



AUDITOR'S REPORT

**TO THE MEMBERS,
CARREMAN FABRICS INDIA LIMITED**

We have audited the attached Balance Sheet of **CARREMAN FABRICS INDIA LIMITED** as at 31-03-2011 and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Company (Auditor's Report) Order 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraph 4 and 5 of the said order.

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

1. We have obtained all information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion, proper books of account as required by the law have been kept by the company so far as appears from our examination of those books.
3. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
4. In our opinion, Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred in Sub-Section (3C) of Section 211 of Companies Act, 1956.

'Shankar Ratan Chambers', S-23A, Mangal Marg, Bapu Nagar, Jaipur-302015

☎: 2709001-2-3, 2707004, ☎: 0141-2703507

✉: jaipureast@kalanico.com, ☑: www.kalanica.com





KALANI & COMPANY

CHARTERED ACCOUNTANTS

5. Based on the representations made by all the Directors of the company as on 31st March, 2011 and taken on record by the Board of Directors of the company and in accordance with the information and explanations as made available to us, the Directors of the company do not have, prima facie, any disqualification as referred in clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the notes and the accounting policies appearing in Schedule 18, 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:
- In the case of Balance Sheet, of the state of affairs of the company as at 31st March, 2011 and;
 - In the case of Profit and Loss Account, of the profit of the company for the year ended on that date;
 - In the case of Cash Flow Statement, of the cash flow for the year ended on that date.



FOR KALANI & COMPANY
CHARTERED ACCOUNTANTS
FRN - 80722C

(S.P. JHANWAR)
PARTNER
M. NO. 074414

PLACE: BANSWARA
DATE: 12th May 2011

'Shankar Ratan Chambers', S-23A, Mangal Marg, Bapu Nagar, Jaipur-302015

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ANNEXURE TO THE AUDITOR'S REPORT

Statement referred to in paragraph (3) of our audit report of even date to the shareholders of the **CARREMAN FABRICS INDIA LIMITED** on the accounts for the year ended 31st March, 2011.

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Fixed assets of the company have been physically verified by the management during the year and there is also a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) No substantial part of fixed assets has been disposed off during the year.
- (ii) (a) The Inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) 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 is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) The company has granted a short term loan of Rs. 300 Lacs @ 11% of interest per annum to Banswara Syntex Ltd. during the year. Apart from this, company has not granted any loan to the companies, firm and other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) The rate of interest and other terms and conditions of such loans are not, prima facie, prejudicial to the interest of the company.
- (c) Principal and interest receipt on above loan is regular and as per the loan agreement.
- (d) There is no overdue more than Rs.1 Lac of principal and interest.

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- (e) Unsecured loan taken from Carreman, France covered in the register maintained under 301 of the Companies Act, 1956 amounting to Rs. Nil outstanding at the year end and the maximum amount involved is Rs. 171.65 Lacs.
- (f) The rate of interest and other terms and conditions of such loans are not, prima facie, prejudicial to the interest of the company.
- (g) Principal and interest payment on above loan is regular and as per the loan agreement.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time, but few transactions could not be compared as the material supplied / services rendered by such parties are either in short supply or not supplied / services rendered by any other party.
- (vi) The company has not accepted any deposits from the public during the period under consideration and as such, the provisions of Section 58A and 58AA of the Companies Act, 1956 and rules framed thereunder have no application on the company.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.

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- (viii) According to information and explanations given to us, the Central Government has prescribed under Section 209(1)(d) of the Companies Act, 1956, the maintenance of cost records in respect of its products in which the company is engaged. We have broadly reviewed the books of account maintained and in our opinion the prescribed accounts and records have *prima facie* been made and maintained by the company. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employee's state insurance, income tax, sales tax, wealth tax, custom duty, cess, excise duty and other material statutory dues applicable to it.
- According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, cess, custom duty and excise duty were in arrears, as at 31st March, 2011 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of sales tax, income tax, service tax, cess, customs duty, wealth tax and excise duty which have not been deposited on account of any dispute.
- (x) There are no losses at the end of financial year. The company has not incurred cash losses during the financial year covered by our audit and preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to any financial institution or bank.
- (xii) According to information and explanations given to us, the company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The company is not a chit fund. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion and according to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures

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KALANI & COMPANY
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and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

- (xv) According to information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) No any term loans have been raised during the year by the company
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flow Statement of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
- (xviii) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) The company has not issued debentures during the year.
- (xx) The company has not raised any money through public issue during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

PLACE: BANSWARA
DATE: 12th May 2011



FOR KALANI & COMPANY
CHARTERED ACCOUNTANTS
FRN - 00722C

(S.P. JHANWAR)
PARTNER
M. NO. 074414

'Shankar Ratan Chambers', S-23A, Mangal Marg, Babu Nagar, Jaipur-302015

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CARREMAN FABRICS INDIA LIMITED, BANSWARA

