

BHANDARI UDHYOG LIMITED

RAICHUR



THIRTIETH ANNUAL REPORT

2009-2010

DIRECTORS	:	Sri S. K. Bhandari - Managing Director Sri V. M. Bhandari - Whole Time Director Sri Shantilal Mootha - Director Sri M. Ganesh - Director Sri Ajay Kumar Bhandari - Director
BANKAERS	:	Canara Bank (Main) Lingsugur Road Raichur - 584 102
AUDITORS	:	M/s Dagliya & Co., Chartered Accountants 'L' Block, Unity Buildings Bangalore - 560 002.
REGISTERED OFFICE	:	1st Floor, Kushal Chambers M. G. Road RAICHUR - 584 101 .
SHARE TRANSFER AGENTS	:	Bigshare Services (P) Limited E 2/3, Ansa Industrial Estate Saki Vihar Riad, Saki Naka Andheri (East) MUMBAI - 400 072.

BHANDARI UDHYOG LIMITED

Registered Office : 1st Floor, Kushal Chambers
M.G. Road, Raichur – 584 101

NOTICE

NOTICE is hereby given that thirtieth Annual General Meeting of the members of Bhandari Udhyog Limited will be held on Monday the 29th November 2010 at 10.00 a.m. at the Registered Office of the Company to transact the following business.

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 31st March 2010 and the Profit & Loss Account ended on that date along with the Reports of the Directors' and that of the Auditors' thereon.
2. To appoint a director in place of Mr. V. M. Bhandari who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a director in place of Mr. Shantilal Mootha who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors of the Company and fix their remuneration.

Date: 26th October 2010

Place: Raichur

By Order of the Board

S.K. Bhandari
Managing Director

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 and the proxy need not be a member of the Company.
2. The instrument appointing the proxy, in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. The register of members and share transfer books of the Company will remain closed from 23rd November 2010 to 29th November 2010 (both days inclusive.)
4. Members are requested to notify any change in their address to the Company's Share Transfer Agent – M/s. Big Share Services Private Limited, E2/3, Ansari Industrial Estate, Saki Naka, Andheri (East), Mumbai – 400 072.
5. Members desiring any information as regards to accounts are requested to write to the Company at least 10 days before the meeting to enable the management to keep the information ready.
6. Members/ proxies should bring the attendance slip duly filled in for attending the meeting.
7. The relevant information pursuant to Clause 49 of the Listing Agreement with Stock Exchanges on the code of corporate governance relating to Mr. S.K.Bhandari and Mr. V.M.Bhandari is included in the explanatory statement.

BHANDARI UDHYOG LIMITED

Registered Office: 1st Floor, Kushal Chambers
M.G. Road, Raichur – 584 101

DIRECTORS' REPORT

To

The Members,

Your directors are pleased to present the annual report along with the audited financial statements for the year ended 31st March 2010.

FINANCIAL RESULTS :

Particulars	Year ended 31.3.2010	Year ended 31.3.2009
Turnover and other income	46,421,144	134,314,120
Depreciation	1,074,383	1,571,013
Profit / (Loss) before tax	169,519	(31,506,402)
Less: Provision for FBT	-	(0.30)
Add: Deferred taxation adjustment	(5,817,816)	1,303,298
Profit/(Loss) after taxation	4,502,729	(30,412,207)
Add / (Less): brought from last year	(129,279,756)	(98,867,549)
Balance carried to balance sheet	(117,202,027)	(129,279,756)

OPERATIONS :

The total sales and other income during the year under review aggregated to Rs. 46,421,144 as against Rs. 134,314,120 in the previous year. The Company's net profit for the year was Rs. 4,502,729 as against loss of Rs.30,412,207 during the previous year.

DIVIDEND :

Your directors do not recommend any dividend for the year

DIRECTORS :

There is no change in the constitution of the Board. Mr. V. M. Bhandari and Mr. Shantilal Mootha, Directors of the Company retire by rotation at the ensuing annual general meeting and being eligible offers themselves for re-appointment.

FIXED DEPOSITS :

During the year under report, the Company has not invited any fixed deposit from public in terms of the provisions of section 58 A of the Companies Act, 1956, read with Companies (Acceptance of Deposits) Rules, 1975.

LISTING WITH STOCK EXCHANGES :

As per the requirement of listing agreement with stock exchanges, your directors hereby declare that the listing of shares had been discontinued throughout the year with the following exchange and efforts are being made for relisting of shares and the listing fees for the year 2009-10 stands paid.

Bombay Stock Exchange Ltd
Phiroze Jee Jeebhoy Towers, Dalal Street
Mumbai.

DEPOSITORY SYSTEM :

19,36,990 equity shares representing 59.613% of total paid up equity share capital of the Company have been in dematerialized form as on 31.3.2010.

CORPORATE GOVERNANCE :

A report on corporate governance is included in the annual report.

DIRECTORS' RESPONSIBILITY STATEMENT :

- a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- b) Appropriate Accounting Policies have been selected and applied consistently and have 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 31st March 2010 and the profit of the Company for the year ended on that date.
- c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The annual accounts for the year ended 31st March 2010 have been prepared on a going concern basis.

PARTICULARS OF EMPLOYEES :

None of the employee was in receipt of remuneration during the year or part of the year ended on 31.03.2010 exceeding such sum as prescribed under section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employee's) Rules 1975 as amended from time to time.

FOREIGN EXCHANGE EARNINGS AND OUT GO :

There was no Foreign Exchange Earnings in flow and out go during the year under review.

AUDITORS :

M/s. M/S. Dagliya & Co., Chartered Accountants, existing auditors retire at the ensuing annual general meeting and being eligible, offer themselves for re-appointment.

