

LS INDUSTRIES LIMITED

(Formerly known as Lifestyle Fabrics Limited)

16th
ANNUAL REPORT
& ACCOUNTS
2009-2010

LS INDUSTRIES LIMITED
(FORMERLY KNOWN AS LIFESTYLE FABRICS LIMITED)

COMPANY INFORMATION

Board of Directors

Mr. Birendra Kumar, Chairman
Mr. Vikash Shekhar, Director
Mr. Kwangsoo Kim, Director
Mr. Akash Deep Sharma, Additional Director
Ms. Chay Suet Meng, Additional Director
Mr. Joel Anthony Stead, Additional Director
Mr. Yasunobu Kuramoto, Additional Director

Company Secretary

Dinesh Bhandari

Statutory Auditors

M/s Doogar & Associates, Chartered Accountants
New Delhi.

Bankers

AXIS BANK LIMITED

Registered Office

5 & 6, Sneh Shrushti Complex,
Opp. Sambhav Press, Judges Bungalow Road,
Bodakdev, Ahmedabad- 380052.
Contact Person : Mr. Dinesh Bhandari, Company Secretary
Mobile : 093168 65220,
Email : dinesh_6520@yahoo.com

Corporate Office

SCO 27, Swastik Vihar, Sector 5,
Mansa Devi Complex, Panchkula-134109

Registrar and Transfer Agents (RTA)

Beetal Financial & Computer Services Pvt Ltd.
99 Madangir, New Delhi - 110062
Phone -011-29961281-283, Fax 011-29961284

Demat Connectivity

Central Depository Services (India) Limited (CDSL)

ISIN Details

INE345D01023

Stock Exchange Listing

Bombay Stock Exchange Limited

Stock Code

514446

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LS INDUSTRIES LIMITED

(FORMERLY KNOWN AS LIFESTYLE FABRICS LIMITED)

Regd. Office : 5 & 6, Sneh Shrushti Complex, Opp. Sambhav Press, Judges Bungalow Road,
Bodakdev, Ahmedabad- 380052.

Notice

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Shareholders of the Company will be held on Thursday, 30th September, 2010 at Auditorium of Ahmedabad Textile Mills Association, Ashram Road, Navrangpura, Ahmedabad-380009 at 10.30 a.m. to transact the following Businesses :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Statements of Account for the financial year ended on 31st March, 2010 and Reports of the Directors and Auditors thereon.
2. To appoint M/s Doogar & Associates, Chartered Accountants as Statutory Auditor for the financial year 2010-11 and to fix their remuneration
3. To appoint a Director in place of **Mr. Vikash Shekhar**, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

4. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:
“**RESOLVED THAT Mr. Akash Deep Sharma**, who was appointed as an Additional Director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and Article 151 of the Articles of Association of the Company and who holds the office upto the date of this Annual General Meeting and in respect whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed a Director of the Company liable to retire by rotation.”
5. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:
“**RESOLVED THAT Ms. Chay Suet Meng**, who was appointed as an Additional Director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and Article 151 of the Articles of Association of the Company and who holds the office upto the date of this Annual General Meeting and in respect whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed a Director of the Company liable to retire by rotation.”
6. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:
“**RESOLVED THAT Mr. Joel Anthony Stead**, who was appointed as an Additional Director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and Article 151 of the Articles of Association of the Company and who holds the office upto the date of this Annual General Meeting and in respect whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed a Director of the Company liable to retire by rotation.”
7. To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:
“**RESOLVED THAT Mr. Yasunobu Kuramoto**, who was appointed as an Additional Director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 and Article 151 of the Articles of Association of the Company and who holds the office upto the date of this Annual General Meeting and in respect whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed a Director of the Company liable to retire by rotation.”

8. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution** :

"RESOLVED THAT pursuant to Article 31 and all other applicable provisions, if any, of the Companies Act, 1956 and any modification or re-enactment thereof, for the time being in force, Articles 192 and 193 of Articles of Association of the Company be and is hereby amended or altered and in place thereof following new Article No. 192 & 193 be substituted :

192. The company can participate in the equity of foreign company or promotion of a wholly owned subsidiary abroad, subject to compliance of provisions of Companies Act, 1956, amended Foreign Exchange Management Act, 1999, regulations, master circulars, notifications issued by Reserve bank of India from time to time, etc.

