

# MY WORDS

Dear Shareholders,

The global economy is gradually picking up from the worst of the meltdown of 2008. While growth rates have moderately improved, it will still take some time to get back to the pre-crisis regime. However, the fundamentals of the global economy appear to be reasonably good. The IMF has forecasted a growth of 2.3% for the advanced countries and 6.3% for the emerging economies. Out of all the countries, China's growth has remained most impressive. Its economy has recorded a double-digit growth for the last several quarters and it continues to surge and lead developing economies.

India also is on a strong growth track, our economy is slated to grow in excess of 8% just in the vicinity of double digit. Consumer spending is gaining momentum. Private investment is picking up steam globally and in India too, the trend is encouraging. These aspects will certainly contribute in your Company's growth and performance. However the high inflation is concerning policy makers world over, especially in emerging countries like India. The central banks are raising the interest rates to control inflation which in turn has started affecting growth rates negatively.

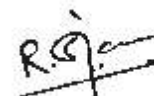
The company recorded a turnover Rs 53.56 crores in 2010-11 as against Rs 67.64 crores in 2009-10. In the preceding year, margins and turnover were higher because of SAIL turnkey ERW pipe project. Excluding the same, the company has achieved a good growth in turnover and profits. Looking to the current order book position in the current year, company is hopeful of nearly achieving the record turnover.

New developments as well as modifications in existing models are necessary to offer value for money to our esteemed customers. Development of new NC Fly Cut off machine for Tube Mills and NC Carbide Circular Sawing Machine for bigger size bar cutting has been taken for commercial production and market response is good for the same. Apart from Designing and manufacturing activities, company's trading divisions are performing well. Company has plans to set up Industrial Supply Division wherein about a Lac products required by the Engineering Industries will be traded through a Dynamic Web Portal, presently, viability, study and research work is in progress regarding the same.

We remain committed to improve the shareholders value and towards this end, we are continuously looking for the opportunities and are upgrading the infrastructure befitting to the same.

The support of our shareholders, business associates, valued customers and financial institutions has always been a source of strength to us and we thank all of them wholeheartedly for remaining the integral part of our growth story. I also wish to thank all the employees for their devoted efforts in bringing the company to the present level.

Thanking you,



Er Rajendra Singh Jain  
Chairman

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## **DIRECTORS**

Manohar Singh Jain  
Rajendra Singh Jain - Managing Director  
Mahendra Singh Jain - Whole Time Director  
N.Chakraborty  
Dinesh Jain  
Dr.S.K.Kapoor

## **AUDITORS**

M/s. Mahaveer M.Jain & Co.  
Chartered Accountants  
105, Silver Sanchora Castle  
7-8, R.N.T. Marg  
INDORE-452001 (M.P.)

## **REGISTERED OFFICE & WORKS**

111, Sector-B,  
Sanwer Road,  
Industrial Area,  
INDORE-452015 (M.P.)

## **BANKERS**

**State Bank of India**  
Industrial Finance Branch,  
Khel Prashal,  
Race Course Road,  
INDORE (M.P.)

## **State Bank of India**

S.M.E. Branch,  
Pologround  
INDORE (M.P.)

## **ADVISORS/CONSULTANTS**

Mahendra Badjatya & Co.  
Chartered Accountants  
208, Mourya Centre  
Race Course Road, INDORE (M.P.)

## **DIVISIONS**

Indtools Sales & Services  
Indore Saws & Tools  
ITL-e Supply

## **REGISTRAR & SHARE TRANSFER AGENT**

M/s.Ankit Consultancy Pvt.Ltd.  
Plot No.60, Electronic Complex  
Pardeshipura INDORE (M.P.) - 452010  
Phone No. : 0731-3198601, 3198602, 2551745

**ISIN (DMAT) NO.: 478D01014**

**Website : [www.itl.co.in](http://www.itl.co.in)**

**BSE Scrip Code :522183**

**NSIC - CRISIL RATING :- SE2A**

**NOTICE**

**NOTICE** is hereby given that the 23rd Annual General Meeting of the members of **ITL INDUSTRIES LIMITED** will be held on Wednesday the 28th September, 2011 at 11.30 A.M. at the Registered Office of the Company, 111, Sector-B, Sanwer Road, Indore (M.P.) to transact the following business:

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the Financial year ended on that date alongwith the Report of Directors and Auditors thereon.
2. To declare dividend on Equity Shares for the year ended 31st March, 2011.
3. To elect Director in place of Shri Dinesh Jain, who retires by rotation and being eligible offer himself for reappointment.
4. To elect Director in place of Dr. S.K. Kapoor, who retires by rotation and being eligible offer himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

**Regd. Office :**

111, Sector-B  
Sanwer Road, Industrial Area  
INDORE-452015 (M.P.)  
DATED : 25/08/2011

**For and On behalf of the Board**

**RAJENDRA SINGH JAIN**  
(MANAGING DIRECTOR)

**NOTES**

- 01. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIM AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING.**
02. The Register of Members and the Share Transfer Books of the Company shall remain closed from Saturday the 24th September, 2011 to Wednesday the 28th September, 2011 (Both days inclusive).
03. (a) Members are requested to send their queries, if any, at least 7 days in advance of the meeting, so that the information can be made available at the meeting.  
(b) Further, they are requested to bring at the meeting with them the printed Annual Report & Accounts being sent to them along with the Notice to avoid inconvenience.  
(c) Members/proxies should bring the Attendance slip sent herewith, duly filled, for attending the Meeting.  
(d) Members who hold shares in Electronic Form are requested to bring their Depository ID number and client ID number to facilitate easier identification for attendance at the Annual General Meeting.
04. The Shareholders are hereby informed that all the correspondence in connection with the shares be addressed to the Registrar & Share Transfer Agent M/s. Ankit Consultancy Pvt. Ltd., Plot No.60, Electronic Complex, Pardeshipura, Indore (M.P.).
05. Members holding shares in identical order of names in more than one folio are requested to write to the Company's Registrar & Share Transfer Agent enclosing their Share Certificates to enable the Company to consolidate their holding in one folio.
06. The Dividend, as recommended by the Board, if declared at the meeting will be paid, subject to the provisions of Section 206A of the Act, on or after 5th Oct., 2011 to those members or their mandates whose names stand registered on the Company's Register of Members :



- (a) as Beneficial Owners as at the end of business on 23rd September, 2011 as per the lists to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in Electronic Form, and,
- (b) as Members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Registrar & Transfer Agent before 24th September, 2011. The Instruments of Share Transfers, complete in all respects, should reach the Registrar & Share Transfer Agent of the Company M/s. Ankit Consultancy Pvt. Ltd. at Plot No.60, Electronic Complex, Pardeshipura, Indore (M.P.) well before the Book Closure Date as stated above.
07. In order to avoid the risk of loss/interception of dividend warrants in postal transit and / or fraudulent encashment of dividend warrants, shareholders are requested to avail the ECS facility whereby the dividend will be directly credited electronically to their respective Bank accounts. This will ensure speedier credit of dividend. You may use the enclosed "ECS Mandate Form" and forward necessary details to the Company or Depository Participant, as the case may be, to avail benefit from the service.
08. (a) Members are requested to notify the change in address if any, the name of Bank(s) with account number(s) for inscribing it on the face of dividend warrant(s) to avoid the fraudulent encashment of the same. Members holding Shares in Electronic Form should send the above information to the respective Depository Participants.
- (b) In case mailing address mentioned on the Annual Report is either without Pin Code or with incorrect Pin Code, members are requested kindly inform to Registrar & Share Transfer Agent of the Company or the respective Depository Participant (s), as the case may be, their Pin Code immediately for speedy and proper delivery.

#### 09. NOMINATION

As per the provisions of the amended Companies Act, 1956, facility for making nominations is now available to INDIVIDUALS holding shares in the Company. The Nomination Form-2B prescribed by the Government can be obtained from the Share Department of the Company.

#### 10. OUTSTANDING CALL MONEY :

Members who have not yet deposited call money on the partly paid shares are requested to deposit call money amount alongwith simple interest @ 12% per annum to the Company before the Book-closing date i.e. upto 23rd September, 2011 failing which they will not be entitled for dividend on the partly paid-up shares.

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DATED : 25/08/2011

For and On behalf of the Board

**RAJENDRA SINGH JAIN**  
(MANAGING DIRECTOR)

**DETAILS OF THE DIRECTORS SEEKING  
RE-APPOINTMENT IN FORTHCOMING ANNUAL GENERAL MEETING**

(In pursuance of Clause 49 of the Listing Agreement)

<b>Name of Director</b>	<b>Shri Dinesh Jain</b>	<b>Dr. S.K.Kapoor</b>
Category	Independent Director Non-Executive	Independent Director Non-Executive
Inter relationship	Not related	Not related
Date of Birth	25th May, 1959	12th October, 1931
Date of Appointment	19th August, 1994	30th December, 2005
Qualification	B.Com, L.L.B.	M.Com, L.L.B.
Expertise in specific Functional areas	Independent Director of Company and wide experience in business	Independent Director of Company and retired Labour Commissioner.
List of other Public Companies in which Directorships held	NIL	NIL
Chairman / Member of the Committee of the Board of Directors of the Company (includes only Audit Committee and Shareholders' /Investors' Grievance Committee	1. Audit Committee- Chairman 2. Shareholders'/Investors' Grievance Committee-Member	1. Audit Committee- Member 2. Shareholders'/Investors' Grievance Committee-Member
Chairman / Member of Committees of other Public Companies (includes only Audit Committee and Shareholders' /Investors' Grievance Committee	NIL	NIL
Shareholdings in the Company	22900	NIL



## DIRECTOR'S REPORT

Your Directors have pleasure in presenting the 23rd Annual Report of the Company and the Audited statement of accounts for the year ended 31st March, 2011.

### 01. FINANCIAL RESULTS :

( Amount in Rs.)

		<b>Financial year ended 31.03.2011</b>	<b>Financial year ended 31.03.2010</b>
a)	Sales & Other Income	<b>535572461</b>	676369793
b)	Profit before interest, Depreciation & Tax	<b>55501577</b>	97787321
c)	Less : - Interest and Finance Charges	<b>11172831</b>	12127413
	- Depreciation	<b>7686261</b>	7040302
d)	Profit before Tax	<b>36642485</b>	78619606
e)	Less : Provision for Tax Current year	<b>12000000</b>	27000000
f)	Less : Deferred Tax Liabilities	<b>500000</b>	1176850
g)	Less : Income Tax earlier year	<b>2468360</b>	394703
h)	Profit after Tax	<b>21674125</b>	50048053
i)	Profit brought forward from previous year	<b>4114439</b>	301597
j)	Profit available for appropriations	<b>25788564</b>	50349650
k)	Transferred to General Reserve	<b>20000000</b>	42500000
l)	Proposed Dividend	<b>3203200</b>	3203200
m)	Provision for Dividend Distribution Tax	<b>532011</b>	532011
n)	Balance carried to Balance Sheet	<b>2053353</b>	4114439

### 02. DIVIDEND :

Your Directors are pleased to recommend Dividend at the rate of Rs. 1/- Per share (previous year 1/- per share) for the year ended 31st March, 2011 subject to approval of the members in the ensuing Annual General Meeting .

### 03. OPERATIONS :

During the year under review, the sales & other Income of Company decreased from Rs. 6763.70 lacs to Rs.5355.72 lacs , because in the year 2009-10 the Company had executed a special project of SAIL & due to above, profit after Tax of the Company for the year under review has also decreased from Rs. 500.48 lacs to 216.74 lacs.

### 04. FUTURE OUTLOOK :

The growth outlook for the Indian economy in the near term remains positive on account of inter-alia, the following factors: (a) expectations that the industrial sector would remain buoyant; (b) increase in corporate sales and profitability; (c) pick-up in order books and capacity utilization as per different survey results; (d) turnaround in exports with improving global conditions; (e) pick-up in lead services indicators for transportation, telecommunication and construction and;(f) revival in credit demand from the private sector.

### 05. DIRECTORS :

Shri Dinesh Jain and Dr.S.K.Kapoor, retire by rotation and being eligible, offers themselves for re-appointment.

### 06. DIRECTORS' RESPONSIBILITY STATEMENT :

As stipulated in section 217 (2AA) of Companies Act,1956, your Directors subscribe to the "Directors' Responsibility Statement" and confirm as under :

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;



- ii) that the Directors have 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 profit of the Company for that period;
- iii) that the Directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provision of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors have prepared the annual accounts on going concern basis.

**07. PUBLIC DEPOSIT :**

During the year under review, your company has neither invited nor accepted any deposit under the provisions of Section 58-A of the Companies Act, 1956 and rules made there under.

**08. PERSONNEL :**

No employee is in receipt of remuneration exceeding the limits set out under section 217 (2A) of the Companies Act, 1956.

**09. AUDITORS :**

The Auditors M/s. Mahaveer M. Jain & Company, Chartered Accountants, Indore shall cease to hold office at the end of the ensuing Annual General Meeting and being eligible offers themselves for re-appointment.

**10. CORPORATE GOVERNANCE :**

Your Company has taken adequate steps to ensure that all mandatory provisions of "Corporate Governance" as provided in the Listing Agreement of the Stock Exchanges with whom the Company's shares are listed, are duly complied with .

A Detailed report on Corporate Governance and a certificate from the Auditor of the Company regarding Compliance of conditions of Corporate Governance as required under Clause 49 of the Listing agreement is attached to this report .

**11. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE :**

Information in accordance with the provisions of Section 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Report of Board of Director) Rules, 1988 is given in the Annexure forming part of this report.

**12. INDUSTRIAL RELATIONS :**

Industrial relations of the Company remained cordial during the year.

**13. SUBSIDIARY COMPANY :**

M/s. Dimart Engineering Pvt. Ltd. and M/s. Luhadiya Sons Shahpura Pvt. Ltd. are subsidiaries of your Company. The business operations of the said companies have not been commenced.

The Statement pursuant to Sector 212 of the Companies Act, 1956, in respect of the Subsidiary Companies, is separately annexed and forms part of the Annual Report.

**14. CONSOLIDATED FINANCIAL STATEMENTS :**

The Directors also present the audited consolidated financial statements incorporating the duly audited financial statements of the subsidiaries, viz M/s. Dimart Engineering Pvt. Ltd. and M/s. Luhadiya Sons Shahpura Pvt. Ltd. and as prepared in compliance with the accounting standards and listing agreements.

**15. ACKNOWLEDGEMENT :**

We wish to acknowledge the understanding & support and the services of the workers, staff and executives of the Company, who have largely contributed to the efficient operations & management of the operations of the Company.

Your Directors also wish to place on record the valuable co-operation & support received from the Bankers and Financial Institutions.

We would also like to express thanks to our Shareholders for their confidence and understanding.

**Regd. Office :**

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INDORE-452015 (M.P.)  
DATED : 25/08/2011

**For and On behalf of the Board**

**RAJENDRA SINGH JAIN**  
(MANAGING DIRECTOR)







## ANNEXURE TO THE DIRECTORS' REPORT

I. Information as per Section 217(i)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2011.

### A. RESEARCH & DEVELOPMENT :

- |  |   |
|--|---|
| 1. Specific areas in which R & D carried out by the Company. | The Research & Development activities resulted in the development of new range of products of the Company during the previous year. |
| 2. Benefits derived as a result.                             | Better Market coverage & New Market Development, cost reduction saving of Foreign Exchange on account of further indigenization.    |
| 3. Future plan on R & D                                      | To develop special purpose Machines /Plants.  |
| 4. Expenditure on R & D                                      |   |

	<b>2010-11</b>	<b>2009-10</b>	<b>2008-09</b>
a) Capital	Rs. 3.63 Lacs	Rs. 06.99 Lacs	Rs.15.07 Lacs
b) Recurring	Rs.106.36 Lacs	Rs. 78.71 Lacs	Rs.50.88 Lacs
Total :	<u>Rs.109.99 Lacs</u>	<u>Rs. 85.70 Lacs</u>	<u>Rs. 65.95 Lacs</u>
Total R & D expenditures as a Percentage of total turnover	2.05 %	1.27 %	1.91 %

### B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION :

- |  |   |
|--|---|
| 1. Efforts in brief made towards technology absorption   | Technology developed by R & D Department is fully absorbed for manufacturing of special purpose Machine.                        |
| 2. Benefits derived as a result of the efforts, e.g. product improvement, Cost reduction product development, import substitution etc. | Import substitution in the areas of special purpose machinery resulting in cost reduction and conservation of Foreign Exchange. |
| 3. a. Technology imported  | NIL   |
| b. Year of Import  | Not Applicable  |
| c. Has technology been fully absorbed  | --  |
| d. If no fully absorbed areas where this has not taken place reasons thereof and future plans of action.                               | Not Applicable  |

### C. CONSERVATION OF ENERGY :

- |   |  |
|---|--|
| a. Energy Conservation Measures taken   | The Company has no major scope for conservation of energy. |
| b. Additional investments and proposals if any, being implemented for reduction of consumption of energy.   | NIL  |
| c. Impact of the measures (a) and (b) above for reduction of energy consumption consequent impact on the cost of production of goods.                               | NIL  |
| d. Total energy consumption and energy consumption per unit of production as per Form A of the Annexure in respect of Industries specified in the schedule thereto. | Not Applicable   |

### D. FOREIGN EXCHANGE EARNING AND OUT GO :

The information of Foreign Exchange Earnings and out go is given in item No. 6 & 7 in Notes to Accounts.

