

SUNANDA INDUSTRIAL MACHINERY LIMITED

ACCOUNTS

FOR THE YEAR ENDED

31st MARCH, 2010

**A. H. DESAI & ASSOCIATES
CHARTERED ACCOUNTANTS
MUMBAI : 400 002.**

DIRECTORS' REPORT:

To:
The Members,
SUNANDA INDUSTRIAL MACHINERY LIMITED

Your Directors have pleasure in presenting their Twenty Third Annual Report of the Company together with the audited statements of accounts for the year ended 31st March 2010.

1. FINANCIAL RESULTS:

During the year under review, your Company has made a loss of Rs.15139121/-. After adjusting the brought forward profit of Rs.5836662/- of the previous year, aggregate loss of Rs.9302459/- has been carried to the Balance Sheet.

2. HOLDING COMPANY:

The Company continues to be a Subsidiary of Mishapar Investments Limited.

3. DIRECTORATE:

Shri B.K. Ghiya, retires at the ensuing Annual General Meeting by rotation, but being eligible, offers himself for re-appointment.

4. DIRECTORS' RESPONSIBILITY STATEMENT:

As required under the provisions of Section 217 (2AA) inserted by the Companies (Amendment) Act, 2000 in the Companies Act, 1956, your Directors reports that:

- (i) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) 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 and of the loss of the Company for the period under review.
- (iii) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) The directors had prepared the annual accounts on a going concern basis;

5. PARTICULARS OF EMPLOYEES:

Your Company has not employed any person, and therefore, statement pursuant to Section 217 (2A) of the Companies Act, 1956, has not been annexed.

6. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Since your Company has not started any activities, particulars in respect of the above are NIL.

7. APPOINTMENT OF AUDITORS:

At the Annual General Meeting of the Company, Members are requested to appoint Auditors and fix their remuneration.

For and on behalf of the Board,



DIRECTOR

Registered Office:

Mafatlal House
Backbay Reclamation
Mumbai 400 020

MUMBAI,
DATED: 7th June 2010



A. H. DESAI & ASSOCIATES
Chartered Accountants

Parshwa Deep, 2nd Floor,
140/142 Shamaldas Gandhi Marg,
Mumbai - 400 002.
India

Tel/Fax : + 91 (22) 22081484
Mobile : + 91 9320422777

AUDITORS REPORT

To,
The Members of
"SUNANDA INDUSTRIAL MACHINERY LIMITED"

- 1 We have audited the attached Balance Sheet of **"SUNANDA INDUSTRIAL MACHINERY LIMITED"** as at **31st March 2010** and also the Profit and Loss Account 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 statement 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 mis-statement. An audit includes examining, on a test basis, evidence supporting the amount 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 We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purposes of our audit.
- 4 In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of the books.
- 5 The Balance Sheet and Profit and Loss Account dealt with by this Report are in agreement with the books of account.
- 6 On the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2010 from being appointed as Director under Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- 7 In our opinion, the Profit and Loss Account and the Balance Sheet dealt with this report comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956, to the extent applicable.
- 8 In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - a) In the case of Balance Sheet, of the state of affairs of the company as at **31st March, 2010**
 - and
 - b) In the case of Profit & Loss Account, of the Loss for the year ended on that date.
- 9 As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report that :



A. H. DESAI & ASSOCIATES
Chartered Accountants

Parshwa Deep, 2nd Floor,
140/142 Shamaldas Gandhi Marg,
Mumbai - 400 002.
India

Tel/Fax : + 91 (22) 22081484
Mobile : + 91 9320422777

1. The nature of the Company's business activities during the year is such that the requirements of clause (i) (ii) (iii) (v) (vi) (viii) (xi) (xii) (xiii) (xiv) (xv) (xvi) (xvii) (xviii) (xix) (xx) of paragraph 4 of the order are not applicable to the Company.
2. In our opinion and according to the information and explanation given to us, there are adequate internal control procedure commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and sale of goods & services and we have not observed any continuing failure to correct major weakness in such internal controls.
3. The Company did not have internal audit system during the year.
4. In respect of its statutory dues according to the information and explanations given to us:
 - a. The company has been regular in depositing undisputed statutory dues, including Income-tax, cess and any other material statutory dues with the appropriate authorities during the year.
 - b. According to the information and explanations given to us, there are no disputed income-tax, cess, which have not been deposited with the relevant authorities.
5. The Company has accumulated losses at the end of the financial year which are more than fifty percent of its net worth. The company has incurred cash losses during the current year, but not in the immediately preceding financial year.
6. To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud on or by the Company was noticed or reported during the year.