AUDITORS REPORT :

With regard to observation in the Audit Report the Directors furnish the following explanation :

Para	Observation of Auditors Reply	
II (e)	Disqualification of Directors under section 274 (1)(g)	On the basis of legal opinion obtained by the company, the Directors are not disqualified in terms of section 274 (1) (g) of the Companies Act, 1956.
II (f)	Details of creditors as to Macro Small and Medium Units	The creditors constitute no SSI unit as Kappas the main raw material is agro based product and procured through agents and farmers. However step are taken to identify SSI units constituting sundry creditors so as to furnish particulars as required
II (g)	Non making provision towards interest accrued on the dues payable to Canara Bank	Details and confirmation being ascertained and provisioning will be considered in the next financial year. Further the Company is contemplating a proposal for OTS and the outcome will be reported in the coming year. As regards short provision for interest of KSFC corporate loan, the Company's proposal for OTS is under active consideration of KSFC and therefore no provision for penal interest was made.
II (h)	Non providing for Retirement Gratuity	This is being done and will be reported in the coming year

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

The particulars relating to conservation of energy are furnished here under.

- a) Conservation of energy: Energy conservation measures taken: The Company has continued its conservation measures at its cotton ginning, pressing unit and sunflower/ cottonseed oil extraction unit that include correction of defective electrical installations.
- b) Additional investment and proposals: The additional investments have been made from time to time as and when required.
- c) Impact of measures: In a) and b) above resulted in avoidance of wastage of energy there by achieved reduction of power consumption.

The Company has no activity that is required to be furnished details of total energy consumption as per Form "A" of the annexure to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 as it does not fall under the industries specified in the schedule thereto.

The Company continued research and development activity consistently to ensure quality of the Company's products that meet the requirement of the customers.

EMPLOYEE RELATIONS :

Industrial relations remain cordial and the Directors wish to place on record their appreciation of the valuable services rendered by the employees at all levels.

ACKNOWLEDGEMENTS

The Board of Directors wish to place on record their appreciation for the continued support provided by the valued customers, suppliers, Karnataka State Financial Corporation, Canara Bank, State and Central Government and Local Authorities in conducting the Business activities of the Company.

For the Board of Directors

Place : Raichur

Date : 26th October 2010

S. K. Bhandari

Managing Director

V. M. Bhandari

Whole-time Director

CORPORATE GOVERNANCE REPORT

Company's Philosophy :

Your Company believes in fair business practices while dealing with the stake holders besides, transparent and fair corporate actions with adequate disclosures.

Board of Directors :

The Board of Directors consists of a Managing Director, Whole-time Director and three other directors who are non executive directors. Two out of three directors are independent directors. The Chairman of the Board of Directors is a non- executive chairman.

The composition of the board of directors is as follows :

Sl. No.	Name of Director	Designation	Category	No of directorships in other Companies	Membership held in committees of other Companies
1.	Mr.Shantilal Mootha	Chairman	Non-executive	Nil	Nil
2.	Mr. S.K. Bhandari	Managing Director	Executive	Nil	Nil
3.	Mr. V.M. Bhandari	Whole-time Director	Executive	Nil	Nil
4.	Mr. M. Ganesh	Director	Non-executive	Nil	Nil
5.	Mr. Ajay Kumar Bhandari	Director	Non-executive	Nil	Nil

Board Meetings and Attendance :

During the financial year 2009-10, four Board meetings were held on **02-04-2009, 03-07-2009, 26-10-2009, 05-12-2009 and 02-01-2010**. Details of attendance of each director at the Board Meetings during the financial year ended **31st March 2010** are given below.

Sl. No.	Name of director	No. of Meetings held	No. of Meetings Attended	Whether present at the previous AGM
1.	Mr.Shantilal Mootha	5	5	Yes
2.	Mr. S.K. Bhandari	5	5	Yes
3.	Mr.V.M. Bhandari	5	5	Yes
4.	Mr. M. Ganesh	5	5	Yes
5.	Mr.Ajay KumarBhandari	5	5	Yes

Directors proposed to be re-appointed :

The brief particulars of the directors of the Company proposed to be re-appointed at the ensuing annual general meeting are here under.

Mr. V. M. Bhandari aged about 57 years is a graduate in commerce with over 33 years experience in cotton trading, ginning and oil extraction and processing.

Mr. Shantilal Mootha aged about 67 years has rich and vast experience in cotton business.

Committees :**Audit Committee :**

The audit committee consists of the following directors.

Sri Shantilal Mootha	Chairman
Sri M. Gansesh	Member
Sri Ajay Kumar Bhandari	Member

The Broad terms of reference to the committee are compliance of internal control systems, financial disclosures and other issues confirming to the requirements specified in the listing agreement. The committee has met five times during the year ended 31st March 2010 and all the members were present at the meetings.

Shareholders/Investors Grievance Committee :

The committee consists of the following directors.

Sri. V.M. Bhandari	Chairman
Sri. M. Ganesh	Member
Sri. Shantilal Mootha	Member

The members met four times during the financial year 2009-10 and all the members were present at the meetings. No grievance was pending as on 31-03-2010.

Remuneration Committee :

The committee consists of the following directors.

Sri. Shantilal Mootha	Chairman
Sri. M. Ganesh	Member
Sri. Ajay Kumar Bhandari	Member

At present the directors are drawing any remuneration. The remuneration payable to the directors will be proposed by the committee as and when the need so arises.

General Body Meeting :

Information regarding last 3 years Annual General Meetings is given below.

Year	Venue	Day/Date	Time
2006-07	1 st Floor, Kushal Chambers, M.G. Road, Raichur – 584 101	Saturday 29-09-2007	10.00 AM
2007-08	1 st Floor, Kushal Chambers, M.G. Road, Raichur – 584 101	Monday 29-09-2008	10.00 AM
2008-09	1 st Floor, Kushal Chambers, M.G. Road, Raichur – 584 101	Monday 30-11-2009	10.00 AM

Generally all the resolutions in the annual general meeting are passed through show of hands. No special resolutions were considered.

Annual General Meeting that requires putting through postal ballot: There are no such proposals at the ensuing Annual General Meeting.

Code of conduct :

The Board of Directors and senior personnel of the Company have adopted the code of business conduct and ethics.

Disclosures :

There are no materially significant related party transactions that would have been a conflict of interest with the Company at large.