**Regd. Office :**

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INDORE-452015 (M.P.)  
DATED : 25/08/2011

**For and On behalf of the Board**

**RAJENDRA SINGH JAIN**  
(MANAGING DIRECTOR)

**MANAGEMENT'S DISCUSSION AND ANALYSIS****INTRODUCTION :**

The objective of this discussion is to share the Management's view on the various developments in the business environment, challenges and opportunities, as well as to provide an analysis of the Company's performance. This discussion also summarizes the Company's internal control measures and significant development in Human Resources. This discussion should be read in conjunction with the Letter to Shareholders, Director's Report, Financial Statements and Notes to Financial Statements included in this Annual Report.

**i) INDUSTRY STRUCTURE AND DEVELOPMENTS :**

The Industry structure has remained the same in the domestic market. In some new products for Tube & Pipe Manufacturing Company, High Speed Circular Sawing Machines, ITL has captured a reasonable market size. More and more technological advancement and updation of latest technology creates an opportunity to penetrate into new products line & global market in near future. The Company has started a new division in the name of ITL e-supply for industrial supply purpose thru website orders booking.

**ii) OPPORTUNITIES AND THREATS :**

There is significant change in the outlook compared to last year. The Company continues to enhance opportunities for growth by focusing on introduction of new products and putting high emphasis on after sales & services of the products along with up gradation of technology.

The Company faces the normal threats, risks and concerns which are associated with competition from local and overseas manufacturers.

**iii) SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE :****a) MANUFACTURING DIVISION :-**

Manufacturing Division has achieved Sales / Income of Rs. 4486.30 lacs in the year 2010-11 as against Rs. 6065.18 lacs in the year 2009-10. This apparent decrease in turnover is due to the fact that the Company had executed a major project for SAIL and during the previous financial year i.e. 2009-10, major portion of the total project was billed. If this being excluded, the Company's growth is on upward swing and apart from Bandsaw Machines, designing and manufacturing of equipments for production of Pipes and Tubes as well as Special Purpose Equipment based on customers needs is on up-beat. Some new models of metal cutting machines have been developed in-house and the Company is receiving good response from the customers.

**b) TRADING DIVISION :-**

Trading Division of Hydraulics has achieved Sales / Income of Rs. 869.42 lacs in the year 2010-11 as against Rs. 698.52 lacs in the year 2009-10. During the current financial year the above division is also receiving good orders from the customers.

**iv) OUTLOOK:**

In current year the Company is confident of growing much faster in comparison to economy & capital goods industry looking to the present level of Orders and Enquires for Manufacturing Division i.e. Bandsaw and Tube & Pipe Manufacturing equipment are showing good sign of recovery.

ITL's outlook on over-seas markets and domestic market are positive on account of its strength on cutting edge technology, cost and effective after sales services.

**v) RISKS AND CONCERNS:**

The Company is falling under the capital goods industry, the growth of which is determined by overall growth of the Industry.

An overall concern is pertaining to the pressure on the profitability. However, ITL has taken all measures to reduce the Direct and Indirect cost. During the current year, the Tube and Pipe Manufacturing Division is showing excellent growth in orders and inquiry due to the overall growth of Industry. The advancement of technology and strategic positioning of products is expected to give better results.

**vi) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

The Company has well established internal control systems and to further strengthen the systems, it has appointed an external firm of Chartered Accountants to carry out Internal Audit and to review the internal control measures.

**vii) DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:**

During the year under review, the sales & other Income of Company decreased from Rs. 6763.70 lacs to Rs. 5355.72 lacs & profit after Tax of the Company for the year under review has also decreased from Rs. 500.48 lacs to 216.74 lacs. This is due to execution of a special project for SAIL during the financial year 2009-10, otherwise overall growth of the Company is good.

We were satisfied with the Sales Turnover and Profit of the Company achieved during the year under review.

**viii) MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT:**

ITL Industries continues to consolidate the belief that employees are our key resource. We continue to maintain a relatively young age factor amongst our employees and we are happy to report that they have taken full advantage of the opportunities that have been created for them. It continues to encourage innovative thinking as well as invest in internal training programs and initiatives for employees. We are proud to say that we are well on our way to establishing a work culture and environment in which every employee feels stimulated and motivated to contribute and perform.

We are proud to report that we have continue to maintain cordial Industrial Relations, and our employees actively participate in any initiative aimed at improving productivity, co-operation and understanding. This is indeed a proud achievement and we intend to continue to maintain this enviable track record.

**ix) DISCLAIMER STATEMENT:**

Report on Management Discussion and Analysis deals with the Company's objectives, estimates, expectations and forecasting which may be forward looking within the meaning of applicable Security Laws and/or Regulations.

The aforesaid statements are based on certain premises and expectations of future events as such the actual results may however defer materially from those expressed or implied. The Government Regulation, Tax structure, demand-supply conditions, cost of raw material & their availability, finished goods prices and economic development within India and the countries with which the Company has business relationship will have an important bearing on the statements in the above Report.

The foregoing discussions and analysis only set out the management perception of the Company's environments, in the coming months, which, by their very nature are uncertain and may undergo substantial changes in view of the events taking place later. Thus, the Company should and need not be held responsible, if, which is not unlikely, the future turns to be something quite different even materially, subject to this management disclaimer, this discussion and analysis should be perused.

**For and On behalf of the Board**

**RAJENDRA SINGH JAIN**  
(MANAGING DIRECTOR)

PLACE : INDORE  
DATED : 25.08.2011



## REPORT ON CORPORATE GOVERNANCE

Pursuant to Clause 49 of the listing agreement, a Report on Corporate Governance is given below:

### A. MANDATORY REQUIREMENTS

#### 1. Company's philosophy on Code of Governance

The Company's philosophy of Corporate Governance is aimed to assist the top management of the Company in the efficient conduct of its business and in meeting its obligations to shareholders.

#### 2. Board of Directors

##### Composition

The present strength of the Board is six Directors. The Board Comprises of Executive and Non-Executive Directors. The Non-Executive Directors bring independent judgment in the Board's deliberations and decisions. Two Executive Directors including Managing Director and Whole-time Director. There are four non-executive Directors.

ITL Industries Limited have certain rights enshrined in the Articles of Associations pertaining to appointment of Directors.

Physical attendance of each Director at the Board Meeting during the year 2010-2011 and the latest AGM.

Name of the Director	Category of Directorship	No. of Board Meeting held	No. of Board attended	Attendance at the last A.G.M.
Shri Rajendra Singh Jain (Managing Director)	Executive	09	09	No
Shri Mahendra Singh Jain	Executive	09	09	Yes
Shri Manohar Singh Jain	Non-Executive/Independent	09	09	Yes
Shri Dinesh Jain	Non-Executive/Independent	09	09	Yes
Shri N.Chakraborty	Non-Executive/Independent	09	00	No
Dr. S.K. Kapoor	Non-Executive/Independent	09	09	Yes

**Number of other Companies or committees the Director (being a Director as on the date of Directors' Report) is a Director / Chairman.**

Name of the Director(s)	No. of other Companies In which Director	No. of Committees (other than ITL Industries Ltd.) In which Member
Shri Rajendra Singh Jain	3	No
Shri Mahendra Singh Jain	4	No
Shri Manohar Singh Jain	1	No
Shri Dinesh Jain	1	No
Shri N.Chakraborty	No	No
Dr. S. K. Kapoor	No	No

#### Number of Board Meetings held and the dates of the Board Meetings

Nine Board Meetings were held during the year 2010-11, on the following dates :

Date	Day	Time	Date	Day	Time
15.05.2010	Saturday	4.00 P.M.	22.09.2010	Wednesday	3.00 P.M.
24.06.2010	Thursday	11.00 A.M.	30.10.2010	Saturday	4.00 P.M.
30.07.2010	Friday	4.00 P.M.	31.01.2011	Monday	4.00 P.M.
12.08.2010	Thursday	11.00 A.M.	31.03.2011	Thursday	3.00 P.M.
25.08.2010	Wednesday	4.00 P.M.			

## ITL INDUSTRIES LIMITED

### 3. Audit Committee :

#### Terms of Reference of Composition, Name of the Members and Chairman.

The Audit Committee comprises of Shri Dinesh Jain, Chairman of the Committee, Shri Manohar Singh Jain, Shri N.Chakraborty and Shri S.K.Kapoor all being Non-Executive Directors. The Managing Director, Executive Director along with Statutory Auditors are invitees to the meeting. The terms of reference of this Committee are wide enough covering matters specified for Audit Committee under the Listing Agreement / Companies Act, 1956.

#### Meeting and attendance during the year

Five meetings of the Audit Committee were held during the year 2010-11. The attendance of each member of the committee are given as under :

Name of the Director	No.of Meetings held	No.of Meetings attended
Shri Dinesh Jain	5	5
Shri Manohar Singh Jain	5	5
Shri S.K.Kapoor	5	5
Shri N.Chakraborty	5	Nil

### 4. Remuneration Committee :

The Remuneration Committee comprises of Shri Manohar Singh Jain , Chairman of the Committee, Shri Dinesh Jain, Shri N.Chakraborty and Shri S.K.Kapoor all being Non-Executive Directors. The Broad Terms of reference of the Committee is to ensure the remuneration practices of the Company in respect of the Executive Directors of the Company .

(A)The details of the remuneration paid to Whole time Directors during the year 2010-2011 are given below :

Name & Designation	All elements Of remuneration package i.e. Salary, benefits, bonus, pension, Gratuity etc.	Fixed Component and performance liked incentives alongwith the performance criteria	Service Contract, Notice period and Severance Fees	Stock option with details, if any, and whether issued at discount as well as the period over which exercisable
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Shri Rajendra Singh Jain (Managing Director)	29,23,855	NIL	NIL	NIL
Shri Mahendra Singh Jain (Whole Time Director)	26,75,000	NIL	NIL	NIL

#### Notes:

- The agreement with each of the Directors is for a period of five years.
- Presently, the Company does not have a scheme for the grant of stock options of its employees.

(B)The details of payments to Non-executive Directors during the year 2010-11 are given below :

(Rs.in lacs)

Name of Director	Sitting Fees	Commission
Shri N.Chakraborty	NIL	8,42,522

### 5. Investors / Shareholders Grievance Committee :

The Company has constituted an Investors / Shareholders Grievance Committee under the Chairmanship of Shri Manohar Singh Jain . The other three members of the Committee are Shri Dinesh Jain, Shri N.Chakraborty and Shri S.K.Kapoor. All the members of the Committee are Non-Executive Directors. The Committee looks into the Shareholders' and Investors' complaints. The number of shares pending for transfer were Nil as on 31st March, 2011.

### 6. General Body Meeting :

Details of the location of the past three AGMs and the details of the resolutions passed or to be passed by postal ballot.

- The last three Annual General Meetings of the Company were held at the Registered Office of the Company, 111-Sector-B, Sanwer Road, Industrial Area, Indore-452015 (M.P.).



### Details of Annual General Meeting (AGMs):

AGMs	Date of AGMs	Location	Time
20 <sup>th</sup>	27.09.2008	Registered Office	11.30 A.M.
21 <sup>st</sup>	24.09.2009	Registered Office	11.30 A.M.
22 <sup>nd</sup>	29.09.2010	Registered Office	11.30 A.M.

All the Resolutions set out in the respective Notices were passed by the Share-holders.

b) No resolution requiring postal ballot as recommended under Clause 49 of the Listing Agreement had been placed for Shareholders' approval at the Meeting.

### 7. Subsidiary Companies :

M/s. Dimart Engineering Pvt. Ltd. (80% shares stake by the Company) and M/s. Luhadiya Sons Shahpura Pvt. Ltd. (53.72% shares stake by the Company), both are subsidiary Companies. As per the provisions of Clause 49, both are non-listed subsidiaries.

### 8. Disclosures :

- Disclosures on materially significant related party transactions i.e., transactions of the Company of material nature, with its promoters, the Directors or the Management, their subsidiaries or relatives etc., that may have potential conflict with the interests of the Company at large.

Details are given elsewhere in the Annual Report. Please refer to item No. 13 of the Notes to the Accounts.

- Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years - NIL.

### 9. Means of Communication :

- Half-yearly sent to the each household of shareholder No, as the results of the Company are published in newspapers.
- Quarterly Result -do-
- Any website where displayed www.itl.co.in
- Whether it is also displayed in official newspapers, and No
- The presentations made to institutional newspapers, and No
- Newspapers in which results are normally published in - Free Press Journal  
- Choutha Sansar
- Whether MD & A is a part of Annual Report Yes

### 10. General Shareholder information :

- **Annual General Meeting :**
- Date - 28<sup>th</sup> September, 2011
- Time - 11.30 A.M.
- Venue - 111, Sector-B, Sanwer Road, Industrial Area, Indore-452015 (M.P.)

### - Financial Calendar :

Quarter	Period	Publication of Results
First	April to June	Last week of July
Second	July to September	Last week of October
Third	October to December	Last week of January
Fourth	January to March	May / June

- Date of Book Closure 24.09.2011 to 28.09.2011
- Dividend payment dated During October, 2011
- Listing on Stock Exchanges The Stock Exchange, Mumbai (Listing fee for the year 2011-12 has been paid)
- Stock Code-Physical 522183 on Stock Exchange, Mumbai
- ISIN Number for NSDL & CDSL INE478D01014
- Market Price Data: High & Low during each month in the last financial year: Annexure-I

**Annexure-I**

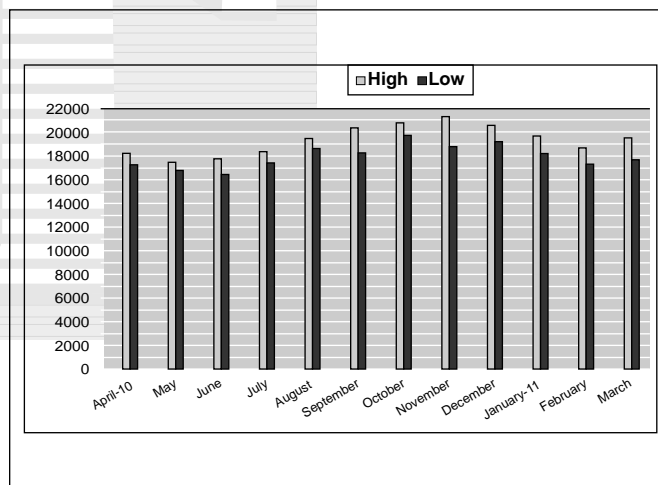
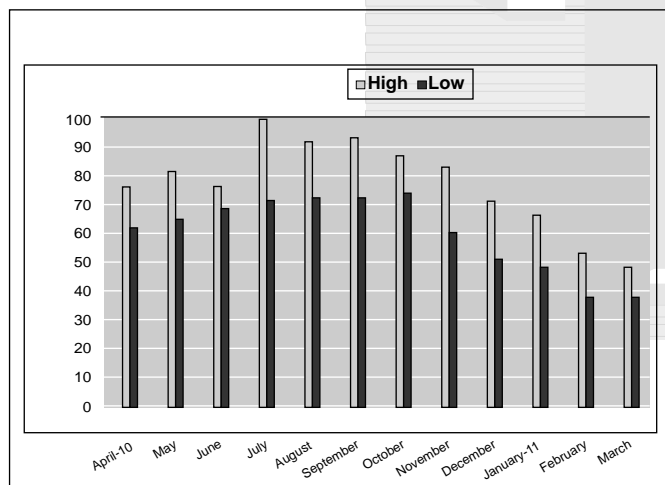
High / Low of market price of the Company's shares traded on The Stock Exchange, Mumbai during the financial year 2010-11:  
(Amount in Rs.)

Month	Highest	Lowest	Month	Highest	Lowest
April, 2010	76.15	61.80	October	87.40	74.10
May	81.00	63.40	November	83.00	60.00
June	76.75	69.00	December	70.80	51.55
July	99.65	71.50	January, 2011	66.25	48.50
August	91.00	72.00	February	53.45	38.50
September	93.55	72.55	March	49.90	38.00

- Stock Performance in comparison to broad-based indices such as BSE Sensex, BSE 200, Nifty

As per Annexure-II

**STOCK PERFORMANCE Vs BSE SENSEX**



- Registrar and Share Transfer Agent

M/s. Ankit Consultancy Pvt. Ltd.  
Plot No.60, Electronic Complex  
Pardeshipura, INDORE (M.P.) - 452010  
Phone No. : 0731-3198601, 3198602

- Share Transfer System

All transfers received are processed and approved by the Share Transfer Committee which normally meets once in a month, or at more frequency depending on the volume of transfers.