For **A. H. DESAI & ASSOCIATES**
CHARTERED ACCOUNTANTS


(Y. A. DESAI)
PARTNER
M.No. 16487

PLACE : MUMBAI

DATED : 7TH JUNE, 2010

SUNANDA INDUSTRIAL MACHINERY LIMITED

BALANCE SHEET AS AT 31st MARCH, 2010

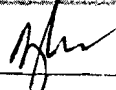
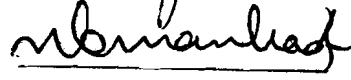


	Schedule	Rupees	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
I. SOURCES OF FUNDS :				
1. Shareholders' Funds :				
Share Capital	1		500,020	500,020
Reserves and Surplus	2		-	5,836,662
			500,020	6,336,682
2. Loan Funds :				
Unsecured Loans	3		202,605,000	232,605,000
Total			203,105,020	238,941,682
II. APPLICATION OF FUNDS :				
1. Current Assets, Loans and Advances :				
Cash & Bank Balances	4	130,439,981		83,937,356
Advances recoverable	5	104,295,420		180,977,191
Sundry Debtors	6	3,611,623		1,018,016
		238,347,024		265,932,563
Less:				
Current Liabilities & Provisions :				
Current Liabilities	7		44,544,463	26,990,881
			193,802,561	238,941,682
2. Miscellaneous Expenditure:				
Debit Balance in Profit & Loss Account			9,302,459	-
Total			203,105,020	238,941,682

As per our Attached Report of even date

For A. H. DESAI & ASSOCIATES
Chartered Accountants


Y.A. DESAI
PARTNER

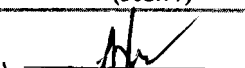



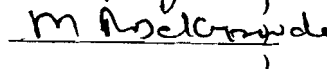


Mumbai
Dated: 17 JUN 2010

BKG. )
NBM )
MDP ) Directors
MRD )

Mumbai
Dated: 17 JUN 2010

SUNANDA INDUSTRIAL MACHINERY LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010

	<u>Schedule</u>	<u>Rupees</u>	<u>Previous Year Rupees</u>
<u>INCOME :</u>			
Sales		5653982	5182885
Sundry Credit balance written off		25950	-
Interest received on loan paid (TDS Rs.2466/- P.Y Rs. NIL)		24658	-
Interest received on Bank Deposits. (TDS Rs.861241/- P.Y Rs. 801615/-)		5314228	4650474
		<u>11018818.4</u>	<u>9833359</u>
<u>EXPENSES:-</u>			
Purchases		5589419	5135345
Auditor's Remuneration		27,575	27,406
Filing Fees		2,350	3,100
Misc Expenses		63,376	99,087
Bank Charges		138	666
Interest paid - others		20,475,081	-
Total		<u>26,157,939</u>	<u>5,265,604</u>
Profit/ (Loss) for the year		(15,139,121)	4,567,755
Provision no longer required written back		-	5,866,689
		<u>(15,139,121)</u>	<u>10,434,444</u>
Provision for Income Tax		-	3,000,000
Profit/ (Loss) after Income Tax		(15,139,121)	7,434,444
Balance brought forward from previous year		5,836,662	(1,597,782)
Surplus/Deficit carried to Balance Sheet		<u>(9,302,459)</u>	<u>5,836,662</u>
Earnings per share (basic/diluted) Rs.		(302.77)	148.68
As per our Attached Report of even date	BKG.		
For A. H. DESAI & ASSOCIATES Chartered Accountants	NRM		
 Y.A. DESAI PARTNER	MDP	 Directors	
	MRD		
Mumbai Dated: 	Mumbai Dated: 		

SUNANDA INDUSTRIAL MACHINERY LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010

SCHEDULE - 1

	<u>Rupees</u>	<u>As at 31.03.2009 Rupees</u>
<u>SHARE CAPITAL</u>		
Authorised :		
100,000 (Previous year 10,000) Equity Shares of Rs.10/- each	1,000,000	1,000,000
Issued & Subscribed :		
50,002 Equity Shares of Rs.10/- each, fully paid- up (Out of the above 50,000 shares are held by Mishapar Investments Limited the holding company and/or its nominees)	500,020	500,020
Total	<u>500,020</u>	<u>500,020</u>

SCHEDULE - 2

RESERVES AND SURPLUS

Surplus brought forward from Profit & Loss account	-	5,836,662
Total	<u>-</u>	<u>5,836,662</u>

SCHEDULE - 3

UNSECURED LOANS :

Short Term Loans and Advances:		
From Holding Company	-	30,000,000
From Others	202,605,000	202,605,000
Total	<u>202,605,000</u>	<u>232,605,000</u>