General Shareholders Information :

A. Annual General Meeting

Day & Date	29th November 2010
Time	10.00 AM
Venue	1 st Floor, Kushal Chambers, M.G. Road, Raichur – 584 101

B. Financial Calendar

Financial year	1st April 2009 to 31st March 2010
Board Meeting for consideration of unaudited results for last two quarters	Last week of succeeding month
Date of Book Closure (Both days inclusive)	23-11-2010 to 29-11- 2010
Listing on Stock Exchanges	Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers Dalal Street, Mumbai.
Listing fees for the year 2009-10	Paid to the Stock Exchange
Share Transfer Agents	Big Share Services Pvt. Ltd., E-2/3, Ansa Industrial Estate Sakhvihar Road, Saki Naka, Andheri (East) Mumbai – 400 072 Tel: 28473747 / 28473474
Share Transfer System	The turnaround time for completion of transfer of shares in physical form is generally less than 30 days from the date of receipt, if the documents are clear in all respects. The demat requests confirmed within 21 days from the date of receipt of DRF and share certificates.
Dematerialization of Shares	19,36,990 Equity shares representing 59.613% of the equity share capital is in dematerialized form.

BHANDARI UDHYOG LIMITED

THIRTIETH ANNUAL REPORT - 2009-2010

Distribution Schedule :

Distribution holding as on 31.3.2010

Category	Total holders	% of holders	Total Holding (Rs.)	% to total equity
1 — 5000	922	64.92	2043820	6.29
5001 — 10000	152	10.71	1340640	4.13
10001 — 20000	82	5.77	1351880	4.16
20001 — 30000	115	8.10	3043920	9.37
30001 — 40000	70	4.92	2348640	7.23
40001 — 50000	21	1.49	1020500	3.14
50001 — 100000	28	1.97	1934550	5.95
100001 — 99999999	30	2.12	19409050	59.73
Total	1418	100.00	32493000	100.00

Share Holding Pattern as on 31.3.2010

Category	No. of Equity Shares	Percentage of Holding
A. Promoters Holding		
1. Promoters Indian Promoter		
Foreign Promoter	367100	42.07
2. Persons Acting in Concert	-	-
SUB TOTAL	1783814	42.07
B. Non Promoter Holding		
3. Institutional Investors		
Mutual Funds & UTI	-	-
Banks, Financial Institutions/Insurance Companies	81000	2.49
FIs	-	-
SUB TOTAL	81000	2.49
4. Others		
Private Corporate Bodies	426121	13.12
Indian Public	1366926	42.07
NRIs/ OCBs	8153	0.25
Any other share in transit	0	0
SUB TOTAL	1384486	55.44
GRAND TOTAL	3249300	100.00

Note: 2. Foreign shareholdings

Total Foreign shareholdings		
FII's	0	0
NRIs/OCBs	8153	0.25
Total	8153	0.25

Address for
correspondence

Investor correspondence
Big Share Services Pvt. Ltd.,
E-2/3, Ansa Industrial Estate
Sakhvihar Road
Saki Naka, Andheri (East)
Mumbai – 400 072.
Tel. No. : 28473747 / 28473474

For other correspondence
Bhandari Udhog Ltd.,
1st Floor, Kushal Chambers
M. G. Road
Raichur – 584 101

Plant Location:

Manchalpur Road, Raichur – 584 102

Distribution Schedule:

Distribution holding as on 31.3.2010

CEO / CFO Certification

The Board of Directors,
Bhandari Udh yog Limited,
Raichur.

Re. : Financial Statements for the financial year 1.4.2009 to 31.3.2010 - Certification by Managing Director and Whole-time Director

We, S. K. Bhandari, Managing Director and V. M. Bhandari, Whole-time Director of Bhandari Udh yog Limited, on the basis of the review of the financial statements and the cash flow statement for year ended 31st March, 2010 and to the best of our knowledge and belief, hereby certify that :

1. These statements do not contain any materially untrue statements or omit any material fact or contain statements that might be misleading.
2. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. These are to the best of our knowledge and belief, no transactions entered into by the Company for the year ended 31st March 2010 which is fraudulent, illegal or violative of the Company's code of conduct.
4. We accept responsibility for establishing and maintaining internal controls for financial reporting, we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee those deficiencies in the design or operation of such internal controls of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
5. We have indicated to the auditors and the audit committee that :
 - a) there have been no significant changes in internal control over financial reporting during this year.
 - b) there have been no significant changes in accounting policies during the year.
 - c) there have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having significant role in the company's internal control system over financial reporting.

For the Board of Directors

Place : Raichur
Date : 26th October, 2010

S.K. Bhandari
Managing Director

V.M. Bhandari
Whole-time Director

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

**The Members
Bhandari Udyog Ltd.,
RAICHUR**

We have examined the compliance of conditions of Corporate Governance by Bhandari Udyog Limited for the year ended 31st March 2010 as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchanges.

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, subject to the following :

- i. The company has not appointed a whole time Company Secretary as required u/s 383 A of the Companies Act, 1956.
- ii. The company has not published Quarterly results nor subjected its Quarterly financial accounts to limited review during the year.
- iii. The company has not disclosed the particulars of number of persons employed in the Director's Report under 'Management Discussion and Analysis'.

We certify that the company has complied with the conditions of Corporate Governance stipulated in the above-mentioned Listing Agreement.

As per the information and explanations given by the Managing Director and based on the certificate by the Registrars and Share Transfer Agents (RTA), no investor's grievance/complaint received during the year from 01.04.2009 to 31.03.2010 and that there are no complaints pending as on 31.03.2010.

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 Dagliya & Co.
Chartered Accountants
FRN 0671 S

Place : Bangalore
Date : 02-09-2010

R S Somasekhara
Partner
M.No. 018395

AUDITORS' REPORT

**The Members of
Bhandari Udhog Limited
RAICHUR**

We have audited the attached **Balance Sheet** of **BHANDARI UDHYOG LIMITED, RAICHUR** as at **31st March 2010**, the **Profit and Loss Account** of the Company annexed thereto and the **Cash Flow Statement** for the year ended on that date. 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the Accounting Principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis of our opinion.