193. The Company may enter into joint venture abroad subject to compliance of provisions of Companies Act, 1956, amended Foreign Exchange Management Act, 1999, regulations, master circulars, notifications issued by Reserve Bank of India from time to time, etc.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take all suitable steps and to do all such acts, deeds, matters and things that may be required to implement the above said resolution".

By Order of the Board,
sd/-

CS. Dinesh Bhandari
Company Secretary

Place : Panchkula
Date : 31st August, 2010

NOTES:

- (1) **A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself / herself and the PROXY need not be a member of the Company. The proxy form, in order to be effective, must be deposited with the Company so as to reach the registered office of the company not less than 48 hours before the time fixed for commencement of the Meeting.**
- (2) Members holding shares in physical form are requested to notify their change of address, if any, to the Company / Registrar and Transfer Agent (RTA). In case, shares are held in electronic form, the change of address, if any, may have to be communicated to their respective DPs.
Registrar and Transfer Agent (RTA) :
The contact details of Registrar and Transfer Agent is as under :
Beetal Financial & Computer Services Pvt Ltd
99, Madangir, New Delhi 110 062
011-2996 1281-283 Fax 011-2996 1284
The shareholders may contact for matters relating to transfer of shares either to the company at the following address or RTA directly.
Corporate Office : SCO 27, Swastik Vihar, Mansa Devi Complex, Sector-5, Panchkula-134 109 (Haryana)
- (3) The Register of Members and Share Transfer Books of the Company will remain closed from the 23rd September, 2010 to 30th September, 2010 (Both days inclusive).
- (4) Members are requested to bring their copies of the Annual Report to the Meeting.
- (5) The Members/Proxies should bring the Attendance Slip sent herewith duly filled in for attending the Meeting.
- (6) Proxies in order to be effective must be received at the Company's Registered Office not less than 48 hours before the commencement of the Meeting.
- (7) Requisition of information on accounts and operations of the Company, if any, may please be sent to the Company seven days in advance of the Meeting so that the information may be readily available at the Meeting.
- (8) Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed to this Notice as Annexure I.
- (9) Information and Disclosures pursuant to Clause 49 IV (G) of the Listing Agreement for the Directors who are being appointed is annexed as Annexure II to the Notice.
- (10) Members holding shares in single name may avail nomination facility.

ANNEXURE I

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 3

Vikash Shekhar (48) is Master of Business Administration and did Course in Supply Chain & Retail Mgmt. from IIT, Delhi, having over 23 years of extensive experience in business operations involving marketing, operations, business development & product launches; with ROI accountability, contributing with his in-depth management expertise in operations of the company.

He is also a keen planner & strategist in managing business with focus on top-line as well as bottom-line performance and expertise in determining company's mission & strategic direction. He has proven abilities in driving growth through leadership in highly competitive markets.

The Company has received notice in writing alongwith the necessary amounts as a deposit from a member proposing his candidature as Director in accordance with the requirements of Section 257 of the Companies Act, 1956.

Mr. Vikash Shekhar may be deemed to be concerned or interested in the said resolution relating his appointment. . None of the Directors are in any manner concerned or interested in the said resolution.

The Board recommends the resolution for approval of members

Item No. 4

Akash Deep Sharma (42) is having professional qualification of B.E (Mechanical) and MBA (International Business). He is on the board of many overseas companies. He is widely traveled abroad and having rich & valuable experience in exploring new business opportunities across the world.

The Company has received notice in writing alongwith the necessary amounts as a deposit from a member proposing his candidature as a Director in accordance with the requirements of Section 257 of the Companies Act, 1956.

Mr. Akash Deep Sharma may be deemed to be concerned or interested in the said resolution relating to his appointment. The Board recommends the resolution for approval of members.

Item No. 5

Chay Suet Meng, (50) is foreign national and citizen of Singapore. She is a Certified Public Accountant (FCPA) of the Institute of Certified Public Accountants of Singapore (FCPA, Singapore) and a Fellow of CPA Australia (FCPA, Australia). She qualified from the Association of Chartered and Certified Accountants (UK) in 1986 and was awarded the FCCA (Fellow of Association of Chartered and Certified Accountants) in 1991.

She has rich experience of 30 years and has specialization in the field of Finance. She has worked with Ernst & Young (E&Y) for a period of over 10 years. She has worked at top management level with world- wide MNCs, listed companies viz. Powermatics Data Systems Limited, Baker Technologies Limited, Auric Pacific Group Limited etc.