SCHEDULE - 4

Cash & Bank Balances

Cash in hand	3,780	4,080
With Schedule Bank:		
In Current Account	10,436,201	6,433,276
In Fixed Deposit:	120,000,000	77,500,000
Total	<u>130,439,981</u>	<u>83,937,356</u>

SCHEDULE - 5

Advances: (Secured) - (Considered good)		
Advance recoverable in cash or in kind	100,000,000	180,218,050
Interest accrued but not due	1,538,636	759,141
Advance payment of Income Tax	2,756,784	0
Total	<u>104,295,420</u>	<u>180,977,191</u>

SCHEDULE - 6

Sundry Debtors (Unsecured) - (Considered good)		
Outstanding for a period of more than six months	-	-
Others	3,611,623	1,018,016
Total	<u>3,611,623</u>	<u>1,018,016</u>

SCHEDULE - 7

Current Liabilities and Provisions:

Sundry Creditors		
Others	44,302,582	26,100,391
Tax Provision (net of advance tax)	241,881	890,490
Total	<u>44,544,463</u>	<u>26,990,881</u>

SUNANDA INDUSTRIAL MACHINERY LIMITED

SCHEDULE - 8

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES:

1 Basis of Preparation

The accounts have been prepared to comply in all material aspects with applicable accounting standards in India and the applicable accounting standards notified u/s. 211 (3C) of the companies Act, 1956 and the relevant provisions thereof. The company follows the accrual method of accounting under historical cost convention. The accounting policies have been consistently applied by the company and are consistent with those used in previous year.

2 Use of Estimates

The preparation of the financial statements requires the Management to make estimates and assumptions considered in the reported amount of assets and liabilities including Contingent Liabilities as of the date of the financial statements and the reported income and expenses for the reporting period. Although these estimates are based upon historical event and managements's best knowledge of current events and actions, actual results could differ from those estimates. Material estimates used in these financial statements that are susceptible to change as more information becomes available include useful economic lives of property, plant and equipment, retirement benefits ,guarantees, warranties and income taxes.

3 Revenue Recognition:

Revenue (Income) is recognized when no significant uncertainty as to determination on realization exists. Sales are recognized net of trade returns and discounts on dispatch of goods to customers. Interest income is accounted on accrual basis. Dividend Income is accounted for when right to receive income is established.

4 Inventories

Items of inventories are valued at cost or net realizable value, whichever is lower. The cost is determined on FIFO basis.

5 Taxes on Income:

Tax expense comprises both Current and deferred tax at the applicable enacted/substantively enacted rates. Current tax represents the amount of income tax payable/recoverable in respect of the taxable income/loss for the reporting period. Deferred tax represents the effect of timing differences between taxable income & accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods.

6 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 events 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 the financial statements.

B. NOTES ON ACCOUNTS :

	Current year Rs.	Previous year Rs.
I. Payment to Auditors - Audit Fees	20000	12500
- Tax Audit Fees	5000	5000
- Auditors other expenses	-	8000
- Service Tax	2575	1906
	27575	27406

2. The Company has not received any intimation from 'suppliers' regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.

3. Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956 (to the extent applicable to the Company):

(a) Turnover - goods traded in	Currents Year		Previous Year	
	Units(Mtrs.)	Rupees	Units(Mtrs.)	Rupees
Fabrics	72934.00	5653982.40	70113.95	5182884.70

(b) Purchases - goods traded in	Units(Mtrs.)		Rupees	
	Units(Mtrs.)	Rupees	Units(Mtrs.)	Rupees
Fabrics	72934.00	5589419.00	70113.95	5182884.70

SUNANDA INDUSTRIAL MACHINERY LIMITED

SCHEDULE - 8 (contd...)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

- 4 **Earnings per share**
Earnings per share is calculated by dividing the (loss) attributable to the Equity Shareholders by the weighted average number of equity shares outstanding during the year as under:

	Current Year	Previous Year
Loss after tax (In Rupees)	(15,139,121)	7,434,444
Loss attributable to Equity Shareholders	(15,139,121)	7,434,444
Weighted average number of Equity shares outstanding during the year	50,002	50,002
Basic/Diluted Earning per share (In Rupees)	(302.77)	148.68
Nominal Value per share (In Rupees)	10.00	10.00

5 **Deferred Tax**

The Company has implemented Accounting standard 22 on Accounting for taxes on Income, issued by the Institute of Chartered Accountants of India. The Company has carried forward tax losses, however deferred tax asset has not been recognised since there is no reasonable/ virtual certainty of realisation of the same.

- 6 As at 31st March, 2010 the Company has reported accumulated loss of Rs:93.02 lacs (Previous year surplus Rs58.37 lacs). The parent company and its associates have from time to time made arrangements for finance to enable the company to continue operations.