(I) As required by the Companies (Auditors' Report) Order, 2003 (as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 and based on such checks as we considered necessary, we state that :

1. a) Though the company was maintaining records showing full particulars including quantitative details and situation of fixed assets, the same is not available for our verification.
- b) We are informed that, all the assets have been physically verified by the management during the year. However discrepancies, if any, on physical verification could not be ascertained due to non availability of fixed asset records.
- c) As informed to us the company has not disposed off any of the fixed assets during the year. The company has identified 30 numbers of old gins as impaired and kept aside for disposal. However this has not affected the going concern status of the company.
2. a) As explained to us the stock of finished goods, raw materials, stores & spare parts have been physically verified by the Management at reasonable intervals during the year. In our opinion the frequency of verification of stocks is reasonable and adequate having regard to the size of the company and nature of its business.
- b) As per the information and explanations given to us and in our opinion it appears that the procedures of physical verification of stocks followed by the Management appears to be reasonable, and adequate in relation to the size of the company and the nature of its business.
- c) The Company is maintaining proper records of inventory, except in respect of stores & spares, no adequate stock records are maintained. The discrepancies noticed on physical verification of stocks as compared to book records were not material. However, in respect of stores & spares in the absence of adequate stock records, discrepancies, if any, on physical verification could not be ascertained.
3. According to the information and explanations given to us, the Company has taken Unsecured loans from a company covered by the Register maintained under Section 301 of the Companies Act 1956. Loan outstanding as at the end of the year is Rs. 34,16,000/-.

4. In our opinion and according to the information and explanations given to us, and as per our evaluation, it appears that there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control.
5. a) In our opinion and according to the information and explanations given to us, the particulars of transactions that need to be entered in the register have been so entered.
b) According to the information and the explanations given to us, the company has no transactions of purchase/sale of materials, goods or services made in pursuance of contracts/arrangements entered in the register maintained under Section 301 of the Companies Act 1956.
6. As explained to us, the company has not accepted any deposits from the public within the meaning of Sections 58A & 58AA of the Companies Act 1956, and rules framed there under.
7. According to the information and explanations given to us, the company has an internal audit system during the year and in our opinion, it is commensurate with the size and nature of its business.
8. According to the information and explanations furnished to us, the maintenance of cost records has not been prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956, for the company's activities / products.
9. a) The company is generally regular in depositing with the appropriate authorities the undisputed statutory dues including Provident Fund, Investor Education Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Service tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other material statutory dues to the extent applicable to it.
b) According to the information and explanations given to us and based on the records verified by us, we state that there were no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Service tax, Customs Duty, Excise Duty and Cess which have remained outstanding as at 31.03.2010 for a period of more than 6 months from the date they became payable except Profession Tax of Rs 4,675/-.
c) According to the information and explanation given to us, there are no dues of Sales Tax, Service tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty and Cess, which have not been deposited on account of any dispute.
10. The Company's accumulated Loss as at 31st March 2010 exceeds 50% of its Net-worth. The company has not incurred cash loss during the year ended 31st March 2010 but had incurred cash loss during the immediately preceding financial year.
11. (A) According to the information and explanations given to us, the Company has delayed in repayment of dues to KSFC as detailed below :
Rs. 130.00 Lakhs due as on 31.03.2009 paid on 4th May, 2009
Rs. 6.52 Lakhs interest dues as on 14.08.2009 is yet to be paid.
(B) The Company has made a request with Canara Bank for settlement of the entire dues payable to the bank under One Time Settlement (OTS) and is in the process for final approval. Pending approval of OTS, no provision has been made towards interest accrued on the entire dues till 31st March 2010 amounting to Rs.241.38 lakhs including interest accrued for the current year amounting to Rs.121.69 Lakhs.

12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities during the year. Hence clause 4 (xii) of the Companies (Auditors' Report) Order, 2003 is not applicable to the Company.
 13. In our opinion, the Company is not a chit fund or a nichhi/mutual benefit fund/society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
 14. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly the provisions of Clause 4 (xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
 15. As informed to us, the company has not given guarantees for loans taken by others from banks or financial institutions.
 16. The company has not raised any term loans from banks or financial institutions during the year under audit. Hence the question of application of funds does not arise.
 17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long term investments.
 18. According to the information and the explanations given to us, the company, during the year has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies act 1956.
 19. According to the information and explanations given to us, the company has not issued any debentures during the year covered by our audit report. However security has been created in respect of debentures issued on private placement in the earlier year.
 20. The company has not raised money by public issues during the year. Hence the question of utilisation of the same does not arise.
 21. Based on the audit procedures performed and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.
- (II) Subject to our Comments in para (I) above :
- 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, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report except AS-15 @ relating to employee benefit comply with the Accounting standards referred to in Section 211(3C) of the Companies Act, 1956.
 - e) **We report that all the directors are disqualified as at 31st March 2010 from being appointed as directors of a company in terms of Section 274 (1) (g) of the Companies Act, 1956, as the company has delayed redemption of Debentures and the defaults continuing for more than one year as on 4th May 2009 the date on which the Debentures were fully redeemed under the OTS.**

- f) The company has not ascertained from the creditors as to whether they are registered under Micro Small & Medium Enterprises Development Act, 2006 and as such the particulars of dues, if any, to such undertakings as required under Schedule VI to the Companies Act, 1956, as amended are not disclosed.
- g) No provision has been made towards interest accrued on the entire dues payable to Canara Bank till 31st March 2010 amounting to Rs.241.38 lakhs including interest accrued for the current year amounting to Rs.121.69 Lakhs pending approval of the OTS.
- h) The company has provided for Retirement Gratuity on accrual basis as against actuarial valuation basis as envisaged in AS-15 notified by the companies (Accounting Standard) Rules, 2006. Consequential impact on the accounts is not ascertainable.

Subject to the above, 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 principles generally accepted in India :

- i) In the case of the balance sheet, of the state of affairs of the company as at 31st March 2010;
- ii) In the case of the profit and loss account, of the Profit for the year ended on that date; and
- iii) In the case of the cash flow statement, of the cash flows for the year ended on that date.