Through her years of experience, she has acquired a wide exposure in operational accounting, audit, tax, treasury management, Cross borders' taxation and Transfer Pricing and other finance related functions.

The Company has received notice in writing alongwith the necessary amounts as a deposit from a member proposing her candidature as a Director in accordance with the requirements of Section 257 of the Companies Act, 1956.

Ms. Chay Suet Meng may be deemed to be concerned or interested in the said resolution relating her appointment. No other Directors are in any manner concerned or interested in the said resolution.

The Board recommends the resolution for approval of members.

Item No. 6

Joel Anthony Stead (48) is foreign National and citizen of United States of America. He is Master of Business Administration. He has worked at different level of top management. He has worked as Vice President of Seagate.

The Company has received notice in writing alongwith the necessary amounts as a deposit from a member proposing his candidature as a Director in accordance with the requirements of Section 257 of the Companies Act, 1956.

Mr. Joel Anthony Stead may be deemed to be concerned or interested in the said resolution relating his appointment. No other Directors are in any manner concerned or interested in the said resolution.

The Board recommends the resolution for approval of members.

Item No. 7

Yasunobu Kuramoto (65) is foreign national and citizen of Japan. He is presently Lecturer at Hitotsubashi University, Japan. He is also member of the Board of Environments, Energy and Agricultures and Forest Net Works for developing ECO PARK business model in UK.

He is the Senior Researcher at Tokyo University, Policy Alternatives Research Institute and is also a visiting professor at Kyoto University, Office of Society-Academia collaboration for Innovation.

He has more than 35 years of working experience and has held various levels of executive management positions in Fujitsu Head Quarter. He used to be a Director -Planning in Fujitsu America and CEO of FDK America Inc. and after Fujitsu engagement, he was head-hunted to take on the position of General Manager at South West of England Regional Development Agency (SWERDA) Japan Office, part of UK Local Government Body, to attract and oversee investments into UK. His achievements include development of new businesses in Fujitsu and attracted many Japanese investments into UK through his wide network.

The Company has received notice in writing along with the necessary amounts as a deposit from a member proposing his candidature as a Director in accordance with the requirements of Section 257 of the Companies Act, 1956.

Mr. Yasunobu Kuramoto may be deemed to be concerned or interested in the said resolution relating his appointment. No other Directors are in any manner concerned or interested in the said resolution.

The Board recommends the resolution for approval of members.

Item No. 8

In the era of globalization and liberalization of Indian economy, Reserve Bank of India has eased out norms for making Joint Venture abroad, participation in the equity of foreign company or promotion of a wholly owned subsidiary abroad under automatic route subject to certain compliances. Therefore, Article 192 and 193 are proposed to be altered and replaced with new clauses of Articles of Association in line with amendment in FEMA Act, regulations, etc. The resolution as set out in the notice is proposed to be passed as a Special resolution.

The Board of Director thus recommends the resolution set out at Item No. 8 of the accompanying Notice for the approval of the members.

None of Directors of the Company is in any way concerned or interested in the said resolution.

Place : Panchkula
Date : 31st August, 2010

By Order of the Board,
sd/-
CS. Dinesh Bhandari
Company Secretary

ANNEXURE II

Brief resume and name of the Companies in which the Directors who are being appointed as a Directors, having directorship in other companies is given below :

Mr. Vikash Shekhar :

Vikash Shekhar (48) is an Independent and Non Executive Director. He is MBA and did Course in Supply Chain & Retail Mgmt. from IIT, Delhi and having over 23 years of extensive experience in business operations involving marketing, operations, business development & product launches; with ROI accountability, contributing with his in-depth management expertise in operations of the company. He is also a keen planner & strategist in managing business with focus on top-line as well as bottom-line performance and expertise in determining company's mission & strategic direction. He has proven abilities in driving growth through leadership in highly competitive markets.

He is also director in Miracle Leasing and Finance Limited and Victor Leasing Limited. He is Chairman of Audit Committee and Shareholders/ Investors Grievance Committee of Miracle Leasing and Finance Limited and Victor Leasing Limited. He is holding Nil shares in the Company.

None of the Directors of the Company other than Mr. Vikash Shekhar, himself is concerned or interested in the aforesaid resolution.