BALANCE SHEET AS AT 31st March, 2011

Particulars	Sch.	As at 31st March, 2011		As at 31st March, 2010	
		Amount (INR)		Amount (INR)	
SOURCES OF FUNDS					
Shareholders' Funds					
Share Capital	1	143,000,000		143,000,000	
Profit & Loss Account		5,819,632	148,819,632	4,071,531	147,071,531
Loan Funds					
Secured Loans	2	134,680,851		159,228,498	
Unsecured Loans	3	-	134,680,851	17,165,325	176,393,823
Deferred Tax Liability			5,660,102		4,087,086
			289,160,584		327,552,440
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	4	395,739,023		388,155,188	
Less: Depreciation		165,078,895		129,632,388	
Net Block		230,660,128		258,522,800	
Add: Capital work-in-progress		1,458,414		-	
Add: Advance against capital		3,478,000	235,596,542	4,670,231	263,193,031
Current Assets, Loans & Advances					
Inventories	5	542,223		398,382	
Sundry Debtors	6	12,647,202		7,374,717	
Cash & Bank Balances	7	4,952,657		18,964,170	
Other Current Assets, and	8	12,099,530		9,953,530	
Loans & Advances	9	31,922,611		32,228,335	
		62,164,223		68,919,134	
Less: Current Liabilities & Provisions					
Liabilities	10	6,921,958		3,082,244	
Provisions	11	1,678,223		1,477,480	
		8,600,181		4,559,725	
Net Current Assets			53,564,042		64,359,409
			289,160,584		327,552,440
Accounting Policies & Notes on Accounts	18				

Schedule 1 to 11 and Notes in Schedule 18 form part of this Balance Sheet.

In terms of our Audit Report of even date:

For **KALANI & COMPANY**

Chartered Accountants

FRN 00722C

S.P. JHANWAR

Partner

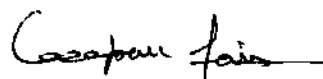
M.No.74414

PLACE: BANSWARA

DATED: 12th May, 2011



MICHEL PETIT
(Director)



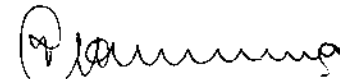
Sr. Manager A/c



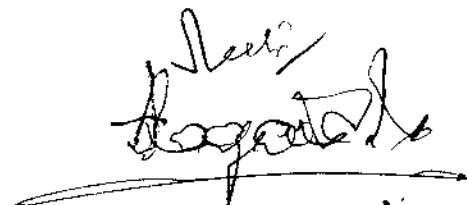
Asst. Co. Secretary



R.L. TOSHWAL
(Director)



(Directors)

CARREMAN FABRICS INDIA LIMITED, BANSWARA

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st March, 2011

(Figures In INR)

Particulars	Sch	Current Year 31st March, 2011		Previous Year 31st March, 2010	
INCOME:					
Turnover	12	108,358,367		99,522,525	
Other Income	13	3,972,825	112,331,192	3,253,404	102,775,929
EXPENDITURE:					
Machine Purchase for Sale (9 Looms)	-	12,651,846			
Manufacturing Expenses	14	32,772,207		31,841,621	
Payments to and Provisions for Employees	15	14,424,477		13,233,724	
Administrative & Selling Expenses	16	2,765,594		2,372,790	
Financial Expenses	17	9,471,310	72,085,433	13,191,083	60,639,218
Profit/(Loss) Before Depreciation & Tax			40,245,759		42,136,711
Depreciation			35,474,971		34,914,750
Profit Before Tax			4,770,788		7,221,961
Less: Tax on Income					
Current Tax		785,000		1,400,000	
Deferred Tax		1,573,016	2,358,016	1,134,985	2,534,985
Profit for the Year			2,412,772		4,686,976
Net Profit/(Loss) for the Year			2,412,772		4,686,976
Balance Brought Forward			4,071,531		49,226
Profit Available for Appropriation			6,484,303		4,736,202
Appropriations					
Proposed Dividend on Preference Shares		570,000		570,000	
Tax on Dividend		94,671	664,671	94,671	664,671
Balance carried to Balance Sheet			5,819,632		4,071,531
Earnings Per Share Basic & Diluted			0.14		0.32
Accounting Policies & Notes on Accounts	18				

Schedule 12 to 17 and Notes in Schedule 18 form part of this Profit & Loss Account.