For Dagliya & Co.
Chartered Accountants
FRN 0671 S

Place:Bangalore
Date : 02-09-2010

R S Somasekhara
Partner
M.No. 018395

BHANDARI UDHYOG LIMITED

THIRTIETH ANNUAL REPORT - 2009-2010

BALANCE SHEET AS AT MARCH 31, 2010

Particulars	Schedule	As at 31st March, 2010		As at 31st March, 2009	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
SHAREHOLDER'S FUNDS					
Share Capital	A		38,419,000		36,389,000
RESERVES AND SURPLUS	B		9,923,446		17,842,696
LOAN					
i. Secured Loans	C		67,531,337		98,336,227
ii. Unsecured Loans			24,161,057		14,900,000
TOTAL			140,034,840		167,467,923
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	D	49,991,879		49,991,879	
Less : Depreciation		30,801,006		29,696,875	
		19,190,873			
Less : Provision for Impairment loss		665,000	18,525,873		20,295,004
INVESTMENTS	E		14,050		14,050
DEFERRED TAX ASSET			620,304		6,438,120
(A) CURRENT ASSETS, LOANS AND ADVANCES					
Inventories	F	633,790		3,588,208	
Sundry Debtors		25,300,761		16,825,006	
Cash and Bank balances		655,330		3,501,262	
Loans and Advances		4,624,217		12,729,051	
		31,214,098		36,643,527	
(B) CURRENT LIABILITIES AND PROVISIONS					
i. Current Liabilities	G	26,869,860		24,500,881	
ii. Provisions		279,924		309,924	
		27,149,784		24,810,805	
NET CURRENT ASSETS			4,064,314		11,832,722
PROFIT & LOSS ACCOUNT					
Less : Balance in General Reserve (Per Contra)		117,202,027		129,279,756	
		391,729	116,810,298	391,729	128,888,027
TOTAL			140,034,840		167,467,923

 Significant Accounting Policies
and Notes on Accounts

M

In terms of our attached report of even date
For Dagliya & Co.
Chartered Accountants
F. R. N. 06715

 Place : Bangalore
Date : 02-09-2010

(R. S. Somasekhara)
Partner
M. No 018395

S. K. Bhandari
Director

V. M. Bhandari
Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING 31st MARCH, 2010

Particulars	Schedule	As at	
		31st March, 2010	31st March, 2009
		Rs.	Rs.
INCOME			
Sales		45,958,518	133,807,428
Other Income	M	462,626	506,692
TOTAL		46,421,144	134,314,120
EXPENDITURE			
Materials Consumed	I	36,539,021	154,972,528
Operating, Personal and Administrative expenses	J	5,318,105	5,893,045
Setting and distribution expenses	K	1,836,166	2,956,966
Financial Charges	L	818,950	421,970
Impairment Loss on Fixed Assets	M	665,000	-
Depreciation	D	1,074,383	1,571,013
TOTAL		46,251,625	165,820,522
Profit / (Loss) Before Tax & Extra Ordinary Income and Prior period adjustments		169,519	(31,506,402)
Add : Extra Ordinary Income			
KSFC Interest Waiver		10,207,384	
Less : Prior Period Expenses		387,251	
Less : Prior Period Income		314,502	(72,749)
Less : Provision for Income Tax		900,000	-
Less : MAT Tax Credit Entitlement		900,000	-
Less : Provision for FBT		-	(30,000)
Add : Tax Adjustments for earlier Years			
Income Tax		8,282	
FBT		8,109	
Less : Deferred Tax Adjustment		(5,817,816)	1,303,298
Profit / (Loss) After Tax		4,502,729	(30,412,207)
Balance As per Last Year		(129,279,756)	(98,867,549)
Less : Transfer from Redemption Reserve		7,575,000	
Balance Carried to Balance Sheet		(117,202,027)	(129,279,756)
Earning per equity share of Rs. 10/- each		1.39	(9.36)
Diluted earning per equity share of Rs. 10/- each			
Significant Accounting Policies & Notes on Accounts	M		

In terms of our attached report of even date

For Dagliya & Co.
Chartered Accountants
F. R. N. 06715

Place : Bangalore
Date : 02-09-2010

(R. S. Somasekhara)
Partner
M. No 018395

S. K. Bhandari
Director

V. M. Bhandari
Director

SCHEDULES TO THE BALANCE SHEET

Particulars	As at 31st March, 2010		As at 31st March, 2009	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE - A SHARE CAPITAL				
Authorised				
40,00,000 Equity Shares of Rs.10/- each		40,000,000		40,000,000
Issued, Subscribed and Paid up				
32,49,300 Equity Shares (Previous Year 32,49,300 Equity Shares) of Rs.10/- each fully paid up of which		32,493,000		32,493,000
7,78,000 equity shares of Rs. 10/- issued as Bonus Shares by Capitalisation of Profit / Reserve				
Share Application Money Pending Allotment		5,926,000		3,896,000
TOTAL		38,419,000		36,389,000
SCHEDULE B - RESERVES & SURPLUS				
Capital Reserve				
(On Revaluation of Fixed Assets)				
Balance as per last Balance Sheet	9,679,696		10,023,946	
Less : Withdrawl during the year on account of Depreciation	344,250	9,335,446	344,250	9,679,696
State Investment Subsidy From Govt. of Karnataka				
as per Last Balance Sheet		588,000		588,000
General Reserve				
As per Last Balance Sheet	391,729		391,729	
Less : Debit Balance in Profit & Loss account (Per Contra)	(391,729)	-	(391,729)	-
Debenture Redemption Reserve				
Balance as per Last Balance Sheet	7,575,000			7,575,000
Less : Transfer to Profit & Loss Account	7,575,000	-		
TOTAL		9,923,446		17,842,696