- **Distribution of Shareholding pattern as on 31st March, 2011**

No. of Equity shares held	No. of Folio	Percentage %	No. of Shares	Percentage %
Upto 500	4244	91.02	558518	16.94
501 to 1000	203	4.35	164352	4.98
1001 to 5000	147	3.15	313437	9.51
5001 to 10000	26	0.56	205490	6.23
10001 and above	43	0.92	2055503	62.34
<b>Grand Total:</b>	<b>4663</b>	<b>100.00</b>	<b>3297300</b>	<b>100.00</b>
No. of Shareholders In Physical Mode	2043	43.81	1739926	52.77
No. of Shareholders In Electronic Mode	2620	56.19	1557374	47.23

- **Shareholding Pattern as on 31st March, 2011**

Category	No. of Share Holders	No. of Shares	Percentage %
Promoters	39	1477953	44.82
Foreign Collaborators	NIL	NIL	NIL
Mutual Funds	NIL	NIL	NIL
FIs./ Banks	NIL	NIL	NIL
FIIs/ NRIs	25	71136	2.16
Domestic Companies	95	401488	12.18
Public	4504	1346723	40.84
<b>Total :</b>	<b>4663</b>	<b>3297300</b>	<b>100.00</b>

- Dematerialisation of Shares and liquidity 47.23% of paid-up Share capital has been dematerialized, 44.82% of paid up capital held by the promoters.
- Outstanding GDRs / ADRs / Warrants or any convertible instruments conversion date and likely impact on equity The Company has not issued any ADR / GDR
- Plant Location The Company's plant is located at :  
111, Sector-B, Sanwer Road, Industrial Area, Indore-452015 (M.P.)
- Address for correspondence Shareholders correspondence should be address to Registrar & Share Transfer Agent of the Company :  
M/s. Ankit Consultancy Pvt. Ltd.,  
Plot No. 60, Electronic Complex  
Pardeshipura, INDORE (M.P.) - 452010  
Phone No. : 0731-3198601, 3198602  
  
OR  
Registered office of the Company at :  
111, Sector-B, Sanwer Road,  
Industrial Area,  
Indore-452015 (M.P.)  
Shareholders holding shares in Electronic mode should address all their correspondence to their - respective Depository Participant.

## ITL INDUSTRIES LIMITED

### B. NON-MANDATORY REQUIREMENTS :

a) Chairman of the Board:

Whether the Chairman of the Board is entitled to maintain a Chairman's office at the Company's expenses & also allowed reimbursement of expenses incurred in the performance of his duties. Yes

b) Remuneration Committee

The Company has set a Remuneration Committee.

c) Shareholder Right :

The Quarterly declarations of financial performance- including summary of the significant events in last six months should be sent to each household of shareholders

As the Company's Quarterly Results are published in English newspaper having a circulation all over India and Hindi newspaper (having circulation in M.P.) the same are not sent to the Share holders of the Company.

There is no second half yearly results as the audited results are taken on record by the Board and then communicated to the share- holders through the Annual Report.

d) Postal Ballot

The company has not yet made use of the Postal Ballot.

### MANAGING DIRECTOR'S DECLARATION ON CODE OF CONDUCT :

As required by Clause 49 of the Listing Agreement, the CEO declaration for Code of Conduct is given below :

I Rajendra Singh Jain, Managing Director of the Company declare that all Board Members and Senior Management of the Company have affirmed compliance with the code of conduct.

**For ITL Industries Limited**

PLACE : INDORE  
DATED : 25.08.2011

**(Rajendra Singh Jain)**  
Managing Director

### COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To,  
The Members of  
ITL Industries Limited

We have examined the compliance of conditions of Corporate Governance by ITL Industries Limited, for the year ended on 31st March, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange (s).

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievances is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investor Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For MAHAVEER M. JAIN & CO.**  
CHARTERED ACCOUNTANTS

DATED : 25.08.2011  
PLACE : INDORE

**(MAHAVEER K.JAIN)**  
PROPRIETOR





## AUDITOR'S REPORT

To,  
The Members of  
**ITL Industries Ltd.,**

- [i] We have audited the attached Balance Sheet of **ITL INDUSTRIES LIMITED** as at 31st March, 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.
- [ii] 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 misstatement. An audit includes, examining on test basis, evidence supporting the amounts and disclosures in 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.
- [iii] As required by the Companies (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.
- [iv] Further to our comments in the annexure referred to above, we report that :-
- 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.
  - 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 those books.
  - The Balance Sheet and the Profit and Loss Account and cash flow statement dealt with by this report are in agreement with the books of accounts.
  - In our opinion, the Balance Sheet and the 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 the Companies Act, 1956.
  - On the basis of written representations received from the Directors, as on 31st March, 2011, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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 principals generally accepted in India :
    - In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011,
    - In the case of Profit & Loss Account, of the Profit of the Company for the year ended on that date, and;
    - In the case of cash flow Statement, of the cash flows for the year ended on that date.

**For MAHAVEER M. JAIN & CO.**  
CHARTERED ACCOUNTANTS

DATED : 25.08.2011  
PLACE : INDORE

**(MAHAVEER K. JAIN)**  
PROPRIETOR  
Membership No.070966  
FRN - 001749C

## ANNEXURE

Referred to in Paragraph (iii) of our report of even date on the account of ITL INDUSTRIES LIMITED for the year ended 31st March, 2011  
[As required by the Companies (Auditor's Report) Order, 2003]

Statement referred to in Paragraph (iii) of the Auditor's Report of even date to the members of **ITL INDUSTRIES LTD** on the accounts for the year ended on **31st March-2011**.

As required by the Companies (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 and on the basis of such checks as considered appropriate and as per the information and explanations given to us during the course of the audit :

- The company has maintained proper records showing full particulars including quantitative details and situations of fixed assets.
  - As per the information and explanations given to us physical verification of fixed assets has been carried out in terms of the phased program of verification of its fixed assets adopted by the company and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification is reasonable, having regard to the size of the Company and nature of its business.
- As per the information furnished, the inventories have been physically verified by the management during the year. In our opinion the frequency of verification is reasonable.
  - In our opinion and according to the information and explanations given to us, procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
  - The company is maintaining proper records of inventory. In our opinion, discrepancies noticed on physical verification of stocks were not material in relation to the operations of the company and the same have been properly dealt with the books of accounts.

## ITL INDUSTRIES LIMITED

3. (i) The company has taken loan from Directors and other parties listed in the register maintained under section 301 of the Companies Act, 1956 amount outstanding as on 31.3.2011 of Rs.27.15 lacs.
- (ii) According to the information and explanations given to us, in our opinion, the rate of interest and other terms and conditions of above loans granted/ taken by the company are not prima facie, prejudicial to the interest of the company.
- (iii) There are no over due accounts of the nature referred to in the paragraph.
4. 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 nature of its business with regard to the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
5. In respect of transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956:
  - (i) Based on audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that needed to be entered into the register maintained under section 301 have been so entered.
  - (ii) 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 and exceeding the value of Rupees five lacs 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.
6. In our opinion and according to the information and explanations given to us, the company has not accepted deposits from the public and therefore, the provisions of section 58 A and 58 AA of the Companies Act, 1956 and rules made there under are not applicable to the company.
7. In our opinion the company has an internal audit system commensurate with the size of the Company and nature of its business.
8. The Central Government has prescribed maintenance of the cost records under section 209(i)(d) of the Companies Act, 1956 in respect of the company's product. We have broadly reviewed the books of accounts and records maintained by the Company in this connection and are of the opinion that prima facie, the prescribed accounts and records have been made & maintained. We have however not made a detailed examination of the records maintained for the above purposes.
9. (i) According to the information and explanations given to us and the records examined by us, the company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and protection Fund, Employee State Insurance, Income tax, Sales tax, Custom Duty, Excise Duty, Cess and any other Statutory dues wherever applicable. According to the information and explanations given to us; no undisputed arrears of statutory dues were outstanding as at 31st March 2011 for a period of more than 6 months from the date they became payable.
- (ii) According to the records of the company, the dues of Sales tax / Income tax / Custom duty / Wealth Tax / Excise Duty / Cess which have not been deposited on account of disputes and the forum where the dispute is pending are as under.

Name Of the Statute	Nature Of Dues	Amount (Rupees In Lacs)	Period to Which Amount Relates	Forum Where Disputes is Pending
M.P.Commercial Tax Act, 1994 & Central Tax Act, 1956	CST	20.38	2001-02 to 2005-06	Tax Tribunal & Commissioner / Dy. Commissioner Of Commercial Tax, Indore
M.P.Entry Tax Act, 1976	E. Tax	1.04	2001-02 & 2003-04	M.P. Commercial Tax Tribunal & Commissioner /Dy. Commissioner Of Commercial Tax, Indore

10. The company does not have accumulated losses as at the end of the year. The Company has not incurred cash losses during current & immediately preceding financial year.
11. Based on our audit procedures and on the basis of the information and explanations given by the management, we are of the opinion that the company has generally not defaulted in the repayment of the dues to financial institutions and banks.
12. Based on our examination of records and the information given to us, the Company has not granted any loans and/or advances on the basis of security by the way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to the Chit Fund, Nidhi or Mutual Benefit Fund/Societies are not applicable to the company.
14. The Company has maintained proper records of the transaction and contract in respect of dealing & trading in shares, securities, debentures and other investments and timely entries have been made therein. All Investments have been made by the Company in its own name.
15. According to information and explanations given to us, the company has not given any guarantee for loans taken by others from banks and financial institutions.
16. To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the Company were, prima facie, applied by the Company during the year for the purpose for which the loans were obtained.
17. According to the cash flow statement and records examined by us and according to the information & explanations given to us, on over all basis, funds raised on short term basis have prima facie, not been used during the year for long term investment and vice versa.
18. The Company has not made any preferential allotment of shares during the year.
19. During the year covered by our Audit Report, the Company has not issued secured debentures.
20. The Company has not raised money by public issue during the year and hence the question of disclosure and verification of end use of such money does not arise.
21. As per information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

**For MAHAVEER M. JAIN & CO.**  
CHARTERED ACCOUNTANTS

DATED : 25.08.2011  
PLACE : INDORE

(MAHAVEER K. JAIN)  
PROPRIETOR  
Membership No.070966  
FRN - 001749C



## BALANCE SHEET AS AT 31st March, 2011

PARTICULARS	Sch.No.	Amount As At 31.03.2011 (Rs.)	Amount As At 31.03.2011 (Rs.)	Amount As At 31.03.2010 (Rs.)
<b>I. SOURCES OF FUND</b>				
<b>1. Share holder's Fund</b>				
A. Share Capital	1	32543993		32543993
B. Reserve & Surplus	2	<u>132053353</u>	164597346	<u>114114440</u>
				146658433
<b>2. Loan Fund</b>				
A. Secured Loan	3	94966249		119996488
B. Unsecured Loan	4	<u>2714807</u>	97681056	<u>1258899</u>
				121255387
<b>3. Deferred Tax Liabilities (Net)</b>			<b>14172044</b>	<b>13672044</b>
<b>TOTAL</b>			<b><u>276450446</u></b>	<b><u>281585864</u></b>
<b>II. APPLICATION OF FUND</b>				
<b>1. Fixed Assets</b>				
A. Gross Block	5	131669448		122437576
B. Less : Depreciation		<u>43917944</u>		<u>37518156</u>
C. Net Block			<b>87751504</b>	84919420
Assets Under Construction			<b>17188556</b>	6487147
<b>2. Investments</b>	6		<b>24561996</b>	18198801
<b>3. Current Assets, Loan &amp; Advances</b>				
A. Inventories	7	77840268		54427662
B. Sundry Debtors	8	136261307		161459183
C. Cash & Bank Balances	9	22387899		28170591
D. Loans & Advances	10	<u>87613849</u>		<u>95783023</u>
				339840459
Less : Current Liabilities & Provisions	11	<u>177154934</u>		<u>167859963</u>
Net Current Assets :			<b>146948390</b>	171980496
<b>TOTAL</b>			<b><u>276450446</u></b>	<b><u>281585864</u></b>

Notes on accounts and contingent liabilities 16

As per our report of even date annexed

The Schedules referred to herein form an integral part of the Balance Sheet

**For Mahaveer M.Jain & Co.**  
Chartered Accountants

**Rajendra Singh Jain**  
Managing Director

**Mahendra Singh Jain**  
Director

**(Mahaveer K.Jain)**  
Proprietor  
Membership No.070966  
FRN - 001749C

DATED : 25-08-2011  
PLACE : INDORE

# ITL INDUSTRIES LIMITED

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

PARTICULARS	Sch.No.	Amount 2010-11 (Rs.)	Amount 2009-10 (Rs.)
<b>I. INCOME</b>			
Sales & Other Income	12	535,572,461	676,369,793
	<b>TOTAL</b>	<u>535,572,461</u>	<u>676,369,793</u>
<b>II. EXPENDITURE</b>			
A. Decrease / (Increase) in Stock of work in process & finished goods		-2,862,437	1,505,692
B. Cost of Raw material Consumed / Sold	13	319,817,860	391,949,707
C. Manufacturing, Administration and Selling Expenses	14	163,115,461	185,127,074
D. Interest & Financial overheads	15	11,172,831	12,127,413
E. Depreciation		7,686,261	7,040,302
	<b>TOTAL</b>	<u>498,929,976</u>	<u>597,750,188</u>
<b>III. PROFIT BEFORE TAX</b>		<b>36,642,485</b>	78,619,606
Less : Provision for Taxation current year		12,000,000	27,000,000
Less : Income Tax of previous year		2,468,360	394,703
Less : Provision for Deferred Tax Liability		<u>500,000</u>	<u>1,176,850</u>
<b>IV. PROFIT AFTER TAX</b>		<b>21,674,125</b>	50,048,053
Add : Balance brought forward from Previous year		<u>4,114,439</u>	<u>301,597</u>
<b>V. PROFIT AVAILABLE FOR APPROPRIATION</b>		<b>25,788,564</b>	50,349,650
Less : Transferred to General Reserve		20,000,000	42,500,000
Less : Proposed Dividend		3,203,200	3,203,200
Less : Provision for Dividend Distribution Tax		<u>532,011</u>	<u>532,011</u>
<b>VI. PROFIT CARRIED TO BALANCE SHEET</b>		<u><b>2,053,353</b></u>	<u>4,114,439</u>

Notes on accounts and contingent liabilities

16

As per our report of even date annexed

The Schedules referred to herein form an integral part of the Balance Sheet

**For Mahaveer M.Jain & Co.**  
Chartered Accountants

**Rajendra Singh Jain**  
Managing Director

**Mahendra Singh Jain**  
Director

**(Mahaveer K.Jain)**  
Proprietor  
Membership No.070966  
FRN - 001749C

DATED : 25-08-2011  
PLACE : INDORE





## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2011

PARTICULARS	Amount As At 31.03.2011 (Rs.)	Amount As At 31.03.2010 (Rs.)
<b>SCHEDULE-1</b>		
<b>Share holder's Fund :</b>		
<b>Share Capital (Authorised)</b>		
40,00,000 Equity Shares of Rs.10/- each	40,000,000	40,000,000
<b>Issued, Subscribed &amp; Paid-up</b>		
3297300 Equity Shares of Rs.10/- each	32,973,000	32,973,000
Less : Amount due on a/c.of Allotment money	429,007	429,007
<b>TOTAL :</b>	<u>32,543,993</u>	<u>32,543,993</u>
<b>SCHEDULE-2</b>		
<b>Reserves &amp; Surplus</b>		
1. Profit & Loss Account	2,053,353	4,114,439
2. General Reserve :		
- Balance as per Last Balance Sheet	110,000,000	67,500,000
- Add: Transfer from P & L A/c.	20,000,000	42,500,000
<b>TOTAL :</b>	<u>132,053,353</u>	<u>114,114,439</u>
<b>SCHEDULE-3</b>		
<b>Secured Loans</b>		
<b>A. Term Loan From :</b>		
<b>Madhya Pradesh Financial Corporation, Indore</b>	14,589,539	19,089,563
(Secured by first legal mortgage of Company's fixed assets both present and future and personal guarantee of some of the Directors)		
<b>Export Import Bank of India</b>	4,748,714	0
(Secured by hypothecation of Company's fixed assets acquired of the loan and personal guarantee of the Directors)		
<b>B. Working Capital Loan From :</b>		
<b>State Bank of India</b>	73,142,871	98,999,576
(Secured by Hyp.by way of charge on inventories both in hand and in transift, book debts, bills & other receivable both present and future, second charges on fixed assets of the Company & personal guarantee of some of the Directors and mortgage of immovable properties.		
<b>C. From Others :</b>	343,470	233,189
(Against hypothecation of Vehicles of the Company)		
<b>D. Overdraft Loan from Bank</b>	2,141,655	1,674,160
(Against pledge of FDR)	<u>94,966,249</u>	<u>119,996,488</u>
<b>SCHEDULE-4</b>		
<b>Unsecured Loan</b>		
From Directors	2,714,807	1,258,899
<b>TOTAL :</b>	<u>2,714,807</u>	<u>1,258,899</u>