Mr. Akash Deep Sharma :

Akash Deep Sharma (42) is Independent and Non Executive Director. He is having professional qualification of B.E (Mechanical) and MBA (International Business). He is CEO of Esys Information Technologies Pvt. Ltd. He is also on the board of Elcom IT Solutions Pvt. Ltd. in India. He is also the board of many overseas companies. He is widely traveled abroad and having rich & valuable experience in exploring new business opportunities across the world. He is not member of any committee in other Companies in India. He is holding Nil Equity Shares in the Company.

Chay Suet Meng :

Chay Suet Meng (50) is Non Independent and Non-Executive Director. She is citizen of Singapore. She is a Certified Public Accountant (FCPA) of the Institute of Certified Public Accountants of Singapore (FCPA,Singapore) and a Fellow of CPA Australia (FCPA, Australia). She qualified from the Association of Chartered and Certified Accountants (UK) in 1986 and was awarded the FCCA (Fellow of Association of Chartered and Certified Accountants) in 1991.

She has held important management positions in various industries in her long and commendable career. She has rich experience of 30 years and has specialization in the field of Finance. She has worked Ernst & Young (E&Y) for a period of over 10 years. She has worked at top management level with world-wide MNCs, listed companies viz. Powermatics Data Systems Limited, Baker Technologies Limited, Auric Pacific Group Limited etc.

Through her years of experience, she has acquired a wide exposure in operational accounting, audit, tax, treasury management, Cross borders' taxation and Transfer Pricing and other finance related functions. She is neither director nor member of any committee in India. She is holding 1,02,88,205 Equity Shares in the Company through preferential allotment made by the Company.

Joel Anthony Stead :

Joel Anthony Stead (48) is Independent and Non Executive Director. He is citizen of United States of America. He is Master of Business Administration. He has worked at different level of top management. He has worked as Vice President of Seagate. He is neither director nor member of any committee in India. He is holding Nil Equity Shares in the Company.

Yasunobu Kuramoto :

Yasunobu Kuramoto (65) is foreign national and citizen of Japan. He is presently Lecturer at Hitotsubashi University, Japan. He is also member of the Board of Environments, Energy and Agricultures and Forest Net Works for developing ECO PARK business model in UK. He was appointed the Senior Researcher at Tokyo University,Policy Alternatnatives Research Institute and he will be guest professor at Kyoto University, Office of Society-Academia collaboration for Innovation from 1st Sept 2010. He has more than 35 years of working experience and has held various levels of executive management positions in Fujitsu Head Quarter. He used to be a Director -Planning in Fujitsu America and CEO of FDK America Inc. and after Fujitsu engagement, he was head-hunted to take on the position of Genaeral Manager at South West of England Regional Development Agency(SWERDA), part of UK Government Body but base out of Japan, to attract and oversee investments into UK. His achievements include development of new businesses in Fujitsu and attracted many Japanese investments into UK through his wide network. He is neither director nor member of any committee in India. He is holding Nil Equity Shares in the Company.

LS INDUSTRIES LIMITED

(Formerly known as Lifestyle Fabrics Ltd.)

Directors' Report

TO,
THE MEMBERS,
Your Directors present their Sixteenth Annual Report along with the audited Financial Statements for the year ended on 31st March, 2010.

1. FINANCIAL RESULTS (Rs. in lacs)

	2009-10	2008-09
Sales & Other Income	258.51	Nil
Profit/(Loss) before Depreciation, Interest and taxation	(46.92)	(2.03)
Less: Net Interest	Nil	Nil
Profit / (Loss) after Interest but before Depreciation and Taxation	(46.92)	(2.03)
Less: Depreciation	3.05	Nil
Profit/(Loss) before tax	(49.97)	(2.03)
Less : Short provision for Income Tax of earlier years	1.57	Nil
Profit / (Loss) for the year	(51.54)	(2.03)
Balance as per last year's Balance Sheet	(655.06)	(653.03)
Balance carried to Balance Sheet	(706.60)	(655.06)

2. OPERATIONS

You directors inform you that since company was taken over by new management on 7.5.2009 and immediate after takeover, the management has taken lots of steps and initiatives for long term survival and growth of the Company. The Company has taken up factory premises on rent and started manufacturing of garments in Ludhiana in Punjab. The company has made capital expenditure on installation of garment machines imported from abroad. The Company has also set up another garment manufacturing unit at Nalagarh in Himachal Pradesh in the area notified by Government for receiving various subsidies and benefits. The Company is on horizon of expansion track and wish to set international quality standards to mark its presence worldwide in garment business. The Company is also planning to get heights in wholesale distributorship business of Computer hardware, software, papers, etc. Your directors are confident that operations would bring positive results in near future.