SCHEDULES TO THE BALANCE SHEET

Particulars	As at 31st March, 2010		As at 31st March, 2009	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE - C SHARE CAPITAL				
I. SECURED LOANS				
From KSFC				
Debtentures :				
1,20,000, 17% Secured Non Convertible Debtentures of Rs. 100/- each issued to KSFC			-	12,000,000
Debtenture Redeemed Payable				3,000,000
Corporate Loan				10,000,000
				25,000,000
Interest Accured & Due on KSFC Debtenture & Loan			652,358	17,207,384
		652,358		42,207,384
Less : Payment made against OTS (Refer Note : 17A of Notes on Accounts)				15,750,000
		652,358		26,457,384
From Canara Bank				
Cash Credit		66,228,505		71,228,504
From Insurance Companies :				
I. Birla Sun Life Insurance		101,400		101,400
II. ICICI Prudential Life Insurance		509,174		509,039
III. Kotak Mahindra Life Insurance		39,900		39,900
		67,531,337		98,336,227
II. UNSECURED LOANS				
From				
Vijay Cotton Co (KSFC OTS) (Refer Note No. 18 of Schedule M)		19,261,057		10,000,000
Director		4,900,000		4,900,000
TOTAL		24,161,057		14,900,000
GRAND TOTAL (I) + (II)		91,692,394		113,236,227

A. NOTES FOR SECURED LOANS :

- (1) Debtentures, Term loan & Corporate Loan from KSFC are secured by pari-passu charge by way of mortgage of factory, Land, Building & hypothecation of plant & machinery.
- (2) Cash Credit from Canara Bank is secured by hypothecation of stocks and by second charge on land & Building & Plant * Machinery and also personal commercial properties of S. K. Bhandari & V. M. Bhandari and also commercial properties belonging to Pavan Bhandari, Sanjay Bhandari, Ajay Bhandari and Abhay Bhandari relatives fo the directors.
- (3) Overdraft against Bookdebts from Canara Bank is secured by hypothecation of stock & book debts.
- (4) The privately placed 17 % Secured Non Convertible Debtentures of Rs. 100/- each are redeemable at par in four annual instalments before 12th April 2004. However these debtentures are redeemed during the current financial year.
- (5) Loans from Insurance companies are secured by assignment of Key Man Insurance policies taken by the company covering directors).

SCHEDULE - D FIXED ASSETS (Amount in Rupees)		GROSS BLOCK					GROSS BLOCK			GROSS BLOCK	
		As at 01-04-09	Addition during the Year	Sale during the Year	As at 31-03-10	As at 01-04-09	Charged to P & L	Charged to Reserve	Adj. sale/ excess depr withdrawn	As at 31-03-10	As at 31-03-09
Land	7,102,160	0	0	7,102,160	0	0	0	0	0	7,102,160	1,102,160
Building	18,749,209	0	0	18,749,209	9,188,039	351,912	218,079	0	0	8,991,179	9,561,170
Plant & Machinery	20,868,202	0	0	20,868,202	8,256,708	567,223	126,171	303,819	18,646,283	2,221,919	2,611,494
Electrical Installation	1,994,892	0	0	1,994,892	1,286,752	94,307	0	0	1,381,059	613,833	708,140
Furniture & Fixtures	699,512	0	0	699,512	509,170	31,743	0	1,383	539,530	159,982	190,342
Vehicles	330,362	0	0	330,362	228,127	14,241	0	9,300	233,068	97,294	102,235
Computer & Computer Software	247,542	0	0	247,542	228,079	14,957	0	0	243,036	4,506	19,463
GRAND TOTAL	49,991,879	0	0	49,991,879	29,696,875	1,074,383	344,250	314,502	30,801,006	19,190,873	20,295,004
PREVIOUS YEAR	49,961,054	30,822	-	49,961,054	27,781,612	1,571,013	-344,250	-	29,696,875	20,295,004	

SCHEDULES TO THE BALANCE SHEET

Particulars	As at 31st March, 2010		As at 31st March, 2009	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE - E - INVESTMENTS				
At Cost				
In Government Securities (Non Trade, Unquoted) :				
6 Year National Saving Certificate		14,050		14,050
TOTAL		14,050		14,050
SCHEDULE - F CURRENT ASSETS LOANS & ADVANCES				
I. INVENTORY				
(As per inventory taken, valued and as certified by the Managing Director)				
Stores & Spares		313,210		328,857
Raw Materials :				
Loose Cotton (Intermediary product)		-		2,948,067
Packing Materials		320,580		311,284
Sub Total (I)		633,790		3,588,208
II. SUNDRY DEBTORS				
Unsecured and Consolidated Good	13,723,690		14,255,133	
Due for less than Six months	11,577,071	25,300,761	2,569,873	16,825,006
Due for more than Six months				
Unsecured & Considered Doubtful				
Doubtful Debts	13,080,901		13,080,901	
Less : Provision for Doubtful debts	(13,080,901)	-	(13,080,901)	-
Sub Total (iii)		25,300,761		16,825,006
III. CASH AND BANK BALANCES :				
Cash on hand		585,187		75,250
Balance with Scheduled Banks :				
In current Account		70,143		3,426,012
Sub Total (III)		655,330		3,51,262
IV. LOANS & ADVANCES :				
(Unsecured & considered Good)				
Advances recoverable in cash or in kind or for value to received	4,232,669		12,492,280	
Less : Provision for Doubtful Advances	851,630	3,381,039	851,630	11,640,650
Advance Income Tax & TDS		741,298		455,989
Deposits		501,880		632,412
Sub Total (IV)		4,624,217		12,729,051
TOTAL (I + II + III + IV)		31,214,097		36,643,527

SCHEDULES TO THE BALANCE SHEET

Particulars	As at 31st March, 2010 Rs.	As at 31st March, 2009
SCHEDULE - G - CURRENT LIABILITIES & PROVISIONS		
I. Current Liabilities		
Sundry Creditors	23,362,907	18,453,21
Other Liabilities	2,620,882	5,36,000
Bank Book Overdraft due to cheques overdrawn	886,070	687,659
Sub Total (I)	26,869,860	24,500,881
II. PROVISIONS		
Provisions for FBT	-	30,000
Provision for Gratuity	279,924	279,924
Sub Total (II)	279,924	309,924
TOTAL	27,149,784	24,810,805
SCHEDULE -H INCOME		
SALES		
SALES	45,958,518	133,885,342
Less : Quality Allowances	-	77,914
Net Sales	45,958,518	133,807,428
OTHER INCOME		
Interest received Form GESCOM (TDS Rs. 6823/- Previous Year Rs. 6,283/-)	30,112	30,112
Interest received on IT Refund	6,180	5,261
Rent Received (TDS Rs. 44191/- Previous Year Rs. 38679/-)	347,961	208,613
C & F Commission received (T.D.S Rs. Nil Previous Year Rs. 4018/-)	-	126,352
Insurance Claims received	56,701	87,987
Sundry Balances Written Back	12,698	40,175
Excess Provision in PF withdrawn	8,974	-
Profit on Sale of Packing Materials	-	8,192
TOTAL	462,626	506,692