**SCHEDULE OF FIXED ASSETS FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011**  
**SCHEDULE - 5 (FIXED ASSETS) :**

Name of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Balance as at 01.04.2010	Additions during the year	Deduction during the year	TOTAL As at 31.03.2011	Up to 31.03.2010	Provided for the year	Written back during the year	TOTAL Up to 31.03.2011	As at 31.03.2011	As at 31.03.2010
Land	1236765	0	0	1236765	0	0	0	0	1236765	1236765
Site Development	150004	0	0	150004	78020	5010	0	83030	66974	71984
Factory Building	30914476	0	0	30914476	9157528	1032544	0	10190071	20724405	21756949
Plant & Machinery	32951539	8426225	1701791	39675973	6917452	1830206	1237397	7510262	32165711	26034087
Other Equipments	16835563	750590	0	17586152	3991943	700251	0	4692195	12893958	12843619
Electrical Equipment	467194	0	0	467194	255544	33031	0	288575	178619	211650
Office Equipment	4916213	391612	0	5307825	1790847	318705	0	2109552	3198273	3125365
Furniture & Fixture	6197403	96839	0	6294242	2896637	374442	0	3271079	3023163	3300766
Computer & Software	20033719	521831	0	20555550	9042129	2704608	0	11746737	8808813	10991590
Motor Car	5548469	823140	76575	6295034	2083412	535614	49076	2569950	3725084	3465057
Cycle & Handcart	44614	0	0	44614	20038	2623	0	22662	21952	24575
Technical Know-How	3141619	0	0	3141619	1284606	149227	0	1433833	1707786	1857013
<b>TOTAL -</b>	<b>122437576</b>	<b>11010238</b>	<b>1778366</b>	<b>131669448</b>	<b>37518156</b>	<b>7686261</b>	<b>1286473</b>	<b>43917944</b>	<b>87751504</b>	<b>84919421</b>
Previous year -	109732997	12704580	0	122437576	30477854	7040302	0	37518156	84919421	

PARTICULARS	Amount As At 31.03.2011 (Rs.)	Amount As At 31.03.2010 (Rs.)
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**SCHEDULE-6**

**Investments :**

a. Unquoted, Non-Trade-Long Term (At cost) :-		
- Investment in subsidiary company	3,211,066	1,711,066
- Investment in other Company	9,340,041	4,034,655
b. Quoted but not listed-Current Investments :-		
- Investment in Mutual Funds	5,500,000	10,566,820
c. Quoted and listed :		
- Investment in Equity Shares	6,510,889	1,886,260
<b>TOTAL :</b>	<b>24,561,996</b>	<b>18,198,801</b>
- Aggregate market value of quoted but not listed investments in Mutual Fund	5703949	9,988,957
- Aggregate market value of quoted and listed investments in Equity Shares	5863203	1,970,081

**SCHEDULE-7**

**Inventories :**

1. Raw Materials & Finished Goods (at cost)	63,646,079	42,852,186
2. Work in process & Semifinished Goods (at estimated manufacturing cost)	13,807,685	11,049,410
3. Finished Products (at estimated mfg.cost)	104,162	0
4. Stores, Spares parts & Standard item (at cost)	282,343	526,066
<b>TOTAL :</b>	<b>77,840,268</b>	<b>54,427,662</b>



## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2011

PARTICULARS	Amount As At 31.03.2011 (Rs.)	Amount As At 31.03.2010 (Rs.)
<b>SCHEDULE-8</b>		
<b>Sundry Debtors :</b>		
(Unsecured, considered good)		
A. Outstanding for a period exceeding six months.	69,822,486	22,775,466
B. Others	66,438,821	138,683,717
TOTAL :	<u>136,261,307</u>	<u>161,459,183</u>
<b>SCHEDULE-9</b>		
<b>Cash &amp; Bank Balances :</b>		
Cash in hand	985,633	815,012
Balance with Scheduled Banks in fixed - deposit account	18,171,403	19,364,425
Accrued interest on Fixed Deposits	561,937	603,889
In Current / OBC accounts	1,367,717	6,215,051
Towards unclaimed Dividend account	1,301,209	1,172,214
TOTAL :	<u>22,387,899</u>	<u>28,170,591</u>
<b>SCHEDULE-10</b>		
<b>Loans &amp; Advances :</b>		
i. Recoverable in cash or kind or for value to be received	74,172,484	80,315,650
ii. Deposits	2,396,116	2,373,000
iii. Advance payment of Income Tax	11,045,248	13,094,373
TOTAL :	<u>87,613,849</u>	<u>95,783,023</u>
<b>SCHEDULE-11</b>		
<b>Current Liabilities &amp; Provisions :</b>		
<b>A. Current Liabilities</b>		
i. Sundry Creditors	105,338,830	79,811,978
ii. Customers Credit Balances	49,389,691	47,198,297
iii. Other Liabilities	3,549,615	3,780,198
iv. Unclaimed Dividend account	1,301,209	1,172,214
TOTAL (A) :	<u>159,579,345</u>	<u>131,962,687</u>
<b>B. Provisions</b>		
i. Provision for Income Tax	12,000,000	30,500,000
ii. Proposed Dividend	3,203,200	3,203,200
iii. Provision for Bonus	1,765,378	1,325,665
iv. Provision for Gratuity	75,000	336,400
v. Provision for Dividend Distribution Tax	532,011	532,011
TOTAL (B) :	<u>17,575,589</u>	<u>35,897,276</u>
GRAND TOTAL (A+B) :	<u>177,154,934</u>	<u>167,859,963</u>

# ITL INDUSTRIES LIMITED

## SCHEDULES FORMING PART OF THE PROFIT & LOSS A/C AS AT 31st MARCH, 2011

PARTICULARS	Amount As At 31.03.2011 (Rs.)	Amount As At 31.03.2010 (Rs.)
<b>SCHEDULE-12</b>		
<b>Sales &amp; Other Income</b>		
A. Sales (Net of Sales Tax)	530,685,761	667,653,991
B. Job Work	3,851,488	6,797,917
C. Misc. Income	1,035,212	1,917,885
TOTAL :	<u>535,572,461</u>	<u>676,369,793</u>
<b>SCHEDULE-13</b>		
<b>Cost of Raw Material Consumed / Sold</b>		
Opening Stock	42,852,186	58,492,414
Add : Purchases	<u>340,611,752</u>	<u>376,309,479</u>
	383,463,938	434,801,893
Less: Closing Stock	<u>63,646,079</u>	<u>42,852,186</u>
TOTAL :	<u>319,817,860</u>	<u>391,949,707</u>
<b>SCHEDULE-14</b>		
<b>Manufacturing, Administration and Selling Expenses :</b>		
<b>A. Manufacturing Overheads :</b>		
Stores, Spares parts & Standard item consumed :		
Opening Stock	526,066	417,725
Add: Purchases	<u>1,984,556</u>	<u>2,266,546</u>
	2,510,622	2,684,271
Less : Closing Stock	<u>282,343</u>	<u>526,066</u>
Consumed during the year	2,228,279	2,158,205
Packing Materials expenses	470,260	882,376
Component Processing Charges	21,603,422	14,494,309
Power & Fuel	1,772,108	1,597,823
<b>Repair &amp; Maintenance to :</b>		
1. Plant & Machinery	404,766	264,030
2. Building	227,164	140,168
Entry Tax	1,306,273	2,032,846
Excise Duty	42,537,868	46,250,518
Freight & Cartage inward	5,298,297	4,807,966
Misc. Expenses	5,931,099	10,933,638
TOTAL (A) :	<u>81,779,536</u>	<u>83,561,879</u>
<b>B. Employees Remuneration &amp; Benefits:</b>		
Salary, Wages & Allowances : (Including Bonus & Ex-gratia)	34,570,295	24,976,160
Contribution to E.S.I.C.	570,886	342,793
Contribution to Provident Fund	751,908	680,585
Contribution to Public Provident Fund	381,600	216,000
Welfare Expenses	1,438,061	966,872
Director's Remuneration	5,217,255	2,961,192
TOTAL (B) :	<u>42,930,005</u>	<u>30,143,602</u>





## SCHEDULES FORMING PART OF THE PROFIT & LOSS A/C AS AT 31st MARCH, 2011

<b>PARTICULARS</b>	<b>Amount As At 31.03.2011 (Rs.)</b>	<b>Amount As At 31.03.2010 (Rs.)</b>
<b>C. General &amp; Administrative Overheads :</b>		
Rent, Rates & Taxes	1,815,166	1,715,754
Electricity Charges	271,750	230,763
Charity and Donation	247,351	514,953
Stationery & Printing	814,402	738,316
Postage & Courier	284,290	245,298
Telephones & Internet	1,398,598	1,217,592
Travelling & Conveyance	9,460,879	7,415,230
Legal & Professional	7,515,712	6,670,214
Auditor's Remuneration	60,000	50,000
Insurance	256,911	618,964
Loss on Sale of Fixed Assets	229,394	0
Loss on Sale of Investment	886,767	499,198
Misc.Expenses	2,693,841	1,833,882
<b>TOTAL (C) :</b>	<b>25,935,061</b>	<b>21,750,161</b>
<b>D. Selling &amp; Distribution Expenses :</b>		
Sales Promotion Expenses	939,609	573,616
Freight & Cartage outward	1,748,834	3,289,660
Freight & Cartage For Export	23,004	358,741
Sales Commission & Discount	3,565,508	3,705,105
Advertisement & Exhibition expenses	4,233,362	3,647,077
Bad Debts	731,666	17,034,533
Misc.Expenses	194,079	199,453
Liquidated damages	0	19,728,662
After Sales & Service Exps.	979,443	1,090,689
GTA on Freight Inward	55,352	43,896
<b>TOTAL (D) :</b>	<b>12,470,859</b>	<b>49,671,432</b>
<b>GRAND TOTAL (A+B+C+D) :</b>	<b>163,115,461</b>	<b>185,127,074</b>
<b>SCHEDULE-15</b>		
<b>Interest &amp; Finance charges</b>		
Interest on Fixed Period Loans	2,029,536	4,078,483
Interest on Other Loans (Net)	6,713,094	5,847,640
Other Financial charges	2,430,201	2,201,290
<b>TOTAL :</b>	<b>11,172,831</b>	<b>12,127,413</b>

**SCHEDULES FORMING PART OF THE FINANCIAL STATEMENTS AS AT 31st MARCH, 2011**

**SCHEDULE - '16'**

**NOTES ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011.**

**1. ACCOUNTING POLICIES:**

The Company generally follows the Mercantile System of accounting recognizing both Income and Expenditure on accrual basis.

The accounts are prepared on historical basis and as a going concern, accounting policies not specifically referred to otherwise are consistent with generally accepted accounting principles.

**A. Sales :**

Sales comprise sale of goods net of trade discount and sales-tax.

**B. Research & Development :**

Research and development costs (other than cost of Fixed Assets acquired/developed) are charged as an expenses in the year in which they are incurred.

**C. Retirement Benefits :**

Provision for accruing liabilities for Gratuity has been made on the basis of the liability as actually determined as at the year end, and contribution are being made to L.I.C. of India under its Group Gratuity Fund. However, Leave encashment on separation has been accounted for on payment basis.

**D. Depreciation :**

Depreciation is provided under the 'Straight Line Method' at rates provided under Schedule XIV of the Companies Act, 1956. The Company has not provided depreciation on assets of Agro division as the assets are not used during the year consequently the depreciation for the year is lower by Rs.1,25,332/-.

**E. Inventories :**

Work in process, semi finished goods and finished goods are valued at estimated manufacturing cost.

Stock of raw materials, Bought out items and stores spare and standard items is valued at moving average cost.

**F. Excise Duty :**

Excise Duty payable on finished goods held in plant is neither included in expenditure nor valued in stocks, but is accounted for on clearance of goods from plant. This accounting treatment has no impact on profits.

**G. Taxes on Income :**

i) Current tax is determined on the basis of the amount of tax payable on taxable income for the year.

ii) In accordance with Accounting standard 22 "Accounting for taxes on Income" issued by the institute of Chartered Accountants of India, amount of deferred tax for the timing difference between the book and tax profits for the year is accounted for using the tax rates and laws that have been enacted or subsequently enacted as of the Balance Sheet date.

**2. CONTINGENT LIABILITIES :**

i) Guarantees issued by Banks	Rs.3,75,39,002/-
ii) Tax demand for CST for the years 2001-02 to 2005-06 appealed against but not provided for in accounts	Rs. 20,38,034/-
iii) Tax demands for Entry Tax for 2001-02 & 2003-04 appealed against but not provided for in accounts.	Rs. 1,03,462/-

3. Balance confirmation from parties have not been obtained.

**4. Auditor's Remuneration includes the following :-**

	<b>2010-2011</b>	<b>2009-2010</b>
a) For Statutory Audit	48,000/-	40,000/-
b) For Tax Audit	6,000/-	5,000/-
c) For reimbursement of expenses.	6,000/-	5,000/-
<b>TOTAL:</b>	<b>60,000/-</b>	<b>50,000/-</b>



## 5. Managerial Remuneration :

Particulars of remuneration to the Directors (Including remuneration & perquisites of Managing Director of Rs.29,23,855/-)

	<u>2010-2011</u>	<u>2009-2010</u>
1) Salary, Allowances & Bonus	51,51,600/-	29,16,000/-
2) PPF Contribution	3,81,600/-	2,16,000/-
3) Other Perquisites	65,655/-	45,192/-
4) Sales Commission	8,42,522/-	8,81,513/-
<b>TOTAL:</b>	<b><u>64,41,377/-</u></b>	<b><u>40,58,705/-</u></b>

The Company has been advised that the computation of net profits for the purpose of Directors' Remuneration under Section 349 of the Companies Act, 1956 need not be enumerated since no commission by way of percentage of profits is payable for the year to any of the Directors of the Company.

## 6. Expenditure / Remittances in Foreign Currency on Account of:-

	<u>2010-2011</u>	<u>2009-2010</u>
-- Raw Materials	2,45,15,121/-	4,76,12,406/-
-- Others	1,88,425/-	7,76,114/-
<b>TOTAL:</b>	<b><u>2,47,03,546/-</u></b>	<b><u>4,83,88,520/-</u></b>

## 7. Earnings in Foreign Exchange :-

	<u>2010-2011</u>	<u>2009-2010</u>
-- Export of Goods on CIF / FOB Basis and Advance from customers	2,48,471/-	1,27,19,190/-
<b>TOTAL:</b>	<b><u>2,48,471/-</u></b>	<b><u>1,27,19,190/-</u></b>

## 8. Particulars of consumption of Imported and Indigenous Raw Materials:

	<u>2010-2011</u>		<u>2009-2010</u>	
	<u>Value</u>	<u>% of Total</u>	<u>Value</u>	<u>% of Total</u>
Imported	2,45,15,121/-	7.67%	4,76,12,406/-	12.15%
Indigenous	29,53,02,739/-	92.33%	34,43,37,301/-	87.85%
<b>Total :</b>	<b><u>31,98,17,860/-</u></b>	<b><u>100.00%</u></b>	<b><u>39,19,49,707/-</u></b>	<b><u>100.00%</u></b>

## 9. Particulars of Sales :

	<u>2010-2011</u>		<u>2009-2010</u>	
ITEMS	<u>Qty.</u>	<u>Amount (Rs.)</u>	<u>Qty.</u>	<u>Amount (Rs.)</u>
1. Bandsaw Machines & Special Purpose Machines	265	35,34,21,020/-	216	53,95,49,653/-
2. Bimetallic Bandsaw Blades & spares		9,05,53,056/-	--	5,93,73,767/-
3. Oil Hydraulic, Elements accessories, Spare parts, M.S.Round, Sheet & Others		8,67,11,685/-	--	6,87,30,571/-
<b>Total :</b>		<b><u>53,06,85,761/-</u></b>		<b><u>66,76,53,991/-</u></b>

10. Quantitative data can not be given as the production represents machine fabrication, castings, assembling of elements etc. against individual tailor made orders. In the case of trading activities, the items involved are large in numbers.