In terms of our Audit Report of even date:

For **KALANI & COMPANY**

Chartered Accountants

FRN - 00722C

S.P.JHANWAR

Partner

M.No.74414

PLACE: BANSWARA

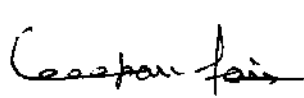
DATED: 12th May, 2011



MICHEL PETIT
(Director)



R.L. TOSHNIWAL
(Director)



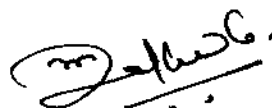
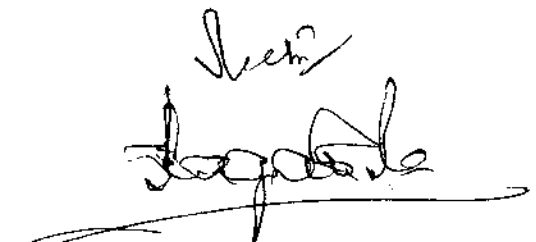
Sr. Manager A/c



Asst. Co. Secretary



(Directors)

SHARE CAPITAL:**SCHEDULE '1'**

Particulars	As at 31st March, 2011 Amount (INR)		As at 31st March, 2010 Amount (INR)
Authorised			
15,000,000 Equity Shares of Rs.10/- each	150,000,000		150,000,000
300,000 Redeemable Non-convertible Cumulative Preference Shares of Rs.100/- each	30,000,000		30,000,000
	180,000,000		180,000,000
Issued, Subscribed And Paid Up			
12,400,000 Equity Shares of Rs. 10 each	124,000,000		124,000,000
190,000 3% Redeemable Cumulative Preference Shares of Rs.100 each	19,000,000		19,000,000
	143,000,000		143,000,000

Note:

3% Redeemable Cumulative Preference Shares will be redeemed on 22nd September, 2013 i.e.at the end of 7 Year from the date of issue.

SECURED LOANS**SCHEDULE '2'**

Particulars	As at 31st March, 2011 Amount (INR)		As at 31st March, 2010 Amount (INR)
Term Borrowings From Banks:			
- Punjab National Bank	89,092,851		105,346,430
- Bank of Baroda	45,588,000		53,882,068
			-
TOTAL	134,680,851		159,228,498

Notes:

(a) Term Loans are secured by Joint Equitable Mortgage and / or Hypothecation charges ranking Pari passu with each other bank on immovable/movable properties, both present & future. Further secured by corporate guarantees by joint venturers Banswara Syntex Limited and Carreman, France, also:

(i) Term Loan from Punjab national bank is secured by Hypothecation of Plant & Machinery, equipment / accessories, looms, spares etc. and movable property of the company ; and,

(ii) Term Loan from Bank of Baroda is secured by way of hypothecation of Plant and Machinery viz. Picanol Looms, Benninger warping machines, Knotting machines etc. and further secured by present and future stock of raw materials, work-in-progress, semi-finished goods, finished goods, packing materials and stores etc.

(b) Installments on Term Loans Rs. 241.70 Lacs (Previous Year - Rs.245.47 Lacs) falling due for payment in next year.

UNSECURED LOANS**SCHEDULE '3'**

Particulars	As at 31st March, 2011 Amount (INR)		As at 31st March, 2010 Amount (INR)
Interest free Deferred Payment Credit (DPC) (From Carreman, France)	-		17,165,325
TOTAL	-		17,165,325

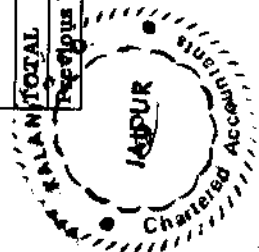


FIXED ASSETS

(Figures in INR)

SCHEDULE '4'

DESCRIPTION OF ASSETS	RATE	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01.04.2010	Additions	Deductions	As at 31.03.2011	As at 01.04.2010	Additions	Deductions	As at 31.03.2011	As at 31.03.2011	As at 31.03.2011
Leasehold Land		8,707,351	633,881	-	9,341,232	407,215	124,346	-	531,561	8,809,671	
Building	3.34%	50,790,301	-	-	50,790,301	6,063,015	1,696,396	-	7,759,411	43,030,890	
Plant & Machineries	10.34%	310,788,037	6,026,201	-	316,814,238	119,450,611	32,536,489	-	151,987,102	164,827,136	
Electric & Water Supply Installation	4.75%	9,675,988	481,578	-	10,157,566	1,620,474	472,029	-	2,092,503	8,065,063	
Furniture & Fixtures	6.33%	5,305,626	388,631	-	5,694,257	983,682	340,666	-	1,324,348	4,369,909	
Computers	16.21%	984,706	-	-	984,706	507,184	159,621	-	666,805	317,901	
Office Equipments	4.75%	629,217	96,600	-	725,817	99,201	32,665	-	131,866	593,951	
Vehicles	9.50%	1,139,919	47,024	96,550	1,090,393	366,962	106,289	28,466	444,785	645,608	
Assets less than Rs. 5,000/- each											
Plant & Machineries	100.00%	4,159	-	-	4,159	4,159	-	-	4,159	-	
Furniture & Fixtures	100.00%	65,633	6,470	-	72,103	65,633	6,470	-	72,103	-	
Office Equipments	100.00%	40,112	-	-	40,112	40,112	-	-	40,112	-	
Computers	100.00%	24,139	-	-	24,139	24,139	-	-	24,139	-	
TOTAL		388,155,188	7,680,385	96,550	395,739,023	129,632,387	35,474,971	28,466	165,078,894	230,660,129	
Previous Year		384,317,260	3,867,943	30,015	388,155,188	94,721,990	34,914,750	4,352	129,632,388	258,522,800	