3. REDUCTION OF CAPITAL AND CONSOLIDATION OF EQUITY SHARES

In order to restructure balance sheet and to write off past accumulated losses, special resolution was passed by way of postal ballot and also in Extra Ordinary General Meeting held by shareholders on 10.07.2009 for reduction of equity share capital of the Company by 80% by canceling Rs. 8 per share aggregating Rs 4.40 crore from the paid up equity capital of the company and writing off the debit balance of the Profit & Loss Account of the Company by an

equivalent amount. Subsequently, the Hon'ble High Court of Gujarat at Ahmedabad vide order dated 12.4.2010 / 17.12.2009 approved the petition for reduction of Capital filed by the Company. The said order got registered with Registrar of Companies, Ahmedabad on 17.05.2010. Consequently, upon registration of above said orders, par value / paid up value of each equity shares of Rs. 10 each was reduced to Rs. 2 per share.

Further Company has taken prior approval from shareholders in extraordinary general meeting held on 31.3.2010 for consolidation of 5 equity Shares of Rs. 2 each (post implementation of reduction of equity capital) into 1 equity share of Rs. 10 each.

In view of the above Court orders and approval given by shareholders, the board of Directors of the Company fixed Wednesday, 9th June, 2010 as the record date for giving effect to the reduction of capital and simultaneous consolidation of equity shares. Accordingly, based upon holding on the record date, Board of Directors of the Company in their meeting held on 14th June, 2010 has issued new share certificates to those shareholders holding shares in physical form and similarly Company has done credit of new equity shares in the account of shareholders holding shares in electronic form as the case may be, in lieu and cancellation of all existing equity shares, through corporate action form filed with Central Depositories Services (India) Limited. The new shares are now listed with Bombay Stock Exchange Limited.

4. PREFERENTIAL ALLOTMENT

In order to enlarge the scale of operations and also for general corporate and other business purposes, the Company raised funds by making preferential allotment of 6,22,30,000 Convertible warrants to the promoters and 2,15,51,870 Mandatorily Convertible Preference Shares to Non-Promoters of face value of Rs. 10/- each for cash at price of Rs. 12.20 including premium of Rs. 2.20 as per SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 on 12.04.2010. After enhancing capital and on receipt of full consideration and request for conversion, the said shares were converted into equivalent equity shares of the Company on 20.07.2010. The Bombay Stock Exchange Limited has given listing approval for above mentioned shares.

5. SUB DIVISION OF EQUITY SHARES

In order to improve liquidity position and easy tradability of shares, shareholders in Extra Ordinary General Meeting held on 21.08.2010 has approved the sub division of Equity shares capital of the Company by sub dividing the Equity Shares of face value of Rs. 10 each to Rs. 1 each, however

its implementation is in process.

6. ACQUISITION

The Board of Directors of the Company made total acquisition of control and management of M/s Ezy InfoSoft Pvt. Ltd. and thus made it a wholly owned subsidiary of the Company w.e.f. 19.05.2010.

7. DIVIDEND

In view of the loss for the year and carried forward losses of the Company, your directors do not recommend any dividend for the year under review.

8. DIRECTORS

Mr. Akash Deep Sharma who was appointed as Additional Director of the Company by the Board of Directors at their meeting held on 28th August, 2009, holds the office upto the date of this ensuing Annual General Meeting and Ms Chay Suet Meng, Mr. Yasunobu Kuramoto and Mr. Joel Anthony Stead, who were appointed as Additional Directors of the Company by the Board of Directors at their meeting held on 30th April, 2010, hold offices upto the date of this ensuing Annual General Meeting.

Mr. Vikas Shekhar who retires by rotation and being eligible, offers himself for reappointment as a Director of the Company in the ensuing meeting. The Company has received the notices in writing under Section 257 from the members proposing candidature of above said Directors.

Your directors recommend their appointments/re-appointment as Directors for the approval of the members.

Mr. Rajesh Kumar Garg ceased as director of the Company w.e.f. 28th August, 2009 on account of failure of nomination by any member of the Company by virtue of provisions of section 257 and 260 of the Companies Act, 1956. The Board of Directors took note of the same & recorded its appreciation for the services rendered by the said director.