11. Income Tax Assessments of the Company have been completed upto assessment Year 2008-09.

12. In terms of Accounting Standard 17, the Company has identified following segments and the details is furnished as under:

**SEGMENT WISE REPORT FOR YEAR ENDED 31st MARCH, 2011**  
- Primary Business Segment

**I. Information about Business Segments :**

PARTICULARS	(Rs.in lacs)	
	Year ended 31/03/2011	Year ended 31/03/2010
<b>1. Segment Revenue :</b>		
Machine Manufacturing	4129.88	5665.50
Trading Activities	960.74	806.19
Total	<u>5090.62</u>	<u>6471.69</u>
Less : Inter Segment Revenue	<u>170.63</u>	<u>170.50</u>
Net Sales / Income from Operation	<u>4919.99</u>	<u>6301.19</u>
<b>2. Segment Profit / (Loss) before Tax and interest :</b>		
Machine Manufacturing	377.88	798.34
Trading Activities	100.26	109.13
Total	<u>478.14</u>	<u>907.47</u>
Less : Interest	<u>111.72</u>	<u>121.27</u>
Net Profit before Tax	<u>366.42</u>	<u>786.20</u>
<b>3. Capital Employed :</b>		
(Segment Assets - Segment Liabilities)		
Machine Manufacturing	1184.59	880.77
Trading Activities	461.38	585.81
Total	<u>1645.97</u>	<u>1466.58</u>

**II. Information about geographical Segments :**

PARTICULARS	(Rs. In lacs)		
	Within India	Outside India	Total
1. Net Sales / Income from Operations	5353.24	2.48	5355.72

**13. Related party disclosures in terms of Accounting Standard 18:**

- (a) ITL International LLC, USA:  
(A Wholly Owned Subsidiary Company)
- |                                      |                        |
|--------------------------------------|------------------------|
| Capital contribution -               | : Rs. 12,53,066.00     |
| Outstanding Balance as on 31/03/2011 | : Rs. 1,07,510/- (Dr.) |
- (b) Remswags Marketing Pvt.Ltd. & Steel Engg. Centre :  
(A Company controlled by relatives of Directors)
- |                                      |                       |
|--------------------------------------|-----------------------|
| Sales                                | : Rs. 26,54,918.66    |
| Purchases                            | : Rs. 48,95,258.19    |
| Outstanding Balance as on 31/03/2011 | : Rs. 21,55,066.91 Cr |
- (c) Indore Tools Pvt.Ltd. :  
(A Company controlled by relatives of Directors)
- |                                      |                          |
|--------------------------------------|--------------------------|
| Investment in shares                 | : Rs. 39,99,975.00       |
| Sales                                | : Rs. 49,820.00          |
| Purchases                            | : Rs. 2,30,79,374.05 Cr  |
| Outstanding Balance as on 31/03/2011 | : Rs. 1,09,71,746.52 Dr. |



(d) Luhadiya Sons Shahpura Pvt. Ltd. (Subsidiary Company)

Extent of Holding 53.72%

Investment in Shares : Rs. 15,58,000.00

Outstanding Balance as on 31/03/2011 : Rs. 1,24,81,550.00

(e) Dimart Engineering Pvt. Ltd. (Subsidiary Company)

Extent of Holding 80%

Investment in Shares : Rs. 4,00,000.00

Outstanding Balance as on 31.03.2011 : Rs. 2,16,70,479.00

(f) Remuneration paid to relatives of Key management personnel :

Shri Ravish Jain : Rs. 7,58,880.00

Shri Prakhar Jain : Rs. 7,58,880.00

Shri Manish Jain : Rs. 7,58,880.00

Smt. Bharti Chakraborty : Rs. 3,60,000.00

14. The Company has invested Rs.12,53,066/- in M/s.ITL International LLC (USA). Pending commencement of commercial activities, no statement of accounts for the year ended 31.12.2010 have been drawn.

15. The Earning Per Share ( EPS) is worked out as under (AS 20) :

	<u>2010-2011</u>	<u>2009-2010</u>
A. Profit after tax	2,16,74,125/-	5,00,48,052/-
B. Weighted Average Number of shares (Paid-Up) outstanding during the year	32,54,399	32,54,399
C. Earning per share ( A/B )	6.66	15.38
D. Face Value per share	10	10

16. Disclosure as per Clause 32 of the Listing Agreement

Loans and advances in the nature of loans given to subsidiaries :

Name of the Company	Relationship	Amt. Outstanding as on 31.3.2011	Maximum balance outstanding during the year
ITL International LLC (USA) (Wholly owned)	Subsidiary	107510.00	107510.00
Luhadia Sons Shahpura Pvt. Ltd. (53.72% stake by ITL Industries Ltd.)	Subsidiary	12481550.00	12481550.00
Dimart Engineering Pvt. Ltd. (80% stake by ITL Industries Ltd.)	Subsidiary	21670479.00	21670479.00

17. The amount due to Micro and Small Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 could not be determined due to non-availability of information from the enterprises. However, no interest was paid / payable in terms of Section 16 of the said Act.

18. No amount is paid / payable by the Company under section 441A of the Companies Act, 1956 (cess on turnover), since the rules specifying the manner in which the cess shall be paid has not been notified yet by the Central Government.

19. Previous year's figures have been reworked, regrouped and reclassified wherever necessary.

# ITL INDUSTRIES LIMITED

## STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:

### 1. Registration Details :

Registration No.       5 0 3 7 State Code       1 0  
Balance Sheet Date  3  1  ·  0  3  ·  2  0  1  1

### 2. Capital Raised during the Year (Amount in Rs.Thousand) :

Public Issue       N I L Right Issue       N I L  
Bonus Issue       N I L Private Placement       N I L

### 3. Position of Mobilisation and Development of Funds (Amount in Rs. Thousand) :

Total Liabilities    2 7 6 4 5 0 Total Assets    2 7 6 4 5 0

#### Sources of Funds:-

Paid-up Capital     3 2 5 4 4  
Reserves & Surplus    1 3 2 0 5 3  
Secured Loans    9 4 9 6 6  
Unsecured Loans    2 7 1 5  
Deferred Tax Liabilities (Net)    1 4 1 7 2

#### Application of Funds :-

Net Fixed Assets    1 0 4 9 4 0  
Investments    2 4 5 6 2  
Net Current Assets    1 4 6 9 4 8  
Misc.Expenditure    N I L  
Accumulated Losses    N I L

### 4. Performance of Company ( Amount in Rs.Thousand):

Turnover (Including-    5 3 5 5 7 2 Total Expenditures    4 9 8 9 3 0  
other Income)  
Profit / (Loss) before    3 6 6 4 2 Profit / (Loss)    2 1 6 7 4  
Tax after tax  
Earning Per Share Rs.    6 . 6 6 Dividend Rate %    1 0

### 5. Generic Names of three Principal Products/Service of the Company (As per monetary Terms):

#### Item Code No. (ITC Code)

#### Product Description

8  4  6  1  5  0 ·  0  1

H O R I Z O N T A L B A N D S A W M / C

8  4  6  1  5  0 ·  0  2

V E R T I C A L B A N D S A W M / C

8  4  6  1  5  0 ·  0  5

P O W E R H A C K S A W M / C

As per our report of even date annexed

For **MAHAVEER M.JAIN & CO.**  
Chartered Accountant

**(MAHAVEER K.JAIN)**  
Proprietor  
M.No. 070966

Place : Indore  
Date : 25.08.2011



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011**  
(PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT)

	Amount in Rs. Year ended 31st March,11	Amount in Rs. Year ended 31st March,10
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net Profit before Tax and Extra Ordinary Adjustments:	36642485	78619606
Depreciation for the year	7686261	7040302
Interest Paid	<u>11172831</u>	<u>12127413</u>
Operating Profit before working capital changes	55501577	97787321
<b>ADJUSTMENT :</b>		
Trade and other receivables	25197876	-54239273
Inventories	-23412606	17037578
current Liabilities & Provision	9294971	17918663
Other Current Assets	<u>8169173</u>	<u>(19962827)</u>
Cash Generated from operation	74750991	58541462
Interest paid	<u>(11172831)</u>	<u>(12127413)</u>
Direct Tax paid (Net)	<u>(14468360)</u>	<u>(27394703)</u>
Cash Flow before extra ordinary adjustments	49109800	19019346
<b>Extra Ordinary Items :</b>		
Loss / Profit on Sale of Fixed Assets	229394	0
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>Total (A) : <u>49339194</u></b>	<b><u>19019346</u></b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets (Net)	<u>(21449149)</u>	(17631065)
Investment made during the year	<u>(6363195)</u>	5648440
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>Total (B) : <u>(27812344)</u></b>	<b><u>(11982625)</u></b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Proceeds from long Term Borrowings (Net)	1814879	(33100572)
Prodeeds from Short Term Borrowings	<u>(25389210)</u>	40622947
Dividend / Corporate Dividend Tax paid	<u>(3735211)</u>	<u>(3735211)</u>
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>Total (C) : <u>(27309542)</u></b>	<b><u>3787164</u></b>
<b>NET INCREASE (DECREASE) IN CASH AND EQUIVALENT</b>	<b>Total (A+B+C) <u>(5782692)</u></b>	<b><u>9149725</u></b>
CASH AND CASH EQUIVALENT AS AT 01.04.2010 (Opening Balance)	28170591	17346706
CASH AND CASH EQUIVALENT AS AT 31.03.2011 (Closing Balance)	22387899	28170591

**AUDITOR'S CERTIFICATE**

We have verified the above Cash Flow Statement of ITL Industries Limited derived from the financial statement for the year ended 31st March, 2011 and found the same to be in accordance therewith and also with the requirements of Clause 32 of the Listing agreement with Stock Exchanges.

For **MAHAVEER M. JAIN & CO.**  
CHARTERED ACCOUNTANTS

DATED : 25.08.2011  
PLACE : INDORE

**(MAHAVEER K.JAIN)**  
PROPRIETOR  
M.No. 070966  
FRN - 001749C

**STATEMENT PURSUANT TO SECTION 312 OF THE COMPANIES  
ACT, 1956 RELATING TO SUBSIDIARY COMPANIES**

1	Name of the Subsidiary	Dimart Engineering Pvt. Limited	Luhadiya Sons Shahpura Pvt. Limited
2	Number of Shares in the Subsidiary Company held by ITL Industries Ltd.  (a) Equity Shares (b) Equity Holding	  40000 80%	  155800 54%
3	The Net Aggregate of Profits / (Losses) of the Subsidiary Company for its Financial year so far as they concern the Member of ITL Industries Ltd. :-  (a) Dealt with in the Accounts of ITL Industries Ltd. for the year ended 31/03/2011  (b) Not Dealt with in the Accounts of ITL Industries Limited for the year ended 31/03/2011 (Net of Taxes)	The Company has not commenced business operations, however it has undertaken agricultural activities on the vacant land  Rs. 0.61 Lac  NIL	The Company has not commenced business operations, however it has undertaken agricultural activities on the vacant land  Rs. 0.43 Lac  NIL
4	The Net Aggregate of Profits / (Losses) of the Subsidiary Company for the previous financial year so far as they concern the Member of ITL Industries Ltd. :-  (a) Dealt with in the Accounts of ITL Industries Ltd. upto year ended 31/03/2010  (b) Not Dealt with in the Accounts of ITL Industries Ltd. upto year ended 31/03/2010	  N.A.  N.A.	  N.A.  N.A.

Note: As the financial year of the Company coincide with the financial year of the holding Company, Section 212(5) of the Companies Act, 1956, is not applicable.



**DIRECTOR'S REPORT**

To  
The Members,  
Dimart Engineering Pvt. Ltd,  
Indore

Dear Shareholders,

Your Directors have pleasure in presenting the 2nd Annual Report on the business and operations of the Company and Audited Statement of Accounts of the Company for the year ended 31 March, 2011.

**FINANCIAL RESULTS**

The Company has earned net profit of Rs. 0.61 lac out of agricultural activities undertaken by the Company.

**GENERAL REVIEW**

The Company has not commenced its business operations. However the Company has undertaken Agricultural activities on the land purchased. The planned project to establish an Industrial unit has been kept on hold.

**ACCEPTANCE OF DEPOSITS**

The Company has not accepted any deposits during the year under review.

**PARTICULARS OF EMPLOYEES**

None of the employee of the company received remuneration in excess of the limit specified u/s 217 (2A) of the Companies Act, 1956.

**DISCLOSURE OF PARTICULARS WITH RESPECT OF CONSERVATION OF ENERGY**

The details as required by Companies (Disclosure of particulars in Report of Board of Directors) Rules, 1988 for conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo are not applicable to the Company, having regard to the nature of business of the Company.

**DIRECTOR RESPONSIBILITY STATEMENT**

Pursuant to section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

1. In presentation of the annual accounts, the applicable standards have been followed along with proper explanation relating to material departures;
2. The Directors have 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 your Company at the end of the financial year and of the profit of the Company for that period;
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
4. The Directors have prepared the annual accounts on a going concern basis.

**AUDITORS**

M/s Mahaveer M. Jain & Co., Chartered Accountants, retiring auditor is eligible for re-appointment and offers them for reappointment.

**APPRECIATION**

We wish to place on record our deep and sincere appreciation for the contribution made by the workers, staff and executives to the performance of the Company.

For and On behalf of the Board of Directors

**(Rajendra Singh Jain)**  
Director

Date : 25.08. 2011  
Place :Indore

**(Mahendra Singh Jain)**  
Director

**AUDITOR'S REPORT**

To  
**The Members of  
Dimart Engineering Private Limited**

We have audited the annexed Balance sheet of **DIMART ENGINEERING PRIVATE LIMITED**, as at **31/03/2011** and the Profit & Loss account for the period from 01/04/2010 to 31/03/2011 annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material 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 overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. This report does not include a statement on the matters specified in paragraph 4 of the Companies (Auditor's Report) Order, 2003, issued by the department of company affairs, in terms of section 227 (4A) of the Companies Act, 1956, since in Our opinion and according to the information and explanation given to us, the said order is not applicable to the Company.
2. Further to Our comments in the annexure referred to in paragraph 1 above, We state that:
  - (a) We have obtained all the information and explanations, which to the best of Our knowledge and belief were necessary for the purpose of Our audit;
  - (b) In Our opinion books of accounts as required by the law have been kept by the Company so far as it appears from the examination of such books;
  - (c) The Balance Sheet and the Profit & Loss Account, dealt with by this report, are in agreement with the said books of accounts;
  - (d) In Our opinion the Balance Sheet and Profit & Loss account comply with the accounting standards referred to in Sub Section 3(c) of Section 211 of the Companies Act, 1956.
  - (e) On the basis of written representation 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) In Our opinion and to the best of our information and according to the explanations given to us, read with Accounting Policies and Notes on Accounts mentioned in schedule 11, the said accounts give the information required by the Companies Act, 1956, in the manner so required give a true and fair view,
    - (i) In the case of the Balance Sheet, of the State of Affairs of the Company as at 31/03/2011 and;
    - (ii) In the case of the Profit & Loss Account, of the Profit for the period ended on that date.