INVENTORIES**SCHEDULE '5'**

Particulars	As at 31st March, 2011 Amount (INR)	As at 31st March, 2010 Amount (INR)
Stores & Spares	542,223	398,382
TOTAL	542,223	398,382

SUNDRY DEBTORS**SCHEDULE '6'**

Particulars	As at 31st March, 2011 Amount (INR)	As at 31st March, 2010 Amount (INR)
(Unsecured and Considered Good)		
Outstanding over Six Months	-	-
Other Debts	12647202	7,374,717
TOTAL	12,647,202	7,374,717

CASH & BANK BALANCES**SCHEDULE '7'**

Particulars	As at 31st March, 2011 Amount (INR)	As at 31st March, 2010 Amount (INR)
Cash-on-hand	78,700	16,867
Bank Balances		
with Scheduled Banks:		
-Current Accounts	1,314,005	12,922,836
-Fixed Deposits(Including Accured Interest thereon)	3,559,953	6,024,467
(Pledged with Bankers Rs. 35.59 Lacs (Rs.60.24 Lacs)		
TOTAL	4,952,657	18,964,170

OTHER CURRENT ASSETS**SCHEDULE '8'**

Particulars	As at 31st March, 2011 Amount (INR)	As at 31st March, 2010 Amount (INR)
Accrued Job Weaving Charges	699,001	797,188
Interest Receivable under TUF Scheme	6,406,835	5,136,250
Security Deposit with Govt. Deptt. and others	482,941	180,819
Fringe Benefit Tax Refundable	199,615	97,122
Income Tax Refundable	2,911,835	2,241,150
Duty Entitlement Pass Book Receivable	100,080	100,080
Advance Income Tax and Tax deducted at sour	2,400,144	2,832,635
Less: Provision for Income Tax (as per contra)	1,100,921	1,400,921
	1,299,223	1,431,714
TOTAL	12,099,530	9,953,530



LOANS AND ADVANCES**SCHEDULE '9'**

Particulars	As at 31st March, 2011 Amount (INR)		As at 31st March, 2010 Amount (INR)
(Unsecured-Considered Good)			
Advances recoverable in cash or kind or for value to be received	632,443		923,941
Short Term Loan to Banswara Syntex Limited.	30,000,000		30,000,000
Prepaid Expenses	26,238		40,464
CENVAT Receivable	1,263,930		1,263,930
TOTAL	31,922,611		32,228,335

CURRENT LIABILITIES**SCHEDULE '10'**

Particulars	As at 31st March, 2011 Amount (INR)		As at 31st March, 2010 Amount (INR)
Sundry Creditors			
Micro Small & Medium Enterprises @	-		-
Others	1,586,748		405,180
Statutory Liabilities	277,789		229,100
Bank Over Draft Against FDR	2,700,013		-
Other Liabilities	2,357,408		2,447,964
TOTAL	6,921,958		3,082,244

@ The company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amounts unpaid as at the year and together with interest paid / payable under this Act have not been given.

PROVISIONS:**SCHEDULE '11'**

Particulars	As at 31st March, 2011 Amount (INR)		As at 31st March, 2010 Amount (INR)
Proposed Dividend On Preference Shares	570,000		570,000
Tax on Dividend	94,671		94,671
Gratuity	698,977		538,784
Leave Encashment	314,575		274,025
Taxation	1100921	1,431,714	
Less: Advance Tax and Tax deducted at source (as per contra)	1100921	1,431,714	-
TOTAL	1,678,223		1,477,480



(Figures In INR)

TURNOVER**SCHEDULE '12'**

PARTICULARS	Current Year 31st March 2011	Previous Year 31st March 2010
Job Weaving Income	95,706,521	99,522,525
Machine Sales (9 Looms)	12,651,846	
TOTAL	108,358,367	99,522,525

OTHER INCOME**SCHEDULE '13'**

PARTICULARS	Current Year 31st March 2011	Previous Year 31st March 2010
Exchange Rate Fluctuation	734,393	1,802,602
Interest Received & Others (Tax Deducted at source Rs. 193057/- (Previous - Year Rs. 248957/-))	2,256,201	1,448,244
Remission in Liabiliteis	625,790	-
Others	356,441	2,558
TOTAL	3,972,825	3,253,404