The parent company and its associates have committed to provide necessary level of financial support to the company to enable it to operate in the foreseeable future. Accordingly therefore this financial statements have been prepared on going concern basis.

7 **Related Party Transactions**

Names of related parties and description of relationship where transactions have taken place during the period:

Mafatal Industries Limited - Holding Company

Enterprises over which key management personnel and their relatives are able to exercise significant influence:

Mafatal Industries Limited
Navin Fluorine International Limited

Details of transactions with related parties during the period:

Nature of transactions	Amount in Rupees	
	Current Year	Previous Year
Mafatal Industries Limited		
Advance given	30000000	570000000
Amount due to as at the year end	-	30000000
Loans taken/refunded	-	540000000
Loans given	72500000	-
Loans refunded	22500000	-
Loan due to at the year end	-	30000000
Loan due from at the year end	100000000	-
Navin Fluorine International Limited		
Advance given	-	-
Amount due to as at the year end	241247848	223013398
Loans taken/refunded	-	-11195000
Loan/Interest due at the year end	241247848	223013398

SUNANDA INDUSTRIAL MACHINERY LIMITED

8 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration No. 44629 State Code: 11
Balance Sheet Date 31.03.2010

II Capital raised during the year (Amount in Rupees thousands)
Public Issue Rights Issue
NIL NIL
Bonus Issue Private Placement
NIL NIL

III Position of Mobilisation and Deployment of Funds
(Amount in Rupees thousands)
Total Liabilities Total Assets
238,347 238,347

Sources of Funds :

Paid up Capital Reserves and Surplus
500 -
Secured Loans Unsecured Loans
- 202,605

Application of Funds

Net Fixed Assets Investments
NIL NIL
Net Current Assets Miscellaneous Expenditure
193,803 NIL
Accumulated Losses
9,302.46

IV Performance of Company (Amount in Rupees Thousands)

Turnover Total Expenditure
11019 26,158
Profit before Tax Profit after Tax
(15,139) (15,139)
Earnings per share in Rs. Dividend %
(302.77) NIL

V Generic Names of Three Principal Products / Services of Company
(as per monetary terms)

Item Code No. (ITC CODE) N.A.
Product Description N.A.

9 Figures of the previous year have been regrouped wherever necessary to confirm with the figures of the current year.

Signatures to Schedules 1 to 9


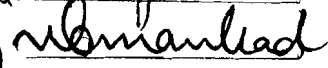

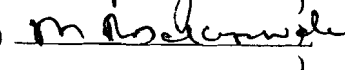
As per our Attached Report of even date

For A. H. DESAI & ASSOCIATES
Chartered Accountants


Y.A. DESAI
PARTNER

Mumbai
Dated:




B.K.G.)
N.B.M. )
M.D.P. ) Directors
M.R.D. )

Mumbai
Dated:



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010

	Rs.	Previous Year Rs.
A. Cash flow from Operating Activities		
Profit/(Loss) before Tax	(15,139,121)	10,434,444
adjustment for :		
Provision no longer required written back	-	5,866,689
Operating profit/(loss) before working capital changes	(15,139,121)	4,567,755
Increase in Sundry Creditors	17,553,582	23,539,059
Decrease/ (Increase) in Advances	79,438,555	563,471,664
Decrease/ (Increase) in Sundry Debtors	(2,593,607)	1,561,685
Net cash generated from operations	79,259,409	593,140,163
Direct Tax Paid	(2,756,784)	(801,615)
Net cash generated from operating activities	76,502,625	592,338,548
B. Cash Flow from Financing Activities		
(Decrease)/ Increase in loan fund	(30,000,000)	(551,195,000)
Net cash generated from / (used in) financing activities	(30,000,000)	(551,195,000)
Net increase/(decrease) in cash and cash equivalent	46,502,625	41,143,548
Cash and cash equivalent at beginning of the year	83,937,356	42,793,808
Cash and cash equivalent at end of the year	130,439,981	83,937,356

Note: In the previous year, provision no longer required written back, has been considered as non-cash transaction.


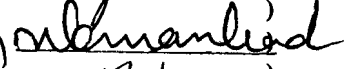
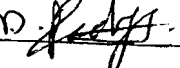
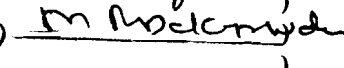
As per our Attached Report of even date

For A. H. DESAI & ASSOCIATES
Chartered Accountants


Y.A. DESAI
PARTNER

Mumbai

Dated: 7 JUN 2010

BKG. )
NBK )
MDP ) Directors
MRD )

Mumbai

Dated: 7 JUN 2010