined benefit obligation :**

	<b>Gratuity ( Funded )</b>
Present Value of obligation as at 31 <sup>st</sup> March, 2010	426733
Interest Cost	36272
Current Service Cost	167641
Benefits Paid	0
Actuarial Loss/(gain) on obligations	9449
Present Value of obligation as at 31 <sup>st</sup> March, 2011	640095

**b) Change in Fair Value of Plan Assets :**

	<b>Gratuity ( Funded )</b>
Fair Value of Plan Assets as at 31 <sup>st</sup> March, 2010	544356
Actual return on plan assets.	43548
Contribution	0
Withdrawal	0
Fair Value of Plan Assets as at 31 <sup>st</sup> March, 2011	587904
Present value of obligations as at 31 <sup>st</sup> March, 2011	640095
Funded Status	(52191)

**c) Amount recognized in Balance Sheet :**

	<b>Gratuity ( Funded )</b>
Present value of obligations as at the end of the year	640095
Fair value of Plan Assets as at the end of the year	587904
Net (Liability)/Assets recognized in the Balance Sheet	(52191)

**d) Expenses recognized in the Profit & Loss Account :**

	<b>Gratuity ( Funded )</b>
Current Service Cost	167641
Interest Cost	36272
Expected return on Plan Assets	(43548)
Net actuarial (Gain) / Loss recognized in the year	9449
Total expenses recognized in the Profit & Loss Account	169814

# **MUKESH UDYOG LIMITED**

## **e) Principal Actuarial assumption at the Balance Sheet date**

	<b>Gratuity ( Funded )</b>
Attrition Rate	5.00%
Imputed Rate of Interest	8.50%
Expected Return on Plan Assets	8.00%
Expected Rate of Salary Increase	7.00%
Method Used	Projected Unit Credit Method

5. No amount has been claimed from the company under the Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertakings Act, 1993.

The small scale industrial undertaking to whom an amount exceeding Rs. 1.00 Lac is outstanding for more than 30 days as at the Balance Sheet date is as under :

M/s Associated Cones (P) Ltd.	:	Rs. 928728.00
M/s Bhikam Packers	:	181932.00
M/s V.K Rope Store	:	122758.00
M/s S.L. Polyplast Industries	:	163207.00
M/s Sahib Packers	:	264519.00
M/s Elite Steels (P) Ltd.	:	1124008.00
M/s Jain Hydraulics	:	181735.00
M/s Maha Lakshmi Ceramics	:	123069.00
M/s Noble Refractories	:	283610.00
M/s S.R. Jindal Metals (P) Ltd.	:	108362.00
M/s Surya Powertech & Gears (P) Ltd.	:	413925.00
M/s Mukesh Steels Ltd.	:	25615614.00

The above information regarding Small Scale Industrial Undertaking has been determined to the extent such parties have been identified on the basis of information available with the company. This has been relied upon by the Auditors.

6. The company has requested its suppliers to furnish the information whether they are registered under the provisions of The Micro, Small and Medium Enterprises Development Act, 2006. The company has not received any information in this regard. Hence, disclosure as required under Section 22 of the said Act could not be furnished.