MANUFACTURING EXPENSES**SCHEDULE '14'**

PARTICULARS	Current Year 31st March 2011	Previous Year 31st March 2010
Power & Fuels	7,807,257	5,755,162
Fees for Technical Services	-	3,375,501
Stores & Spare Parts Consumed	11,602,441	11,165,859
Loading, Unloading & Cartage Exps	927,257	755,240
Mending and Checking Expenses	7,154,860	7,265,501
Drawing & Knotting Charges	2,432,417	1,630,836
Factory Maintenance Expenses	991,330	856,216
Repairs to:		
- Plant & Machinery	1,634,721	962,278
- Building	96,099	41,254
- Others	125,825	33,774
TOTAL	32,772,207	31,841,621

PAYMENTS TO AND PROVISION FOR EMPLOYEES**SCHEDULE '15'**

PARTICULARS	Current Year 31st March 2011	Previous Year 31st March 2010
Salaries, Wages, Allowances, Bonus etc.	12,243,604	11,587,146
Contribution to Provident & Other Funds	1,516,723	1,191,929
Workmen & Staff Welfare Expenses	664,150	454,649
TOTAL	14,424,477	13,233,724



ADMINISTRATIVE, SELLING & OTHER EXPENSES

SCHEDULE '16'

PARTICULARS	Current Year 31st March 2011		Previous Year 31st March 2010
(A) Administrative Expenses			
Rates and Taxes	33,300		113,225
Insurance Charges	157,086		172,565
Payment to Auditors			
As Auditors			
-Statutory Audit Fees	113,500		102,850
-Tax Audit Fees	22,700		20,570
-Expenses	-		4,889
-Service Tax	16,244		14,413
In other capacity			
-Taxation Matters	21,500		16,500
Directors' Sitting Fees	168,000		216,000
Director's Remuneration	913,280		315,593
Travelling Expenses (includes Foreign)	7,989		143,688
Directors' Travelling Expenses	263,190		63,626
Communication Expenses	178,003		245,903
Legal & Professional Expenses	192,560		127,780
Business Promotion Expenses	80,929		118,568
Computer Charges	36,035		58,255
Conveyance Expenses	46,688		48,282
Entry Tax	36,677		8,156
Office Maintenance Expenses	66,519		16,348
Printing and Stationary	218,313		212,210
Security Charges	10,678		37,749
Service Tax on GTO	2,902		1,561
Vehicle Runnig & Maintenance Expenses	172,684		216,001
Other Expenses	6,817		98,058
TOTAL	2,765,594		2,372,790

FINANCIAL EXPENSES

SCHEDULE '17'

PARTICULARS	Current Year 31st March 2011		Previous Year 31st March 2010
Interest on Term Loans (Net of TUF Rebate)	9,309,659		12,685,607
Bank & Other Charges	161,651		505,476
TOTAL	9,471,310		13,191,083



ACCOUNTING POLICIES & NOTES ON ACCOUNTS

SCHEDULE '18'

A) Accounting Policies:1. **System of Accounting and use of estimates**

The Company follows the mercantile system of accounting by following accrual concept in the preparation of accounts. The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

2. **Fixed Assets**

Value of Gross Block of fixed assets represent cost of acquisition, including non-refundable taxes & duties, expenditure on installations, attributable pre-operative expenses including borrowing cost and other identifiable direct expenses incurred upto the date of commencement of commercial use of the assets.

3. **Depreciation**

Depreciation on fixed assets is provided for on straight-line method in accordance with the provisions of section 205(2) (b) of the Companies Act, 1956. Depreciation on additions/disposals during the year is provided on pro-rata basis. Value of leasehold land is amortised over the period of its lease.

4. **Valuation of Inventories**

Inventories are valued at Lower of Cost or Net Realisable Value. Cost is measured on first in first out basis.

5. **Turnover**

Job Income is accounted for on completion of work and net of goods and services provided by customers.

6. **Benefits receivable against export and its obligation**

Unutilized credits, entitlements under Duty Entitlements Pass Book (DEPB) scheme are accounted for in the year of export at market value/realisable value.

7. **Foreign Currency Transaction**

- i) Transaction denominated in foreign currencies is normally recorded at the exchange rate prevailing on the day of transaction.
- ii) Monetary items denominated in foreign currency at the year-end and not covered by the foreign exchange contract are translated at year end rates.
- iii) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Profit and Loss Account.

8. **Employees' Benefits**

Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account for the year in which the related service is rendered.



Retirement and other long term employee benefits are recognized as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of retirement and other long term benefits are charged to the profit and loss account.

9. Taxes on Income

Current tax is determined as the amount of tax payable to the Taxation Authorities in respect of taxable income for the year.

Deferred tax is recognized, subject to consideration of prudence, in respect of deferred tax assets, on timing differences being difference between taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent years.