For **MAHAVEER M. JAIN & CO.**  
(Chartered Accountants)

**(MAHAVEER K. JAIN)**  
Proprietor  
M.No. 070966  
FRN 001749C

Place : INDORE  
Dated: 25/08/2011



## BALANCE SHEET AS AT 31st MARCH, 2011

PARTICULARS	Sch.No.	Amount As At 31.03.2011 (Rs.)	Amount As At 31.03.2010 (Rs.)
<b>I. SOURCES OF FUND</b>			
<b>1. Share holder's Fund</b>			
A. Share Capital	1	500000.00	500000
B. Reserve & Surplus	2	61546.00	0
<b>2. Loan Fund</b>			
Unsecured Loan	3	<u>21701179.00</u>	<u>21699579</u>
<b>TOTAL</b>		<u><b>22262725.00</b></u>	<u><b>22199579</b></u>
<b>II. APPLICATION OF FUND</b>			
<b>1. Fixed Assets</b>			
A. Gross Block	4	21963500.00	
B. Less : Depreciation		<u>0.00</u>	
C. Net Block		<u>21963500.00</u>	21963500
<b>2. Current Assets, Loan &amp; Advances</b>			
A. Cash & Bank Balances	5	<u>199444.00</u>	<u>129500</u>
		<u>199444.00</u>	<u>129500</u>
Less : Current Liabilities & Provisions	6	<u>12103.00</u>	<u>5305</u>
<b>Net Current Assets :</b>		<u><b>187341.00</b></u>	<u><b>124195</b></u>
<b>3. Miscellaneous Expenditure</b>	7	<u>111884.00</u>	<u>111884</u>
<b>TOTAL</b>		<u><b>22262725.00</b></u>	<u><b>22199579</b></u>
Accounting Policies and Notes on Accounts	11		

As per our report of even date annexed

The Schedules referred to herein form an integral part of the Balance Sheet

**For Mahaveer M.Jain & Co.**  
(Chartered Accountants)

**(Mahendra Singh Jain)**  
DIRECTOR

**(Rajendra Singh Jain)**  
DIRECTOR

**(Mahaveer K.Jain)**  
Proprietor  
M.No. 070966

DATED : 25/08/2011  
PLACE : INDORE

# DIMART ENGINEERING PVT. LTD.

## PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 01.04.2010 TO 31.03.2011

PARTICULARS	Sch. No.	Amount 2010-11 (Rs.)	Amount 2009-10 (Rs.)
<b>I. INCOME</b>			
Other Income	8	164046.00	0
TOTAL		<u>164046.00</u>	<u>0</u>
<b>II. EXPENDITURE</b>			
A. Direct Expenses	9	79900.00	0
B. Administrative and Other Overheads	10	22600.00	0
		<u>102500.00</u>	<u>0</u>
<b>III. PROFIT BEFORE TAX</b>		<b>61546.00</b>	<b>0</b>
Less : Provision for Taxation current year		0.00	0
<b>IV. PROFIT AFTER TAX</b>		<b>61546.00</b>	<b>0</b>
Add : Balance brought forward from Previous year		0.00	0
<b>V. PROFIT CARRIED TO BALANCE SHEET</b>		<b>61546.00</b>	<b>0</b>

Accounting Policies Notes on Accounts  
The Schedules referred to herein form an  
integral part of the Profit & Loss account

11

As per our report of even date annexed

**For Mahaveer M.Jain & Co.**  
(Chartered Accountants)

(Mahendra Singh Jain)  
DIRECTOR

(Rajendra Singh Jain)  
DIRECTOR

(Mahaveer K.Jain)  
Proprietor  
M. No. 070966

DATED : 25/08/2011  
PLACE : INDORE



## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2011

PARTICULARS	Amount As At 31.03.2011 (Rs.)	Amount As At 31.03.2010 (Rs.)
<b>SCHEDULE-1</b>		
<b>Share holder's Funds :</b>		
<u>Share Capital (Authorised)</u>		
50,000 Equity Shares of Rs.10/- each	<u>500000.00</u>	500000
<u>Issued, Subscribed &amp; Paid-up</u>		
50,000 Equity Shares of Rs.10/- each	<u>500000.00</u>	500000
<b>(Including 40000 shares held by ITL Industries Ltd. i.e. the Holding Company)</b>		
TOTAL :	<u>500000.00</u>	<u>500000</u>
<b>SCHEDULE-2</b>		
<b>Reserves &amp; Surplus</b>		
1. <u>Profit &amp; Loss Account :</u>		
- Balance as per Last Balance Sheet	0	
-Add: Transferred from P & LA/c	61546	0
TOTAL :	<u>61546.00</u>	<u>0</u>
<b>SCHEDULE-3</b>		
<b>Unsecured Loan</b>		
1. Advance from Directors		
Mahendra Singh Jain	15350	
Rajendra Singh Jain	<u>15350</u>	30700
2. Loan from ITL Industries Ltd.(Holding Company)		
	<u>21670479.00</u>	21668879
TOTAL :	<u>21701179.00</u>	<u>21699579</u>

### SCHEDULE - 4 FIXED ASSETS

Name of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2010	Additions Adjustment	Deductions/ Adjustment	As at 31.03.2011	Up to 31.03.2010	For the year 2010-11	Deductions/ Adjustment	Up to 31.03.2011	As at 31.03.2011	As at 31.03.2010
Land	21963500	0	0	21963500	0	0	0	0	21963500	21963500
<b>TOTAL -</b>	<b>21963500</b>	<b>0</b>	<b>0</b>	<b>21963500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>21963500</b>	<b>21963500</b>
Previous year -	0	21963500	0	21963500	0	0	0	0	21963500	0

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2011**

PARTICULARS	Amount As At 31.03.2011 (Rs.)	Amount As At 31.03.2010 (Rs.)
<b>SCHEDULE-5</b>		
<b>Cash &amp; Bank Balances</b>		
Cash in hand	192176.00	100000
Balance with Scheduled Banks on Current A/C	7268.00	29500
TOTAL	<u>199444.00</u>	<u>129500</u>
<b>SCHEDULE-6</b>		
<b>Current Liabilities &amp; Provisions</b>		
<b>A. Current Liabilities</b>		
i. Other Liabilities( Outstanding Expenses)		
Audit fees	12103.00	5305
TOTAL	<u>12103.00</u>	<u>5305</u>
<b>SCHEDULE-7</b>		
<b>Miscellaneous Expenditure</b>		
Preliminary Expenses	31350.00	31350
Pre Operative Expenses	80534.00	80534
	<u>111884.00</u>	<u>111884</u>
<b>SCHEDULES FORMING PART OF THE PROFIT &amp; LOSS ACCOUNT AS AT 31st MARCH, 2011</b>		
<b>SCHEDULE-8</b>		
<b>Other Income</b>		
Agricultural Income	164046.00	0
	<u>164046.00</u>	<u>0</u>
<b>SCHEDULE-9</b>		
<b>Direct Expenses</b>		
Cultivation Expenses	15450.00	0
Crop Protection Expenses	9690.00	0
Electricity Expenses	8030.00	0
Labour Charges	32680.00	0
Seeds Purchase	14050.00	0
	<u>79900.00</u>	<u>0</u>
<b>SCHEDULE-10</b>		
<b>Administrative and Other Overheads</b>		
Audit Fees	5000.00	0
Legal & Professional Expenses	3500.00	0
Miscellaneous Expenses	13500.00	0
ROC Fees	600.00	0
	<u>22600.00</u>	<u>0</u>



## SCHEDULE NO. 11

### ACCOUNTING POLICIES & NOTES ON ACCOUNTS

#### 1. Significant Accounting Policies

##### (a) Basis of Preparation

The financial statements are prepared in accordance with the Indian Generally Accepted Accounting Principles (GAAP), applicable Accounting Standards issued by The Institute of Chartered Accountants of India and under the historical cost convention, on accrual basis.

##### (b) Revenue Recognition

The Company generally follows the Mercantile System of Accounting Recognizing both Income and Expenditure on Accrual Basis.

#### 2. Contingent Liabilities :

-----NONE-----

#### 3. There are no other amounts due to any other SSI undertakings.

#### 4. Related Parties Disclosure :

##### 1. ITL Industries Ltd. (Holding Company having 80% Stake)

Loan received (Balance as on 31.03.2011) Rs. 21670479/-

##### 2. Shri Mahendra Singh Jain (Director)

Loan received (Balance as on 31.03.2011) Rs. 15350/-

##### 3. Shri Rajendra Singh Jain (Director)

Loan received (Balance as on 31.03.2011) Rs. 15350/-

#### 5. Auditor's Remuneration includes the following :

PARTICULARS	2010-11	2009-10
A. Audit Fees	5000	5000
B. Other Services	2500	0
Total	<u>7500</u>	<u>5000</u>

#### 6. The Company has not commenced commercial activities. However in terms of Resolution of the Board of Directors of the Company, it has undertaken Agricultural activities on the land purchased.

#### 7. Figures of the previous year have been regrouped, reclassified / reworked so as to make them comparable with the current year.

**PART IV**

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

**1. Registration Details :**

Registration No.  State Code   
 Balance Sheet Date

**2. Capital Raised during the Year (Amount in Rs.Thousand) :**

Public Issue  Right Issue   
 Bonus Issue  Private Placement

**3. Position of Mobilisation and Development of Funds (Amount in Rs. Thousand) :**

Total Liabilities	<input type="text" value="22274.83"/>	Total Assets	<input type="text" value="22274.83"/>
<b>Sources of Funds:-</b>		<b>Application of Funds :-</b>	
Paid-up Capital	<input type="text" value="500.00"/>	Net Fixed Assets	<input type="text" value="21963.50"/>
Share Application Money	<input type="text" value="0.00"/>	Investments	<input type="text" value="0.00"/>
Reserves & Surplus	<input type="text" value="61.55"/>	Net Current Assets	<input type="text" value="187.34"/>
Secured Loans	<input type="text" value="0.00"/>	Misc.Expenditure	<input type="text" value="111.89"/>
Unsecured Loans	<input type="text" value="21701.18"/>	Accumulated Losses	<input type="text" value="0.00"/>

**4. Performance of Company ( Amount in Rs.Thousand):**

Turnover	<input type="text" value="164.05"/>	Total Expenditures	<input type="text" value="102.50"/>
+ - Profit / (Loss) before Tax	<input type="text" value="+ 61.55"/>	+ - Profit / (Loss) after tax	<input type="text" value="+ 61.55"/>
Earning Per Share Rs.	<input type="text" value="1.23"/>	Dividend Rate %	<input type="text" value="0"/>

**5. Generic Names of three Principal Products/Service of the Company (As per monetary Terms):**

Item Code No. (ITC Code)   
 Product Description   
 Item Code No. (ITC Code)   
 Product Description   
 Item Code No. (ITC Code)   
 Product Description

As per our report of even date annexed

**For MAHAVEER M.JAIN & CO.**  
Chartered Accountant

**(MAHAVEER K.JAIN)**  
Proprietor  
M.No. 070966

Place : Indore  
Date : 25.08.2011





**DIRECTOR'S REPORT**

**To  
The Members,  
Luhadiya Sons Shahpura Pvt. Ltd,  
Indore**

Dear Shareholders,

Your Directors have pleasure in presenting the 2nd Annual Report on the business and operations of the Company and Audited Statement of Accounts of the Company for the year ended 31 March, 2011.

**FINANCIAL RESULTS**

The Company has earned net profit of Rs. 0.43 lac out of Agricultural activities undertaken by the Company.

**GENERAL REVIEW**

The Company has not commenced its business operations. However the Company has undertaken Agricultural activities on the land purchased. The planned project to establish an industrial unit has been kept on hold.

**ACCEPTANCE OF DEPOSITS**

The Company has not accepted any deposits during the year under review.

**PARTICULARS OF EMPLOYEES**

None of the employee of the company received remuneration in excess of the limit specified u/s 217 (2A) of the Companies Act, 1956.

**DISCLOSURE OF PARTICULARS WITH RESPECT OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE**

The details as required by Companies (Disclosure of particulars in Report of Board of Directors) Rules, 1988 for conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo are not applicable to the Company, having regard to the nature of business of the Company.

**DIRECTOR RESPONSIBILITY STATEMENT**

Pursuant to section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

1. In presentation of the annual accounts, the applicable standards have been followed along with proper explanation relating to material departures;
2. The Directors have 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 your Company at the end of the financial year and of the profit of the Company for that period;
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
4. The Directors have prepared the annual accounts on a going concern basis.

**AUDITORS**

M/s Mahaveer M. Jain & Co., Chartered Accountants, retiring auditor is eligible for re-appointment and offers them for reappointment.

**APPRECIATION**

We wish to place on record our deep and sincere appreciation for the contribution made by the workers, staff and executives to the performance of the Company.

For and On behalf of the Board of Directors

Date : 25.08.2011  
Place : Indore

**Mahendra Singh Jain**  
Director

**Rajendra Singh Jain**  
Director

**AUDITOR'S REPORT**

To  
**The Members of  
Luhadiya Sons Shahpura Private Limited**

We have audited the annexed Balance sheet of **LUHADIYA SONS SHAHPURA PRIVATE LIMITED**, as at **31/03/2011** and the Profit & Loss account for the period from 01/04/2010 to 31/03/2011 annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted Our audit in accordance with auditing standards generally accepted in India. Those Standards require that We plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material 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 overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. This report does not include a statement on the matters specified in paragraph 4 of the Companies (Auditor's Report) Order, 2003, issued by the department of company affairs, in terms of section 227 (4A) of the Companies Act, 1956, since in Our opinion and according to the information and explanation given to us, the said order is not applicable to the company.
2. Further to Our comments in the annexure referred to in paragraph 1 above, We state that:
  - (a) We have obtained all the information and explanations, which to the best of Our knowledge and belief were necessary for the purpose of Our audit;
  - (b) In Our opinion books of accounts as required by the law have been kept by the Company so far as it appears from the examination of such books;
  - (c) The Balance Sheet and the Profit & Loss Account, dealt with by this report, are in agreement with the said books of accounts;
  - (d) In Our opinion the Balance Sheet and Profit & Loss account comply with the accounting standards referred to in Sub Section 3(c) of Section 211 of the Companies Act, 1956.
  - (e) On the basis of written representation 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) In our opinion and to the best of our information and according to the explanations given to us, read with Accounting Policies and Notes on Accounts mentioned in schedule 12, the said accounts give the information required by the Companies Act, 1956, in the manner so required give a true and fair view,
    - (i) In the case of the Balance Sheet, of the State of Affairs of the Company as at 31/03/2011 and;
    - (ii) In the case of the Profit & Loss Account, of the Profit for the period ended on that date.

For **MAHAVEER M. JAIN & CO.**  
(Chartered Accountants)

**(MAHAVEER K. JAIN)**  
Proprietor  
M.No. 070966  
FRN 001749C

Place:INDORE  
Dated: 25/08/2011



## BALANCE SHEET AS AT 31st MARCH, 2011

PARTICULARS	Sch.No.	Amount As At 31.03.2011 (Rs.)	Amount As At 31.03.2011 (Rs.)	Amount As At 31.03.2010 (Rs.)
<b>I. SOURCES OF FUND</b>				
<b>1. Share holder's Fund</b>				
A. Share Capital	1		2900000.00	100000
B. Reserve & Surplus	2		42754.00	0
<b>2. Loan Fund</b>				
A. Unsecured Loan	3		12513350.00	6512800
<b>TOTAL</b>			<b>15456104.00</b>	<b>6612800</b>
<b>II. APPLICATION OF FUND</b>				
<b>1. Fixed Assets</b>				
A. Gross Block		15027411.00		
B. Less : Depreciation	4	<u>1658.00</u>		
C. Net Block			15025753.00	0
<b>2. Current Assets, Loan &amp; Advances</b>				
A. Cash & Bank Balances	5		284260.00	109350
B. Loans & Advances	6		43750.00	6481000
			<u>328010.00</u>	6590350
Less : Current Liabilities & Provisions	7		37659.00	5000.00
Net Current Assets :			<u>290351.00</u>	6585350
<b>3. Miscellaneous Expenditure</b>	8		140000.00	27450
<b>TOTAL</b>			<b>15456104.00</b>	<b>6612800</b>

As per our report of even date annexed

Accounting Policies and Notes on Accounts 12

The Schedules referred to herein form an integral part of the Balance Sheet

**For Mahaveer M.Jain & Co.**  
(Chartered Accountants)

(Mahendra Singh Jain)  
DIRECTOR

(Rajendra Singh Jain)  
DIRECTOR

(Mahaveer K.Jain)  
Proprietor  
M.No. 070966

DATED : 25/08/2011  
PLACE : INDORE

# LUHADIYA SONS SHAHPURA PVT. LTD.

## PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 01.04.2010 TO 31.03.2011

PARTICULARS	Sch. No.	Amount 2010-11 (Rs.)	Amount 2009-10 (Rs.)
<b>I. INCOME</b>			
Other Income	9	298000.00	0
TOTAL		<u>298000.00</u>	<u>0</u>
<b>II. EXPENDITURE</b>			
A. Direct Expenses	10	223882.00	0
B. Administrative and Other Overheads	11	29706.00	0
C. Depreciation		1658.00	0
		<u>255246.00</u>	<u>0</u>
<b>III. PROFIT BEFORE TAX</b>			
		42754.00	0
Less : Provision for Taxation current year		0.00	0
<b>IV. PROFIT AFTER TAX</b>			
		<u>42754.00</u>	<u>0</u>
Add : Balance brought forward from Previous year		0.00	0
<b>V. PROFIT CARRIED TO BALANCE SHEET</b>			
		<u>42754.00</u>	<u>0</u>
Notes on accounts and contingent liabilities			
Accounting Policies and Notes on Accounts The Schedules referred to herein form an integral part of the Profit & Loss account	12		