# **MUKESH UDYOG LIMITED**

7. The Basic & Diluted Earning per Share disclosed in Profit and Loss account has been calculated by dividing the Net Profit for the year attributable to Equity Share Holders by the weighted average number of Equity Shares outstanding during the said financial year.
8. The net profit attributable to Equity Shareholders is Rs. 52843330.26 (Previous Year Rs. 42502416.04) and weighted average number of Equity Shares is 4237359 (Previous Year 3156400) for this purpose.
9. Related Party Disclosures under Accounting Standard AS-18 :-
- a) Key Management Personnel : Sh. Krishan Chand Gupta, Chairman  
: Sh. Pardeep Gupta, Executive Director  
: Sh. Sandeep Gupta, Director
- b) Relatives of Key Management Personnel  
Mrs. Simla Rani : Relative of Sh. Krishan Chand Gupta  
Ms. Chand Gupta : Relative of Sh. Pardeep Gupta  
Mr. Deepak Gupta : Relative of Sh. Krishan Chand Gupta
- c) Enterprise over which key management personnel is able to exercise significant influence : Akriti Cine Media (P) Ltd.  
: Ashrafi Investments (P) Ltd.  
: DBA Switchgears (P) Ltd.  
: Deepak Gupta HUF  
: Goodluck Travellers (P) Ltd.  
: Kay Cee Ispat Udyog (P) Ltd.  
: Krishan Chand HUF  
: Krishan Chand Joginder Paul  
: Matry Mangal Builders (P) Ltd.  
: Mukesh Alloys (P) Ltd.  
: Mukesh Industrial Finance Ltd.  
: Mukesh Steels Ltd.  
: Mukesh Strips Ltd.  
: Odeon Enterprises (P) Ltd.  
: Punjab Ispat (P) Ltd.  
: Pardeep Gupta HUF  
: Sandeep Gupta HUF  
: Smriti Builders & Dev. (P) Ltd.

( Rs. in Lacs)

Particulars	Key Management Personnel(KMP) and their relatives	Enterprises over which KMP is able to exercise significant influence	Total
Sale of Goods	--	931.47	931.47
Purchase of Goods	--	724.60	724.60
Managerial Remuneration	12.00	--	12.00

# **MUKESH UDYOG LIMITED**

Directors' Sitting Fees	0.20	--	0.20
Lease Rent Paid	2.10	--	2.10
Interest Paid	--	35.50	35.50
Loan Given (Incl. Op. Balance)	--	326.00	326.00
Loan Repaid	--	326.00	326.00
Closing Balance (Loans Given)	--	--	--
Loans Taken (Incl. Op. Balance)	4.47	982.21	986.68
Loans Repaid	--	191.15	191.15
Closing Balance (Loans Taken)	4.47	791.06	795.53

10. Two segments namely Textiles and Steels have been identified as primary segments in accordance with the Accounting Standard (AS 17) on segment reporting issued by the Institute of Chartered Accountants of India. The segments have been identified taking into account the nature of products, the differential risk and returns and the internal business reporting systems. Segment revenues, operating results, assets and liabilities include the amounts identifiable to respective segment and the amounts have been allocated on a reasonable basis. Further the amounts not allocable to a segment on a reasonable basis have been disclosed as "Unallocable." Segment liabilities exclude Deferred Tax Liability.

## **Primary Segment Information**

(Rs. In Lacs)

S. NO.	PARTICULARS	TEXTILES	STEELS	UNALLOCATED	TOTAL
1.	<b>Segment Revenue</b>				
	External	12865.85	4442.02	128.10	17435.97
	Inter Segment Revenue	--	--	--	--
2.	<b>Segment Results</b>				
	Profit Before Tax and Interest	985.82	243.01	73.18	1302.01
	Less :Interest Expense				510.80
	Profit Before Tax				791.21
	Provision For Tax				
	a) Current Tax				170.41
	b) Deferred Tax				130.52
	Profit After Tax				490.28
3.	<b>Other Information</b>				
	Segment Assets	7803.22	6367.29		14170.51
	Segment Liabilities	1761.94	5577.77		7339.71
	Capital Expenditure	44.66	2261.00		2305.66
	Depreciation	495.22	89.76		584.98
	Non Cash Expenses other than Depreciation	--	--	--	--

Previous year figures have not been given, this being the first year of steel segment.



# **MUKESH UDYOG LIMITED**

11. In the opinion of the Board of Directors, the current assets and loans & advances have a value on realisation in the ordinary course of business at least equal to the value at which they are stated.
12. Confirmation of Balances, whether in debit or credit, from parties have not been obtained. As such their effect on Profit & Loss Account can't be reflected.
13. Loans and advances includes amounts due from firms/companies in which the directors are interested which is as under: -

<u>Name of firm/company</u>	<u>Maximum Balance during the year</u>	<u>Balance as on 31.3.2011</u>	<u>Balance as on 31.3.2010</u>
a) Punjab Ispat (P) Ltd.	800000.00	NIL	NIL
b) Mukesh Steels Ltd.	20000000.00	NIL	NIL
c) Mukesh Strips Ltd.	8000000.00	NIL	NIL

14. The company has carried out comprehensive exercise to assess the impairment loss of assets. Based on such exercise, there is no impairment of assets. Accordingly, no adjustment in respect of loss on impairment of asset is required to be made in the accounts.
15. Previous year figures have been regrouped /rearranged wherever considered necessary to make them comparable with the current year figures.
16. Schedules I to XX form an integral part of the Balance Sheet and Profit & Loss Account and have been duly authenticated.