In respect of unabsorbed depreciation / carry forward of losses under the tax laws, deferred tax assets are recognized only to the extent that there is virtual certainty that future taxable income will be available against which such deferred tax assets can be realized.

10. Use of Estimates

The preparation of financial statements requires estimates and assumptions. Difference between the actual results and estimates are recognized in the Profit & Loss A/c in the period in which the results are known /materialized.

11. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in financial statements.

12. Except where stated, accounting policies are consistent with the accounting principles generally accepted in India and have been consistently applied.

B) Notes on Accounts:

1. Job weaving income is net off by Rs.145,49,583/- (Previous year-200,17,470/-) for the cost of power and other resources provided by customer.
2. Disclosure as required by Accounting Standards as notified by Companies (Accounting Standards) Rules, 2006: -

A) Accounting Standard -11 "The Effects of Changes in Foreign Exchange Rates"

The exchange difference on Deferred Payment Credit has been recognized as expenses and charged to P& L Account

B) Accounting Standard: 15 "Employee Benefits"

The disclosures of Employee benefits as defined in the accounting standard are given below:



1. **Defined Contribution Plan**

Employer's contribution to provident fund paid Rs. 11,70,612.00 (Previous year Rs. 9,64,413.00) has been recognized as expense for the year.

2. **Defined Benefit Plan**

Present value of gratuity and earned leave obligation is determined based on actuarial valuation using the projected unit credit method which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each units separately to built up the final obligation. Short term earned leave encashed during the year charged to Profit & Loss Account.

I. Changes in present value of obligations

Figures in Rs.

	Gratuity As At		Leave Encashment As At	
	31.03 2011	31.03 2010	31.03.2011	31.03 2010
I. Assumptions				
Mortality	LIC(1994-96) Ult	LIC(1994-96) Ult	LIC(1994-96) Ult	LIC(1994-96) Ult
Discount Rate	8.30%	8.00%	8.30%	8.00%
Rate of increase in compensation	4.00%	4.00%	4.00%	4.00%
Rate of return (expected) on plan assets withdrawal rates	0.80%	0.80%	0.80%	0.80%
II. Changes in Present Value of Obligations (PVO)				
PVO at beginning of period	538784	324704	274025	178004
Interest Cost	43103	25976	17549	13609
Current Service Cost	198666	185452	81645	77130
Benefits paid	-	-	(109334)	(15773)
Actuarial (gain)/loss on obligation	(81576)	2652	50690	21055
PVO at end of period	698977	538784	314575	274025
III. Amounts to be recognized in the Balance Sheet and Statement of Profit & Loss account				
PVO at end of period	698977	538784	314575	274025
Fair Value of Plan Assets at end of period	-	-	-	-
Funded Status	(698977)	(538784)	(314575)	(274025)
Unrecognized Actuarial Gain/(Loss)	-	-	-	-
Net Asset/(Liability) recognized in the balance sheet	(698977)	(538784)	(314575)	(274025)
IV. Expense recognized in the statement of P&L A/C				
Current Service Cost	198666	185452	81645	77130
Interest Cost	43103	25976	17549	13609
Expected Return on Plan Assets	-	-	-	-
Net Actuarial (Gain)/Loss recognized for the period	(81576)	2652	50690	21055
Expense recognized in the statement of P&L A/C	160193	214080	149884	111794
V. Movements in the liability recognized in Balance Sheet				
Opening Net Liability	538784	324704	274025	178004
Expenses as above	160193	214080	149884	111794
Benefits paid	-	-	(109334)	(15773)
Closing Net Liability	698977	538784	314575	274025



C) Accounting Standard -17 "Segment Reporting"

Company is engaged in production of Textile Product having integrated working. For management purposes, company is organized into one major operating activity of the textile products. Accordingly company is of view that it has only single business segment.

D) Accounting Standard -18 "Related Party Disclosure"

The disclosure of related parties as defined in the accounting standard and details of transactions with them are given below:

ii) Relationship: -

a) Joint Venturer & Associate Concerns:

Banswara Syntex Ltd., Banswara
Carreman, France

b) Key Managerial Person

Sh. Manish Rakundla Whole Time Director

i) Transactions with related parties are as follows: -

S.No.	Name of Party	Particulars of Transaction	Details	Amount (Rs.)
A (1)	M/s. Banswara Syntex Ltd	Finish Cloth Purchased	Cloth 287 Mtr @ Rs. 103.16/- Avg.	29,607
		Stores & Spares Purchase	Bar Coding Stickers	12,366
		Stores & Spares Sale	Scrape Sale & PVC Tubes	2,28,735
		Sales of Machine	9 Imported Picanol Second Hand Looms	1,26,51,846
		Job Weaving done	6676735.50 (Loom Mtrs.)	9,58,04,707
		Short Term Loan given		3,00,00,000
		Interest on Short Term Loan received.		16,34,520.92
		Outstanding Amt (Including Loan)	4,26,47,201	
A(2)	M/s. Carreman, France	Interest free Deferred Payment	Euro 273021.48	.1,58,05,142
B(1)	Sh. Manish Rakundala	Director's Remuneration	Salary	7,35,600
			PF Contribution	74,880
			Others	1,02,800