9. REPORT ON CORPORATE GOVERNANCE

A separate report on Corporate Governance is being published as a part of the Annual Report of the Company. A certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is annexed to the Report on Corporate Governance.

10. AUDITORS

M/s Doogar & Associates, Chartered Accountants, whose term of office as the Statutory Auditors' will expire at the conclusion of the ensuing Annual General Meeting of the Company being eligible, offer themselves for re-appointment as Auditors of the Company.

11. LISTING WITH STOCK EXCHANGE

The shares of the Company are presently listed at Bombay Stock Exchange Limited. The Company voluntarily delist equity shares from Ahmedabad Stock Exchange Limited w.e.f. 21.10.2009. The

Listing fee for the year 2009-10 has been paid to the Bombay Stock Exchange Limited.

12. AUDITORS' REMARKS

Comments made by the Statutory Auditors in the Auditors' Report are self-explanatory and do not require any further clarification.

13. INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956

A. PARTICULARS OF EMPLOYEES

Employee relations remained cordial. There is no information as is required to be provided in terms of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

B. PARTICULARS OF EMPLOYEES AND INFORMATION REGARDING CONSERVATION OF ENERGY ETC.

The information required under Section 217(1)(e) of the Companies Act, read with Rule 2 of the Companies [Disclosure of Particulars in the Report of Board of Directors] Rules 1988 has been given as Annexure to the Directors Report.

C. CEO/CFO CERTIFICATION

The Certificate addressed to the Board of Directors of the Company required under Corporate Governance concerning the annual financial statement is annexed to the Corporate Governance Report.

D. DIRECTORS' RESPONSIBILITY STATEMENT

In compliance of Section 217 (2AA) of the Companies Act, 1956, the Directors state that :

1. In the preparation of the annual accounts for the year ended 31st March, 2010, the applicable accounting standards have been followed. There are no material departures from the applicable accounting standards.
2. Such accounting policies have been selected and applied consistently and such judgments and estimates have been made as 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 ended on and loss of the Company for the year.
3. Proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. The Annual Accounts has been prepared on a going concern basis.

14. ACKNOWLEDGEMENT

Your Directors record their appreciation of support and co-operation extended by all shareholders, banks, government authorities and business associates towards growth of the Company.

For and on behalf of the Board

Place : Panchkula Birendra Kumar Vikash Shekhar
Date : 31.08.2010 Chairman Director

ANNEXURE TO THE DIRECTOR'S REPORT

Conservation of Energy, Technology Absorption, Foreign Exchange earning and Outgo in accordance with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

I. Conservation of energy :

- (a) energy conservation measures taken :
-The Company's operations involve low energy consumption in the absence of any heavy machinery involved in the manufacturing process. However, the company has taken special care to see that the plant gets adequate sunlight. Wherever feasible, CFLs have been used.
- (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy :
- N.A.-
- (c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods
-Above efforts will reduce the energy consumption and consequent impact on cost of production of goods.
- (d) Total energy consumption and energy consumption per unit of production as per prescribed Form A.

FORM A (See rule 2)

A. Power and fuel consumption		
1. Electricity :		
(a) Purchased	Current year	Previous Year
Unit (Kwh)	26075	NIL
Total amount	146233	NIL
Rate/unit	5.61	NIL
(b) Own Generation		
(i) Through diesel generator		
Unit (Kwh)	10116	NIL
Units per ltr. of diesel oil	2.99	NIL
Cost/unit	11.16	NIL
(ii) Through steam turbine/generator		
Units	NIL	NIL
Units per ltr. of fuel oil/gas	N.A.	NIL
Cost/units	N.A.	N.A.
2. Coal (specify quality and where used)		
Quantity (tonnes)	NIL	NIL
Total cost	NIL	NIL
Average rate	N.A.	N.A.
3. Furnace oil		
Quantity (k. ltrs.)	NIL	NIL
Total amount	NIL	NIL
Average rate	N.A.	N.A.
4. Others/internal generation (please give details)		
Quantity	NIL	N.A.
Total cost	NIL	N.A.
Rate/unit	N.A.	N.A.
B. Consumption per unit of production		
	Current year	Previous year
Products (with details) unit		
Electricity	0.34	N.A.
Furnace oil	N.A.	N.A.
Coal (specify quality)	N.A.	N.A.
Others (specify)	N.A.	N.A.

II) Technology Absorption

Form 'B' for disclosure of particulars with respect to technology absorption.