As per our report of even date annexed

**For Mahaveer M.Jain & Co.**  
(Chartered Accountants)

**(Mahendra Singh Jain)**  
DIRECTOR

**(Rajendra Singh Jain)**  
DIRECTOR

**(Mahaveer K.Jain)**  
Proprietor  
M.No. 070966

DATED : 25/08/2011  
PLACE : INDORE



## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2011

PARTICULARS	Amount As At 31.03.2011 (Rs.)	Amount As At 31.03.2010 (Rs.)
<b>SCHEDULE-1</b>		
<b>Share holder's Funds</b>		
<u>Share Capital (Authorised)</u>		
5,00,000 Equity Shares of Rs.10/- each	<u>5000000.00</u>	<u>100000</u>
<u>Issued, Subscribed &amp; Paid-up</u>		
2,90,000 Equity Shares of Rs.10/- each	<u>2900000.00</u>	<u>100000</u>
<b>(Including 155800 shares held by ITL Industries Ltd. i.e. the Holding Company)</b>		
TOTAL	<u>2900000.00</u>	<u>100000</u>
<b>SCHEDULE-2</b>		
<b>Reserves &amp; Surplus</b>		
1. <u>Profit &amp; Loss Account</u>		
- Balance as per Last Balance Sheet	0	
-Add: Transferred from P & L A/c	42754.00	0
TOTAL	<u>42754.00</u>	<u>0</u>
<b>SCHEDULE-3</b>		
<b>Unsecured Loan</b>		
1. Advance from Directors		
Mahendra Singh Jain	15900.00	31800
Rajendra Singh Jain	<u>15900.00</u>	<u>31800.00</u>
2. Loan from ITL Industries Ltd.(Holding Company)		
	<u>12481550.00</u>	<u>6481000</u>
TOTAL	<u>12513350.00</u>	<u>6512800</u>

### SCHEDULE - 4 FIXED ASSETS

Name of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01.04.2010	Additions/ Adjustment	Deductions/ Adjustment	As at 31.03.2011	Up to 31.03.2010	For the year 2010-11	Deductions/ Adjustment	Up to 31.03.2011	As at 31.03.2011	As at 31.03.2010
Building (Agricultural Building and Fencing)	0	200286	0	200286	0	1360	0	1360	198926	0
Land	0	14807175	0	14807175	0	0	0	0	14807175	0
Tube Well	0	19950	0	19950	0	298	0	298	19652	0
<b>TOTAL -</b>	<b>0</b>	<b>15027411</b>	<b>0</b>	<b>15027411</b>	<b>0</b>	<b>1658</b>	<b>0</b>	<b>1658</b>	<b>15025753</b>	<b>0</b>
Previous year -	0	0	0	0	0	0	0	0	0	0

# LUHADIYA SONS SHAHPURA PVT. LTD.

## SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2011

PARTICULARS	Amount As At 31.03.2011 (Rs.)	Amount As At 31.03.2010 (Rs.)
<b>SCHEDULE-5</b>		
<b>Cash &amp; Bank Balances</b>		
Cash in hand	297503.00	109350
State Bank of India C/A	-13243.00	0
TOTAL	<u>284260.00</u>	<u>109350</u>
<b>SCHEDULE-6</b>		
<b>Loans &amp; Advances :</b>		
<b>i. Recoverable in cash or kind or for value to be received</b>		
Loan (Choukidar)	14000.00	0
Temporary Advance (Manoj Tiwari)	25000.00	0
Advance for Purchase of Land	0.00	6481000
Prepaid Expenses	2250.00	0
<b>ii. Deposits</b>		
Security Deposit with MPEB	2500.00	0
TOTAL	<u>43750.00</u>	<u>6481000</u>
<b>SCHEDULE-7</b>		
<b>Current Liabilities &amp; Provisions</b>		
<b>A. Current Liabilities</b>		
Other Liabilities( Outstanding Expenses)	37659.00	5000
TOTAL	<u>37659.00</u>	<u>5000</u>
<b>SCHEDULE-8</b>		
<b>Miscellaneous Expenditure</b>		
Preliminary Expenses	134500.00	21950
Pre Operative Expenses	5500.00	5500
TOTAL	<u>140000.00</u>	<u>27450</u>
<b>SCHEDULES FORMING PART OF THE PROFIT &amp; LOSS ACCOUNT AS AT 31st MARCH, 2011</b>		
<b>SCHEDULE-9</b>		
<b>Other Income</b>		
Agricultural Income	298000.00	0
TOTAL	<u>298000.00</u>	<u>0</u>
<b>SCHEDULE-10</b>		
<b>Direct Expenses</b>		
Agricultural Expenses	186715.00	0
Electricity Expenses	12417.00	0
Wages & Salary	24750.00	0
TOTAL	<u>223882.00</u>	<u>0</u>
<b>SCHEDULE-11</b>		
<b>Administrative and Other Overheads</b>		
Audit Fees	5000.00	0
Bank Charges	2525.00	0
General Expenses	18081.00	0
Legal & Professional Expenses	3500.00	0
ROC Expenses	600.00	0
TOTAL	<u>29706.00</u>	<u>0</u>



## SCHEDULE NO. 12

### ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

#### 1. Significant Accounting Policies

##### (a) Basis of Preparation

The financial statements are prepared in accordance with the Indian Generally Accepted Accounting Principles (GAAP), applicable Accounting Standards issued by The Institute of Chartered Accountants of India and under the historical cost convention, on accrual basis.

##### (b) Revenue Recognition

The Company generally follows the Mercantile System of Accounting Recognizing both Income and Expenditure on Accrual Basis.

#### 2. Contingent Liabilities :

-----NONE-----

#### 3. There are no other amounts due to any other SSI undertakings.

#### 4. Related Parties Disclosure :

##### 1. IITL Industries Ltd. (Holding Company having 53.72% Stake)

Loan received (Balance as on 31.03.2011) Rs. 12481550

##### 2. Shri Mahendra Singh Jain (Director)

Loan received (Balance as on 31.03.2011) Rs. 15900/-

##### 3. Shri Rajendra Singh Jain (Director)

Loan received (Balance as on 31.03.2011) Rs. 15900/-

#### 5. Auditor's Remuneration includes the following :

PARTICULARS	2010-11	2009-10
A. Audit Fees	5000	5000
B. Other Services	2500	0
Total	<u>7500</u>	<u>5000</u>

#### 6. The Company has not commenced commercial activities. However in terms of Resolution of the Board of Directors of the Company, it has undertaken Agricultural activities on the land purchased.

#### 7. Figures of the previous year have been regrouped, reclassified / reworked so as to make them comparable with the current year.

**PART IV**

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

**1. Registration Details :**

Registration No.  State Code   
 Balance Sheet Date

**2. Capital Raised during the Year (Amount in Rs.Thousand) :**

Public Issue  Right Issue   
 Bonus Issue  Private Placement

**3. Position of Mobilisation and Development of Funds**

Total Liabilities  Total Assets

**Sources of Funds:-**

Paid-up Capital   
 Share Application Money   
 Reserves & Surplus   
 Secured Loans   
 Unsecured Loans

**Application of Funds :-**

Net Fixed Assets   
 Investments   
 Net Current Assets   
 Misc.Expenditure   
 Accumulated Losses

**4. Performance of Company ( Amount in Rs.Thousand):**

Turnover  Total Expenditures   
 + - Profit / (Loss) before Tax  + - Profit / (Loss) after tax   
 Earning Per Share Rs.  Dividend Rate %

**5. Generic Names of three Principal Products/Service of the Company (As per monetary Terms):**

Item Code No. (ITC Code)   
 Product Description   
 Item Code No. (ITC Code)   
 Product Description   
 Item Code No. (ITC Code)   
 Product Description

As per our report of even date annexed

**For MAHAVEER M.JAIN & CO.**  
Chartered Accountant

**(MAHAVEER K.JAIN)**  
Proprietor  
M.No. 070966

Place : Indore  
Date : 25.08.2011





**AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS**

The Members,  
**ITL Industries Limited**

We have audited the attached consolidated balance sheet of ITL Industries Limited, as at 31 March 2011 and also the consolidated Profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto.

These financial statements are the responsibility of the ITL Industries Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

We conduct our audit in accordance with the auditing standards generally accepted in India. These standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material aspects, in accordance with an identified financial reporting frame work and are free of material misstatement. 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 the management, as well as, evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that the consolidated financial statements have been prepared by the ITL Industries Limited's management in accordance with the requirement of AS-21 on consolidated financial statement issued by the Institute of Chartered Accountants of India.

Based on our audit and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statement give a true and fair view in conformity with the accounting principle generally accepted in India:-

- a) In the case of consolidated balance sheet, of the state of affairs of ITL Industries Limited as at 31st March 2011,
- b) In the case of consolidated profit and loss account, of the profit of ITL Industries Limited for the year ended on that date.

**For Mahaveer M Jain & Co.**  
Chartered Accountants  
FIRM REGN. NO. 001749C

**(MAHAVEER K. JAIN)**  
Proprietor  
Membership No. 070966

Date : 25/08/2011  
Place : Indore

# ITL INDUSTRIES LIMITED

## ITL INDUSTRIES LIMITED CONSOLIDATED BALANCE SHEET AS AT 31st March, 2011

PARTICULARS	Sch.No.	Amount As At 31.03.2011 (Rs.)	Amount As At 31.03.2011 (Rs.)	Amount As At 31.03.2010 (Rs.)
<b>I. SOURCES OF FUND</b>				
<b>1. Share holder's Fund</b>				
A. Share Capital	1	32,543,993		32,543,993
B. Reserve & Surplus	2	<u>132,157,653</u>	164,701,646	114,114,439
<b>2. Minority interest</b>	3		1,442,000	142,000
<b>3. Loan Fund</b>				
A. Secured Loan	4	94,966,249		119,996,489
B. Unsecured Loan	5	<u>2,777,307</u>	97,743,556	1,321,399
<b>4. Deferred Tax Liabilities (Net)</b>			14,172,044	13,672,044
	TOTAL		<u>278,059,246</u>	<u>281,790,364</u>
<b>II. APPLICATION OF FUND</b>				
<b>1. Fixed Assets</b>				
A. Gross Block	6	168,660,359		
B. Less : Depreciation		<u>43,919,602</u>		
C. Net Block			124,740,757	106,882,920
Assets Under Construction			17,188,556	6,487,147
<b>2. Investments</b>	7		22,603,996	17,740,800
<b>3. Current Assets, Loan &amp; Advances</b>				
A. Inventories	8	77,840,268		54,427,662
B. Sundry Debtors	9	136,261,307		161,459,183
C. Cash & Bank Balances	10	22,871,603		28,409,441
D. Loans & Advances	11	<u>53,505,571</u>		74,114,145
		290,478,749		318,410,431
Less : Current Liabilities & Provisions	12	<u>177,204,696</u>		167,870,268
<b>Net Current Assets :</b>			113,274,053	150,540,163
<b>4. Miscellaneous Expenditure</b>	13		251,884	139,334
	TOTAL		<u>278,059,246</u>	<u>281,790,364</u>
Notes on Accounts & Contingent Liabilities	18			

As per our report of even date annexed

The Schedules referred to herein form an integral part of the Balance Sheet

**For Mahaveer M.Jain & Co.**  
Chartered Accountants

**Rajendra Singh Jain**  
Managing Director

**Mahendra Singh Jain**  
Director

**(Mahaveer K.Jain)**  
Proprietor  
M.No. 070966  
FRN 001749C

DATED : 25-08-2011  
PLACE : INDORE



**ITL INDUSTRIES LIMITED**  
**CONSOLIDATED PROFIT & LOSS A/C. FOR THE YEAR ENDED ON 31st MARCH, 2011**

PARTICULARS	Sch.No.	Amount 2010-11 (Rs.)	Amount 2009-10 (Rs.)
<b>I. INCOME</b>			
Sales & Other Income	14	<u>536,034,507</u>	676369793
<b>TOTAL</b>		<u>536,034,507</u>	<u>676369793</u>
<b>II. EXPENDITURE</b>			
A. Decrease / (Increase) in Stock of work in process & finished goods		<u>-2,862,437</u>	1505692
B. Cost of Raw material Consumed / Sold	15	<u>319,817,860</u>	391949707
C. Manufacturing, Administration and Selling Expenses	16	<u>163,469,024</u>	185127074
D. Interest & Financial overheads	17	<u>11,175,356</u>	12127412
E. Depreciation		<u>7,687,919</u>	7040302
<b>TOTAL</b>		<u>499,287,722</u>	<u>597750187</u>
<b>III. PROFIT BEFORE TAX</b>		<u>36,746,785</u>	78619606
Less : Provision for Taxation current year		<u>12,000,000</u>	27000000
Add/Less : Income Tax of previous year		<u>2,468,360</u>	394703
Less : Provision for Deferred Tax Liability		<u>500,000</u>	1176850
<b>IV. PROFIT AFTER TAX</b>		<u>21,778,425</u>	50048053
Add : Balance brought forward from Previous year		<u>4,114,439</u>	301597
<b>V. PROFIT AVAILABLE FOR APPROPRIATION</b>		<u>25,892,864</u>	50349650
Less : Transferred to General Reserve		<u>20,000,000</u>	42500000
Less : Proposed Dividend		<u>3,203,200</u>	3203200
Less : Provision for Dividend Distribution Tax		<u>532,011</u>	532011
<b>VI. PROFIT CARRIED TO BALANCE SHEET</b>		<u>2,157,653</u>	4114439
Notes on accounts and contingent liabilities	18		

As per our report of even date annexed

The Schedules referred to herein form an integral part of the Profit & Loss Account

**For Mahaveer M.Jain & Co.**  
Chartered Accountants

**Rajendra Singh Jain**  
Managing Director

**Mahendra Singh Jain**  
Director

**(Mahaveer K.Jain)**  
Proprietor  
M.No. 070966  
FRN 001749C

DATED : 25-08-2011  
PLACE : INDORE

## ITL INDUSTRIES LIMITED

## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31st March, 2011

PARTICULARS	Amount As At 31.03.2011 (Rs.)	Amount As At 31.03.2010 (Rs.)
<b>SCHEDULE-1</b>		
<b>Share holder's Fund</b>		
<b>Share Capital (Authorised)</b>		
40,00,000 Equity Shares of Rs.10/- each	40,000,000	40000000
Issued, Subscribed & Paid-up		
3297300 Equity Shares of Rs.10/- each	32,973,000	32973000
Less : Amount due on a/c.of Allotment money	429,007	429007
<b>TOTAL</b>	<b><u>32,543,993</u></b>	<b><u>3,25,43,993</u></b>
<b>SCHEDULE-2</b>		
<b>Reserves &amp; Surplus</b>		
1. Profit & Loss Account	2,157,653	4114439
2. General Reserve		
- Balance as per Last Balance Sheet	110,000,000	67500000
- Add: Transfer from P & L A/c.	20,000,000	42500000
<b>TOTAL</b>	<b><u>132,157,653</u></b>	<b><u>114114439</u></b>
<b>SCHEDULE-3</b>		
<b>Minority Interest</b>		
Share Capital	1,442,000	142000
<b>TOTAL</b>	<b><u>1,442,000</u></b>	<b><u>142000</u></b>
<b>SCHEDULE-4</b>		
<b>Secured Loans</b>		
A. <b>Term Loan From</b>		
<b>Madhya Pradesh Financial Corporation, Indore</b>	14,589,539	19089563
(Secured by first legal mortgage of Company's fixed assets both present and future and personal guarantee of some of the Directors)		
B. <b>Export Import Bank of India</b>	4,748,714	0
(Secured by hypothecation of Company's fixed assets acquired of the loan and personal guarantee of the Directors)		
C. <b>Working Capital Loan</b>		
<b>State Bank of India</b>	73,142,871	98999577
(Secured by Hyp.by way of charge on inventories both in hand and in transift, book debts, bills & other receivable both present and future, second charges on fixed assets of the Company & personal guarantee of some of the Directors and mortgage of immovable properties.		
D. <b>Others</b>	343,470	233189
(Against Hyp. of Vehicles of the Company)		
E. <b>Overdraft Loan From Bank</b>	2,141,655	1674160
(Against Pledge of FDR)		
<b>TOTAL</b>	<b><u>94,966,249</u></b>	<b><u>119,996,489</u></b>
<b>SCHEDULE-5</b>		
<b>Unsecured Loan</b>		
From Directors	2,777,307	1321399
<b>TOTAL</b>	<b><u>2,777,307</u></b>	<b><u>1321399</u></b>



**ITL INDUSTRIES LIMITED**  
**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31st March, 2011**

**SCHEDULE - 6**

**FIXED ASSETS :**

Name of Assets year	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Balance as at 01.04.2010	Additions during the year	Deduction during the year	TOTAL as on 31.03.2011	Up to 31.03.2010	Provided for the year	Written back during the year	TOTAL Up to 31.03.2011	As at 31.03.2011	As at 31.03.2010
Lands	23200265	14807175	0	38007440	0	0	0	0	38007440	23200265
Site Development	150004	0	0	150004	78020	6668	0	84688	65316	71984
Building	30914476	220236	0	31134712	9157528	1032544	0	10190072	20944640	21756948
Plant & Machinery	32951539	8426225	1701791	39675973	6917452	1830207	1237397	7510262	32165711	26034088
Other Equipments	16835563	750590	0	17586153	3991943	700251	0	4692194	12893959	12843619
Electrical Equipment	467194	0	0	467194	255544	33031	0	288575	178619	211650
Office Equipment	4916212	391612	0	5307824	1790847	318705	0	2109552	3198272	3125365
Furniture & Fixture	6197402	96839	0	6294241	2896636	374442	0	3271078	3023163	3300766
Computer & Software	20033719	521832	0	20555551	9042129	2704607	0	11746736	8808815	10991590
Motor Car	5548469	823140	76575	6295034	2083412	535614	49076	2569950	3725084	3465057
Cycle & Handcart	44614	0	0	44614	20039	2623	0	22662	21952	24575
Technical Know-How	3141619	0	0	3141619	1284606	149227	0	1433833	1707786	1857013
<b>TOTAL</b>	<b>144401076</b>	<b>26037649</b>	<b>1778366</b>	<b>168660359</b>	<b>37518156</b>	<b>7687919</b>	<b>1286473</b>	<b>43919602</b>	<b>124740757</b>	<b>106882920</b>
Previous Year	109732996	34668080	0	144401076	30477854	7040302	0	37518156	106882920	