SCHEDULES TO THE BALANCE SHEET

Particulars	As at 31st March, 2010		As at 31st March, 2009	
		Rs.		
SCHEDULE - I - MATERIALS CONSUMED				
Raw Materials Consumed				
Opening Stock	-		1,864,064	
Add : Purchases	-		504,480	
	-		2,368,544	
Less : Closing Stock	-	-	-	2,368,544
Finished Goods Purchased				
Loose Cotton purchase		33,360,324		99,404,707
Processing charges	153,360		88,300	
Freight Inwards	77,270	230,630	84,628	172,928
TOTAL		33,590,954		101,946,179
(INCREASE) / DECREASE IN STOCKS				
1) Finished Goods				
a. Closing Stock :				
Cotton Seeds	-		-	
F P Cotton Sales	-		-	
Sunflower Oil	-		-	
Sunflower Cake	-		-	
TOTAL : A	-		-	
b. Less : Opening Stock				
Cotton Seeds	-		1,509,805	
F P Cotton Sales	-		953,735	
Sunflower Oil	-		7,989,083	
Sunflower Cake	-		31,968	
TOTAL : B	-		10,484,591	
(INCREASE) / DECREASE IN STOCK (A - B)				10,484,591
2) Intermediary product				
Closing Stock of Loose Cotton	-		2,948,067	
Opening Stock of Loose Cotton	2,948,067	2,948,067	45,494,825	42,546,758
TOTA MATERIALS CONSUMED		36,539,021		154,977,528

SCHEDULES TO THE BALANCE SHEET

Particulars	As at 31st March, 2010		As at 31st March, 2009	
	Rs.	Rs.	Rs.	Rs.
SCHEDULE - J OPERATING PERSONNEL AND ADMINISTRATIVE EXPENSES				
Stores and spares Consumed		158,478		108,759
Power and fuel		1,115,363		1,635,384
Repairs & Maintenance :				
I) Building		164,166		17,722
II) Plant & Machinery		995,760		187,226
III) Vehicles		65,634		58,985
Salaries, Wages and Bonus		1,625,291		1,533,757
Employee's Welfare		54,876		98,408
Provident Fund		108,789		138,008
E S I C		2,604		6,120
Gratuity		-		18,260
FBT		-		1,787
Share Transfer Expenses		10,530		-
Rent		12,000		12,000
Rates and taxes		86,381		111,230
Insurance		235,491		479,679
Telephone & Postage Expenses		101,170		127,991
Printing & Stationery		24,239		43,862
Legal & Professional Charges		136,673		107,695
Fines & Penalties		-		26,592
Travelling & Conveyance		196,320		108,357
Directors' Sitting Fees		20,000		20,000
Auditors' Remuneration		114,076		109,285
Sundry Balances Written off		6,961		-
Miscellaneous Expenses		62,303		89,782
Charity & Donation		21,000		201
Cotton/Yarn Testing Charges		-		325
Provision for Doubtful Advances		-		851,630
TOTAL		5,318,105		5,893,045
SCHEDULE - K SELLING AND DISTRIBUTION EXPENSES				
Commission & Brokerage on sales		-		96,033
Freight & Forwarding		-		156,105
Advertisement		2,000		-
Packing Expenses		1,834,166		2,704,828
TOTAL		1,836,166		2,956,966
SCHEDULE - L FINANCE CHARGES				
Interest on :				
Term loans		655,284		90,000
Bank loans		-		83,279
Others		-		31,192
Bills /L.C/Hundi discounting charges		134,832		73,684
Bank Charges		28,834		88,759
Documentation Charges		-		55,056
TOTAL		818,950		421,970

SCHEDULE - M**SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS FOR THE YEAR ENDED 31.03.2010****I. SIGNIFICANT ACCOUNTING POLICIES :****SYSTEM OF ACCOUNTING :**

The financial statements are generally prepared on accrual concept as a going concern.

FIXED ASSETS

Land, Buildings and Plant & Machinery other than Oil Mill Unit acquired up to 31.03.1994 are stated at the amounts revalued based on approved valuer's report. Land, Building and Plant & Machinery of Oil Mill Unit and all other fixed Assets are stated at historical cost.

DEPRECIATION

Depreciation is provided on straight-line method at the rates and in the manner as prescribed by schedule XIV to the companies Act, 1956 as amended from time to time on all the assets including existing assets.

Depreciation on incremental value due to revaluation is charged to revaluation reserve.

INVESTMENTS

Investments are long-term investments and are stated at Cost. Diminution in the value of investments, if permanent in nature, is duly provided for.

INVENTORIES

Stores and spare parts, Packing Materials, Finished goods, Intermediary/ By-products and Raw Materials are valued at lower of cost and net realisable value.

Scrap is valued at estimated realisable value.

EMPLOYEES' BENEFITS**i) Defined Contribution Plans :**

The company has defined contribution plans for employees comprising of Govt. administered Provident Fund / Pension plans & ESIC. The company has no obligations apart from monthly contributions as per relevant rules. The company has been making monthly contributions as per the rules & the same are charged to Profit & Loss account on accrual basis.

ii) Defined Benefit Plans :**a) Gratuity :**

Provision for retirement gratuity to employees is being made on accrual basis in respect of those employees who have completed qualifying period of service.

b) Compensated absences :

The Company does not have any scheme of compensated absences.

iii) Short Term Employee benefits :

All employee benefits which are falling within 12 months of rendering the services are recognized to the profit & loss account in the period in which the employee renders the related services.