**(VINOD K. GUPTA)** Chartered Accountants  
**(Navneet Saharan)** Co.Secretary & CFO  
**(Krishan Chand Gupta)** Director  
**(Pardeep Gupta)** Managing Director

# **MUKESH UDYOG LIMITED**

## **17. ADDITIONAL INFORMATION PURSUANT TO PARAGRAPH 3 & 4 OF PART II OF SCHEDULE**

### **VI OF THE COMPANIES ACT, 1956.**

<b><u>I)</u></b>	<b><u>CAPACITY AND PRODUCTION</u></b>	<b><u>Current Year</u></b>	<b><u>Previous Year</u></b>
i.	<b><u>Licensed Capacity</u></b>		
	Acrylic/Viscose/ Polyester/Cotton Yarn	79744 Spindles	79744 Spindles
	Steel Billets	100000 M.T.	NIL
ii.	<b><u>Installed Capacity</u></b>		
	Acrylic/Viscose/ Polyester/Cotton Yarn	30000 Spindles	30000 Spindles
	Steel Billets	49000 M.T.	NIL
iii.	<b><u>Actual Production</u></b>		
	Acrylic/Viscose/ Polyester/Cotton Yarn	30000 Spindles	30000 Spindles
	Steel Billets	49000 M.T.	NIL

(Capacities are as certified by the management but not verified by us being technical matter)

<b><u>II.</u></b>	<b><u>QUANTITY (MTs.)</u></b>	<b><u>VALUE (Rs.)</u></b>	
		<b><u>Current Yr</u></b>	<b><u>Previous Yr</u></b>
a)	<b><u>TURNOVER</u></b>	<b><u>Current Yr</u></b>	<b><u>Previous Yr</u></b>
	<b><u>Textiles Division</u></b>		
	Polyester Yarn	2870.821	2349.929
	Cotton Yarn	1627.763	2769.385
	Acrylic Yarn	187.685	192.719
	Cloth	1981.577	2585.635
	Fibre	33.345	252.565
	Wastes	478.440	583.594
	Iron Scrap	--	2981.870
	Others	518.942	748.643
	<b><u>Steel Division</u></b>		
	Billets	14101.305	--
	Scrap	1290.640	--
b)	<b><u>TRADING GOODS PURCHASED</u></b>		
	<b><u>Textiles Division</u></b>		
	Polyester Yarn	1200.380	790.261
	P.C. Yarn	108.995	--
	Acrylic Yarn	187.685	192.719
	Other Yarns	243.569	777.338
	Cloth	1976.320	2590.892

# **MUKESH UDYOG LIMITED**

## c) **RAW MATERIAL CONSUMED**

### **Textiles Division**

Polyester Fibre	1801.285	1594.381	154905937	106482375
Cotton Fibre	2625.072	3325.684	232693636	212635547
Others(P.C.Yarn)	124.989	87.918	13186910	11076910

### **Steel Division**

Scrap	15728.070	--	322833338	--
Ferro Alloys	235.481	--	12772467	--

## d) **PRODUCTION DATA**

### **Textiles Division**

Polyester Yarn	1772.454	1568.469	N.A.	N.A.
Cotton Yarn	2066.500	2704.275	N.A.	N.A.
Other Yarn (P.C.)	199.507	87.875	N.A.	N.A.
Wastes	590.224	602.989	N.A.	N.A.

### **Steel Division**

Billets	15062.190	--	N.A.	N.A.
End Cutting	121.225	--	N.A.	N.A.