E) Accounting Standard - 20 "Earning Per Share"

Required disclosures are given below :

Particulars	Unit	2010-2011	2009-2010
a. Amount used as the Numerator Profit after tax, dividend on preference shares and tax thereon	Rs.	17,48,101	40,22,305
b. Weighted Average number of Equity Shares used as the denominator in computing Basic Earning Per Share	No.	1,24,00,000	1,24,00,000
c. Nominal value per share	Rs.	10	10
d. Earning Per Share (Basic) (a / b)	Rs.	0.14	0.32

F) Accounting Standard - 22 "Accounting for Taxes on Income"

Considering accounting procedure prescribed by the Standard, the following amounts have been worked out and provided in books:

Particulars	2010-2011	2009-2010
Deferred Tax Assets		
i) Unabsorbed Depreciation	12,576,236	18,970,551
Total Deferred Tax Assets	12,576,236	18,970,551
Deferred Tax Liabilities		
i) Difference between accounting and tax depreciation	18,236,338	23,057,638
Total Deferred Tax Liabilities	18,236,338	23,057,638
Net Deferred Tax Assets	(56,60,102)	(40,87,086)

Deferred Tax Liability of Rs. 15,73,016/- for the year has been charged to Profit and Loss Account and accordingly Net Deferred Tax Liability of Rs.56,60,102/- placed in Balance Sheet.

G) Accounting Standard -29 "Provisions, Contingent Liabilities"

A. Provisions

Sr. No.	Nature of Provision & expected time of outflow	Provision outstanding at the beginning of the year	Provision made during the year	Provision utilized during the year	Provision reversed the year	Provision outstanding at the end of the year
1.	Income Tax	1431714	785000	1115793	-	1100921
2.	Proposed Dividend	570000	570000	570000	-	570000
3.	Tax on Proposed Dividend	94671	94671	94671	-	94671
4.	Gratuity	538784	160193	-	-	698977
5.	Leave Encashment	274025	149884	109334	-	314575



B. Contingent Liabilities

Contingent Liabilities not provided for in respect of claims against the company not acknowledged as debt under Tax Laws (Service Tax On Technical Fees) is Rs. 41.94 Lacs (Previous Year Rs. 30.05 Lacs)

There is no reimbursement possible on account of Contingent Liabilities.

3. Dividend on Preference shares and tax thereon is provided for financial year 2010-11 amounting to Rs. 6,64,671/- for distribution.
4. Information regarding installed capacity and other details are as follows:

a) Installed capacity:	2010-2011	2009-2010
Fabric weaving (Looms)	60	60
Fabric Processing (Stenter)	01	01

b) (i) Quantitative details in respect of Job Weaving (in Mtrs.):

	2010-2011	2009-2010
Job Weaving for others (Grey Meters)	64,83,101.90	65,65,214.75

c) Value of Stores and spares consumed:

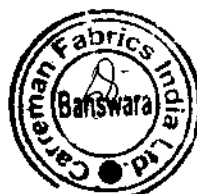
	(Rs. in Lacs)			
	2010-2011	%	2009-2010	%
i) Imported :	78.80	67.91%	63.95	57.28%
ii) Indigenous :	<u>37.22</u>	<u>32.08%</u>	<u>47.70</u>	<u>42.72%</u>
	<u>116.02</u>	<u>100.00%</u>	<u>111.65</u>	<u>100.00%</u>

d) Expenditure in foreign currency in respect of:

	(Rs. in Lacs)	
	2010-2011	2009-2010
i) On Revenue Account	61.44	129.94
ii) On Capital Account	284.71	163.17

e) There is no earning in foreign currency.

5. All figures are in Indian Rupees except otherwise stated.
6. Previous Year figures have been rearranged, regrouped and recast, wherever considered necessary.