PARTICULARS	Amount As At 31.03.2011 (Rs.)	Amount As At 31.03.2010 (Rs.)
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**SCHEDULE-7**

**Investments**

a. Unquoted, Non-Trade-Long Term (At cost) :-		
- Investment in subsidiary company	1,253,066	1,253,066
- Investment in other Company	9,340,041	4,034,654
b. Quoted but not listed-Current Investments :-		
- Investment in Mutual Funds	5,500,000	10,566,820
c. Quoted and listed		
- Investment in Equity Shares	6,510,889	1,886,260
<b>TOTAL</b>	<b>22,603,996</b>	<b>17,740,800</b>
- Aggregate market value of quoted but not listed investments in Mutual Fund	5703949	9,988,957
- Aggregate market value of quoted and listed investments in Equity Shares	5863203	1,970,081

**SCHEDULE-8**

**Inventories**

1. Raw Materials & Finished Goods (at cost)	63,646,079	42852186
2. Work in process & Semifinished Goods (at estimated manufacturing cost)	13,807,684	11049410
3. Finished Products (at estimated mfg.cost)	104,162	0
4. Stores, Spares parts & Standard item (at cost)	282,343	526066
<b>TOTAL</b>	<b>77,840,268</b>	<b>54427662</b>

**ITL INDUSTRIES LIMITED**  
**SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AS AT 31st March, 2011**

PARTICULARS	Amount As At 31.03.2011 (Rs.)	Amount As At 31.03.2010 (Rs.)
<b>SCHEDULE-9</b>		
<b>Sundry Debtors</b>		
(Unsecured, considered good)		
A. Outstanding for a period exceeding six months.	69,822,486	22775466
B. Others	66,438,821	138683717
<b>TOTAL</b>	<u>136,261,307</u>	<u>161459183</u>
<b>SCHEDULE-10</b>		
<b>Cash &amp; Bank Balances</b>		
Cash in hand	1,475,312	1024362
Balance with Scheduled Banks in fixed - deposit account	18,171,403	19364425
Accrued interest on Fixed Deposits	561,937	603889
In Current / OBC accounts	1,361,742	6244551
Towards unclaimed Dividend account	1,301,209	1172214
<b>TOTAL</b>	<u>22,871,603</u>	<u>28409441</u>
<b>SCHEDULE-11</b>		
<b>Loans &amp; Advances</b>		
i. Recoverable in cash or kind or for value to be received	40,061,707	58646772
ii. Deposits	2,398,616	2373000
iii. Advance payment of Income Tax	11,045,248	13094373
<b>TOTAL</b>	<u>53,505,571</u>	<u>74114145</u>
<b>SCHEDULE-12</b>		
<b>Current Liabilities &amp; Provisions</b>		
<b>A. Current Liabilities</b>		
i. Sundry Creditors	105,338,830	79822284
ii. Customers Credit Balances	49,389,691	47198297
iii. Other Liabilities	3,599,377	3780197
iv. Unclaimed Dividend account	1,301,209	1172214
<b>TOTAL (A)</b>	<u>159,629,107</u>	<u>131972992</u>
<b>B. Provisions</b>		
i. Provision for Income Tax	12,000,000	30500000
ii. Proposed Dividend	3,203,200	3203200
iii. Provision for Bonus	1,765,378	1325665
iv. Provision for Gratuity	75,000	336400
v. Provision for Dividend Distribution Tax	532,011	532011
<b>TOTAL (B)</b>	<u>17,575,589</u>	<u>35897276</u>
<b>GRAND TOTAL (A+B)</b>	<u>177,204,696</u>	<u>167870268</u>
<b>SCHEDULE-13</b>		
<b>Miscellaneous Expenditure</b>		
Preliminary Expenses	165,850	53300
Pre operative Expenses	86,034	86034
<b>TOTAL</b>	<u>251,884</u>	<u>139,334</u>



## ITL INDUSTRIES LIMITED

### SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS A/C. AS AT 31st March, 2011

PARTICULARS	Amount As At 31.03.2011 (Rs.)	Amount As At 31.03.2010 (Rs.)
<b>SCHEDULE-14</b>		
<b>Sales &amp; Other Income</b>		
A. Sales (Net of Sales Tax)	530,685,761	667653991
B. Job Work	3,851,488	6797917
C. Misc. Income	1,497,258	1917885
<b>TOTAL</b>	<u>536,034,507</u>	<u>676369793</u>
<b>SCHEDULE-15</b>		
<b>Cost of Raw Material Consumed / Sold</b>		
Opening Stock	42,852,186	58492414
Add : Purchases	<u>340,611,753</u>	<u>377648276</u>
	383,463,939	436140689
Less: Closing Stock	<u>63,646,079</u>	<u>44190983</u>
<b>TOTAL</b>	<u>319,817,860</u>	<u>391949707</u>
<b>SCHEDULE-16</b>		
<b>Manufacturing, Administration and Selling Expenses</b>		
<b>A. Manufacturing Overheads</b>		
Stores, Spares parts & Standard item consumed		
Opening Stock	526,066	417725
Add: Purchases	<u>1,984,556</u>	<u>2266546</u>
	2,510,622	2684271
Less : Closing Stock	<u>282,343</u>	<u>526066</u>
Consumed during the year	2,228,279	2158205
Packing Materials expenses	470,260	882376
Component Processing Charges	21,603,422	14494309
Power & Fuel	1,772,108	1597823
<b>Repair &amp; Maintenance to</b>		
1. Plant & Machinery	404,766	264030
2. Building	227,164	140168
Entry Tax	1,306,273	2032846
Excise Duty	42,537,868	46250518
Freight & Cartage inward	5,298,297	4807966
Misc. Expenses	5,931,099	10933637
<b>TOTAL (A)</b>	<u>81,779,536</u>	<u>83561879</u>

**ITL INDUSTRIES LIMITED**

**SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS A/C. AS AT 31st March, 2011**

<b>PARTICULARS</b>	<b>Amount As At 31.03.2011 (Rs.)</b>	<b>Amount As At 31.03.2010 (Rs.)</b>
<b>B. Employees Remuneration &amp; Benefits</b>		
Salary, Wages & Allowances (Including Bonus & Ex-gratia)	34,627,725	24976160
Contribution to E.S.I.C.	570,886	342793
Contribution to Porvident Fund	751,908	680585
Contribution to Public Provident Fund	381,600	216000
Welfare Expenses	1,438,061	966872
Director's Remuneration	5,217,255	2961192
<b>TOTAL (B)</b>	<u>42,987,435</u>	<u>30,143,602</u>
<b>C. General &amp; Administrative Overheads</b>		
Rent, Rates & Taxes	1,815,166	1715754
Electricity Charges	292,197	230763
Charity & Donation	247,351	
Stationery & Printing	814,402	738316
Postage & Courier	284,290	245298
Telephones & Internet	1,398,598	1217592
Travelling & Conveyance	9,460,879	7415230
Legal & Professional	7,523,912	6670214
Auditor's Remuneration	70,000	50000
Insurance	256,911	618964
Loss on Sale of Fixed Assets	229,394	0
Loss on Sale of Investment	886,767	499198
Misc. Expenses	2,951,327	2348835
<b>TOTAL (C)</b>	<u>26,231,194</u>	<u>21,750,162</u>
<b>D. Selling &amp; Distribution Expenses</b>		
Sales Promotion Expenses	939,609	573615
Freight & Cartage outward	1,748,834	3289660
Freight & Cartage For Export	23,004	358741
Sales Commission & Discount	3,565,509	3705106
Advertisement & Exhibition expenses	4,233,362	3647077
Bad Debts	731,666	17034533
Misc. Expenses	194,080	19928114
After Sales & Service Expenses	979,443	1090689
GTA on Freight Outward	55,352	43896
<b>TOTAL (D)</b>	<u>12,470,859</u>	<u>49671432</u>
<b>GRAND TOTAL (A+B+C+D)</b>	<u>163,469,024</u>	<u>185127074</u>

**SCHEDULE-17**

**Interest & Finance charges**

Interest on Fixed Period Loans	2,029,536	4078483
Interest on Other Loans (Net)	6,713,094	5847640
Other Financial charges	2,432,726	2201290
<b>TOTAL</b>	<u>11,175,356</u>	<u>12,127,413</u>





## Schedule No. 18

### Accounting Policies and Notes to accounts:

#### A. Accounting policies:

##### Significant accounting policies are summarized below:

##### 1. Accounting Convention:

The accounts have been prepared in accordance with the historical convention under accrual basis of accounting as per Indian GAAP. Accounts and disclosures thereon comply with the accounting standards specified in Companies (Accounting Standard) Rules, Other pronouncements of ICAI, Provisions of Companies Act, 1956 and Guidelines issued by SEBI as applicable.

##### 2. Principles of Consolidation:

The consolidated financial Statement relates to ITL Industries Ltd ( the Parent Company), Luhadiya Sons Shahpura Pvt. Ltd. (53.72% stake wherein is held by ITL Industries Ltd.) and Dimart Engineering Pvt. Ltd.(80% stake wherein is held by ITL Industries Ltd.). Pending receipt of Statements from ITL International LLC USA (a wholly owned subsidiary Co. ), the results thereof have not been merged in these statements.

The consolidated financial statements have been prepared on the basis of AS-21, read with the following basic assumptions;

- The financial Statements of the parent Company and its subsidiary companies have been combined on a line-by line basis by adding together the book value of like items of assets, liabilities, income and expenses, after fully eliminating intra group balances and intra group transactions.
- Investments of parent Company in subsidiaries are eliminated against respective proportionate stake of parent company therein on 31.03.2011
- The Consolidated financial statements are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible , in the same manner as parent company's separate financial statements unless stated otherwise.
- Minority interest ,consisting equity attributable to them on 31.03.2011 has been disclosed in the consolidated financial statement separately from liability and equity of shareholders of parent Company.
- The Subsidiaries incorporated in the financial statements have not commenced commercial activities. As per resolution of the Board of Directors of the companies they have undertaken agricultural activities covered under other objects , which is as per the provisions of Section (2A) read with subsection (7) of Section 149 of the companies Act, 1956 . All other accounting policies adopted by the parent company have been followed .

##### 3. Notes on accounts:

- Contingent Liabilities/Capital Contract;
  - Commitment on Capital Account by Subsidiary Companies: NONE.
  - The other contingent Liabilities pertains to the parent company and are enumerated alongwith the accounts of the parent company .
- As the Subsidiary Companies incorporated have not commenced commercial activities ,there are no related parties transactions (AS-18) , information for segment wise Details (AS- 17) and All other notes on accounts mentioned on the parent company's accounts have been followed in entirety.

##### iii. Earning Per share:

Net Profit After tax	Rs.	21778425
Less: Miscellaneous Expenditure	Rs	251884
Net Profit	<u>Rs.</u>	<u>21526541</u>
No. of Shares		3254399
Earning Per Share	Rs.	6.61



**STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956  
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:  
CONSOLIDATED**

**1. Registration Details :**

Registration No.  State Code   
Balance Sheet Date

**2. Capital Raised during the Year (Amount in Rs.Thousand) :**

Public Issue  Right Issue   
Bonus Issue  Private Placement

**3. Position of Mobilisation and Development of Funds (Amount in Rs. Thousand) :**

Total Liabilities  Total Assets

**Sources of Funds:-**

Paid-up Capital   
Reserves & Surplus   
Secured Loans   
Unsecured Loans   
Deferred Tax Liabilities (Net)

**Application of Funds :-**

Net Fixed Assets   
Investments   
Net Current Assets   
Misc. Expenditure   
Accumulated Losses

**4. Performance of Company ( Amount in Rs.Thousand):**

Turnover (Including-  other Income) Total Expenditures   
Profit / (Loss) before Tax  Profit / (Loss) after tax   
Earning Per Share Rs.  Dividend Rate %

**5. Generic Names of three Principal Products/Service of the Company (As per monetary Terms):**

Item Code No. (ITC Code)	Product Description
<input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="1"/>	HORIZONTAL BANDSAW M / C
<input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="2"/>	VERTICAL BANDSAW M / C
<input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="1"/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="5"/>	POWER HACKSAW M / C

As per our report of even date annexed

**For MAHAVEER M.JAIN & CO.**  
Chartered Accountant

**(MAHAVEER K.JAIN)**  
Proprietor  
M.No. 070966

Place : Indore  
Date : 25.08.2011

**ITL INDUSTRIES LIMITED**  
**111, Sector-B, Sanwer Road, Industrial Area, Indore (M.P.)-452015**

**PROXY FORM**

I/We.....  
being a Member / Members of ITL INDUSTRIES LIMITED hereby appoint.....  
.....of.....  
..... (or failing him / her) .....  
of ..... as my/our Proxy in my/our absence to attend and vote for me / us, and on my / our  
behalf at the 23<sup>rd</sup> Annual General Meeting of the Company to be held on 28<sup>th</sup> September, 2011 at 11.30 a.m. at the Registered Office  
of the Company, 111, Sector-B, Sanwer Road, Industrial Area, Indore (M.P.) - 452015.

AS WITNESS my / our hands this ..... day  
..... 2011 Signed by said .....  
..... in the presence of .....

**For OFFICE USE ONLY**

Proxy No. ....  
Folio No. ....  
No. of Shares .....

\_\_\_\_\_  
(Signature)

Rs. 1/-  
Revenue  
Stamp

- Notes:** (a) The form should be signed across the stamp as per specimen signature  
(b) The Proxy form duly completed must be deposited at the Registered Office of the Company in not less than 48  
Hours before the time fixed for holding the aforesaid meeting.

**ITL INDUSTRIES LIMITED**  
**111, Sector-B, Sanwer Road, Industrial Area, Indore (M.P.)-452015**

**(ATTENDANCE SLIP to be filled in and handed over at the entrance of the meeting hall)**

Full Name of the attending member.....

Regd. Folio No./Client ID No. ....

No. of Shares held .....

Full name of Proxy (in BLOCK LETTERS) .....

SIGNATURE OF THE MEMBER(S) OR PROXY/PROXIES PRESENT .....

I hereby record my presence at the 23<sup>rd</sup> ANNUAL GENERAL MEETING held on 28<sup>th</sup> September, 2011 at 11.30 a.m. at 111,  
Sector-B, Sanwer Road, Industrial Area, Indore (M.P.) - 452015.

**RANGE OF PRODUCTS**

- \* ALUMINIUM SLAB AND TRIM CUTTING STATION
- \* HIGH SPEED ALLUMINIUM BILLET CUTTING MACHINE
- \* HIGH SPEED METAL CUTTING BANDSAW MACHINES
- \* DOUBLE COLUMN TYPE CNC BANDSAW MACHINES
- \* VERTICAL TYPE BANDSAW MACHINES
- \* HYDRAULIC KEYWAY SLOTTING MACHINE
- \* HYDRAULIC POWER PACKS
- \* HYDRAULIC STATOR BAR PRESS
- \* HYDRAULIC POWER HACKSAW MACHINES
- \* HYDRAULIC SPECIAL PURPOSE PRESS
- \* HYDRO TESTER FOR TUBE / PIPES
- \* PIPE AND FACING & CHAMFERING MACHINE
- \* SPECIAL PURPOSE MACHINES ( TAILOR MADE )
- \* TUBE MILL FOR TUBE AND PIPE MANUFACTURING
- \* TUBE & PIPE STRAITING MACHINES
- \* TUBE POINTING MACHINES
- \* CIRCULAR SAWING MACHINES
- \* DRAW BENCHES
- \* SWAGING MACHINES

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**DIVISION'S ACTIVITY**

- \* **INDTOOLS SALES & SERVICES**                      AUTHORISED DISTRIBUTORS FOR HYDRAULIC PRODUCTS OF -  
M/S. EATON HYDRAULICS  
M/S. VICKERS SYSTEM INTERNATIONAL LTD  
M/S. FERROCARE MACHINEES (P) LIMITED
  
- \* **INDORE SAWS & TOOLS**                      DISTRIBUTOR FOR INDIA FOR BIMETAL BANDSAW BLADES, HACKSAW BLADES & OTHER TOOLS