## e) **FINISHED GOODS (PRODUCED AND TRADED)**

	<u>Year</u>	<u>Opening Stock</u>		<u>Closing Stock</u>	
		<u>Qty.</u> (MTs.)	<u>Value</u> (Rs.)	<u>Qty.</u> (MTs.)	<u>Value</u> (Rs.)
<b><u>Textiles Division</u></b>					
<u>Yarns</u>	Current	216.197	20999764	790.075	101578103
	Previous	155.935	15177642	216.197	20999764
<u>Wastes</u>	Current	92.462	2596830	86.332	4575187
	Previous	98.675	2113278	92.462	2596830
<b><u>Steel Division</u></b>					
<u>Billets</u>	Current	--	--	960.885	29964030
	Previous	--	--	--	--
<u>End Cutting</u>	Current	--	--	6.540	156960
	Previous	--	--	--	--

# **MUKESH UDYOG LIMITED**

III. **C.I.F. VALUE OF IMPORTS** : Rs. 2925.93 Lacs (Previous Year Rs. 519.63 Lacs)

IV. **EXPENDITURE/EARNING IN FOREIGN CURRENCY** :

Commission/Interest : Rs. 2.13 Lacs (Previous Year Rs.15.04 Lacs)

Purchase of Stores : Rs. 8.74 Lacs (Previous Year Rs. NIL)

## **EARNINGS**

F.O.B Value OF Exports : Rs 2253.11 lacs (previous Year Rs 272.86 lacs)

V. **VALUE OF INDIGENOUS AND IMPORTED RAW MATERIAL & STORES CONSUMED:**

	<b>Current Year</b>		<b>Previous Year</b>	
	<u>Value</u>	<u>% age</u>	<u>Value</u>	<u>% age</u>
<b><u>Textiles Division</u></b>				
<b><u>Raw Material</u></b>				
Indigenous	400786483	100.00%	330194832	100.00 %
Imported	--	--	--	--
<b><u>Stores &amp; Spares</u></b>				
Indigenous	12417574	100.00%	12668955	100.00 %
Imported	--	--	--	--
<b><u>Steel Division</u></b>				
<b><u>Raw Material</u></b>				
Indigenous	78512570	23.39%	--	--
Imported	257093234	76.61%	--	--
<b><u>Stores &amp; Spares</u></b>				
Indigenous	5904727	97.54%	--	--
Imported	148883	2.46%	--	--

(VINOD K. GUPTA)  
Chartered Accountants

(Navneet Saharan)  
Co.Secretary & CFO

(Krishan Chand Gupta)  
Director

(Pardeep Gupta)  
Managing Director

# **MUKESH UDYOG LIMITED**

## **18. ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956.**

### **BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

**('000 omitted)**

#### **Registration Details**

Registration No.	L65921PB1994PLC014976
Balance Sheet Date	31.03.2011

#### **Capital Raised During the Year**

Public Issue	NIL
Rights Issue	NIL
Bonus Issue	31564
Private Placement	NIL

#### **Position of Mobilization and Deployment of Funds**

Total Liabilities	1432169
Total Assets	1432169

#### **Sources of Funds**

Paid Up Capital	95828
Share Application Money	NIL
Reserves & Surplus	138130
Secured Loans	665402
Unsecured Loans	166373
Deferred Tax Liability	45049

#### **Application of Funds**

Net Fixed Assets	571552
Capital Work in Progress	20000
Capital Advances	16387
Investments	5703
Net Current Assets	497140
Misc. Expenditure	NIL

#### **Performance of the Company**

Operating Income	1731195
Other Income	14826
Total Expenditure	1665578
Profit before tax	80443
Profit after tax	52843
Earning Per Share in Rs.	12.47
Dividend Rate (%)	NIL

#### **Generic Names of Three Principal Products/Services of the Company**

Item Code No.(ITC Code No.)	5509	
Product Description	Polyester/Viscose/Acrylic Yarn	Item
Code No.(ITC Code No.)	5206	
Product Description	Cotton Yarn	
Item Code No.(ITC Code No.)	7207	
Product Description	Billets	

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Director

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Managing Director