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration Details

Registration Number **L18101RJ2005PLC021321** State Code **17**

Balance Sheet Date **31.03.2011**

II Capital raised during the year (Amount in Rs. Thousands)

<i>Public Issue</i>	<i>Right Issue</i>	<i>Bonus Issue</i>	<i>Private Placement</i>
NIL	NIL	NIL	NIL

III Position of mobilization and deployment of funds (Amount in Rs. Thousands)

Total Liabilities

289160

Total Assets

289160

Sources of Funds:

Paid-up Capital

143000

Reserves & Surplus

NIL

Profit & Loss Account

5820

Secured Loans

134680

Unsecured Loans

NIL

Deferred Tax Liability

5660

Application of Funds:

Net Fixed Assets

235596

Investments

NIL

Net Current Assets

53564

Misc. Expenditure

NIL

Deferred Tax Asset

NIL

Accumulated Losses

NIL

IV Performance of the Company (Amount in Rs. Thousands)

Turnover

108358

Total Expenditure

107560

Profit/(Loss) before tax

4770

Profit after tax

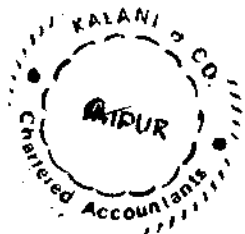
2413

Earning per share in Rs.

0.14

Dividend Rate %

Nil



V. **Generic Names of Three Principal Products/Services of Company** (as per monetary terms)
Item code No. (NIC code) 5513
Product description Woven Fabrics

Signature to Schedules 1 to 18 and Balance Sheet abstract.

In terms of our Audit Report of even date:
For KALANI & COMPANY
Chartered Accountants
FRN / 00722C



S.P. JHANWAR
Partner
M.No.74414

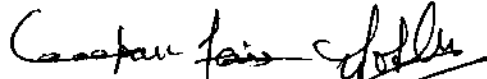
PLACE: BANSWARA
DATE: 12th May, 2011



MICHEL PETIT
Director



R.L. TOSHNIWAL
Director



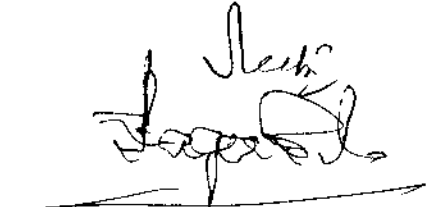
Sr. Manager A/c



Asst. Co. Secretary



Directors



CARREMAN FABRICS INDIA LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

(Figures in INR)

PARTICULARS	For the Year 2010-2011		For the Year 2009-2010	
	Detail Amount	Amount	Detail Amount	Amount
Cash Flow from Operating Activities				
Net Profit after tax as per Profit & Loss Account		2,412,772		4,686,976
Adjustment for:				
Provision for Tax		2,358,016		2,534,985
Net Profit before tax and extra ordinary items		4,770,788		7,221,961
Adjusted for :				
Depreciation	35,474,971		34,914,750	
Interest on term Loan	9,309,659		12,685,607	
Unrealised Foreign exchange (Gain)/Loss	(734,393)		(1,802,602)	
Interest on FDR & Others	2,256,201		1,448,244	
		46,306,438		47,245,999
Operating Profit before working capital changes		51,077,225		54,467,960
Adjusted for :				
Increase in trade and other receivables	(6,705,530)		11,974,469	
Increase in Inventories	(143,841)		(53,304)	
Increase in trade payable	4,040,456	(2,808,915)	(6,203,602)	5,717,562
Cash Flow from Operating Activities before Tax		48,268,311		60,185,522
Less: Fringe Benefit Tax Paid		-		-
Less: Prior-year Item		-		-
Net cash flow from Operating Activities (A)		48,268,311		60,185,522
Cash Flow from Investing Activities				
Purchase of Fixed Assets	(9,070,715)		(3,561,813)	
Interest on FDR & Others	(2,256,201)		(1,448,244)	
Net cash flow from Investing Activities (B)		(11,326,916)		(5,010,057)
Cash Flow from Financing Activities				
Proceeds from issue of share capital	-		-	
Payment against long-term borrowings	(24,547,647)		(16,530,853)	
Payment against Preference Dividend	(570,000)		(1,436,712)	
Dividend Distribution Tax	(94,671)		(244,170)	
Payment against Deferred Payment Credit	(16,430,932)		(9,706,567)	
Interest on term Loan	(9,309,659)		(12,685,607)	
Preliminary & Share Capital Issue Expenses	-	(50,952,909)	-	(40,603,908)
Net cash flow from Financing Activities (C)		(50,952,909)		(40,603,908)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)		(14,011,514)		14,571,558
Opening Balance of cash and cash equivalents		18,964,171		4,392,613
Closing Balance of cash and cash equivalents		4,952,657		18,964,170

- Notes: (1) The Above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 on Cash Flow Statement issued by the The Institute of Chartered Accountants of India.
(2) Cash and Cash equivalents as at the end includes Bank Balances & Deposits.
(3) Previous year's figures have been regrouped wherever necessary.

In terms of our Report of even date:

For **KALANI & COMPANY**
Chartered Accountants

FRN - 00702C

S.P.JHANWAR
Partner
M.No.74414

PLACE: BANSWARA
DATED: 12th May,2011

MICHEL PETIT
(Director)

R.L. TOSHNIWAL
(Director)

Sr. Manager A/c

Asst.Co. Secretary

(Directors)