MATERIALS CONSUMED

Shortages/ Excesses on physical verification and Profit/Loss on sale of Raw Materials remain adjusted in the Raw Materials consumption account.

IMPAIRMENT OF ASSETS

The Carrying amounts of Assets are reviewed at each Balance Sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's Assets. If any indication exists, the recoverable amount of such Assets is estimated. Impairment Loss is recognized wherever the carrying amount of the Assets exceeds its recoverable amount.

Taxation :

Current tax is determined as amount of tax payable estimated as per the provisions of the Income Tax Act 1961. Deferred Tax is recognized subject to consideration of prudence in respect of deferred tax assets, arising on timing differences being the difference between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Tax rates are adopted on the basis of enacted or substantively enacted tax laws by the Balance Sheet date.

EARNINGS PER SHARE

Earnings per share are calculated by dividing the net profit or loss for the period attributable to equity share by the number of equity shares outstanding during the period. For the purpose of calculating Diluted Earnings per share, the net profit or loss for the period attributable to equity shareholders and the number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Provisions, Contingent Liabilities and Contingent Assets :

Provisions in respect of present obligations arising out of past events are made in the accounts when reliable estimates can be made of the amount of the obligations. Contingent liabilities, if material, are disclosed by way of Notes to Accounts. Contingent Assets are not recognized and disclosed in the financial statements.

LEASES

Assets given under operating lease for temporary period is cancelable / renewable by mutual consent and significant portion of the risks and rewards of ownership are retained by the lessor. Operating lease rentals are accounted to the profit & loss account on accrual basis

II. NOTES ON ACCOUNTS

1. Contingent liabilities not provided for : **NIL**
2. Certain balances under the heads Sundry debtors, Loans and Advances, Current Liabilities and Bank Balances are subject to confirmation.
3. The Company's land & building and Plant & Machinery other than Oil-Mill (Unit-II) were revalued as on 31.03.94 based on the valuation report obtained from an approved valuer. Consequently the value of the said assets has been increased by Rs. 1,47,98,041/- and which has been credited to Revaluation Reserve.

4. Breakup of Directors' remuneration	Current year	Previous year
	Rs.	Rs.
Sitting Fees	20,000	20,000
TOTAL	20,000	20,000

5. Breakup of Auditors Remuneration

For Statutory Audit	55,000	55,000
For Tax Audit	15,000	15,000
For Income Tax Matters	19,500	19,500
Service Tax		8,950
9,219		
Out of pocket expenses	15,626	10,566
TOTAL	114,076	109,285

6. Sales include Ginning & pressing Charges Received Rs.70,79,625.00 (Previous year - Rs. 51,73,700.00) T.D.S on the said charges Rs. 94,278.00 (Previous year - Rs. 79,401.00).
7. The Company has not received any memorandum as required to be filed by the Suppliers with the notified authority under the Micro Small and Medium Enterprises Development Act, 2006. In view of this, information required to be disclosed under Section 22 of the said Act is not given.
8. The company is having transactions of purchase/ sales and loans with other companies for which combined accounts are maintained. In view of the complexity of the transactions the entire balance is considered as sundry creditors / sundry debtors and no interest is paid/charged on them.
9. National Saving Certificates amounting to Rs. 14,050/- are in the name of Directors of the Company and are lodged with Sales Tax authorities /Agriculture Produce Marketing Committee.
10. Plant & Machinery includes 30 gins, which are discarded and kept for disposal. The estimated realisable value is expected to be not less than the written down value as on 31.03.2010. Based on the company's exercise of impairment with regards to certain items of Fixed Assets, the impairment loss on the same is estimated to be around Rs.6,65,000.00 and charged to Profit & Loss account of the current year.
11. The company had created Debenture Redemption reserve as required under Section 117C of the Companies Act, 1956 only to the extent of Rs.75.75 Lakhs against total Debentures of Rs.150.00 lakhs issued to KSFC, in the absence of profits. These debentures have been fully redeemed during the year under OTS and hence the Debenture Redemption Reserve of Rs.75.75 lakhs has been withdrawn and credited to Profit & Loss Account of the current year.

12. The major components of DTA/DTL are as hereunder :

Particulars	31.03.2010	31.03.2009
A. Deferred Tax Liability		
a) Depreciation	(3,30,784)	(21,165)
Total	(21,165)	
B. Deferred Tax Asset		
a) 43 B items	2,89,520	63,26,738
b) Disallowances u/s 40a (ia)	-	90,217
Total	2,89,520	64,16,955
NET DEFERRED TAX ASSET	6,20,304	64,38,120

13. Earning per Share (EPS) has been computed in accordance with AS-20.

Particulars	For the year ended on 31/03/2010	For the year ended on 31/03/2009
Profit computation for both basic and diluted earnings per share of Rs.10/- each		
(A) Net Profit / (loss) as per Profit and loss a/c available for equity shareholders	45,02,729	(2,77,01,721)
(B) Weighted average number of equity shares for EPS computation (for basic and diluted EPS) (Nos.)	32,49,300	32,49,300
(C) EPS (Basic & diluted) (Rs.)	1.39	(8.53)

14. There are no amounts due to be remitted to "Investor's Education & Protection Fund" as at the year end.

15. Figures for the previous year are regrouped / rearranged wherever necessary to conform to the current year's classification. Figures are rounded off to the nearest rupee.

16. Related Party disclosures :

Names of related parties and description of relationship

a) Key Management Personnel :

- 1) S K Bhandari (SKB) Managing Director
- 2) V M Bhandari (VMB) Whole Time Director
- 3) Ajaykumar Bhandari (AKB) Director

b) Associates :

- 1) Bhandari Distributors (P) Ltd (BDPL)
- 2) Bhandari Cottons Ltd (BCL)
- 3) Mukan Marketing (P) Ltd (MMPL)
- 4) Bhandari Enterprises (BE)
- 5) Rajmal Khemraj HUF (RKH)

c) Relatives of Key management personnel

- 1) Pavan Kumar Bhandari
- 2) Sanjay Bhandari
- 3) Susheela Bai, Shanta Bai, Mamta, Chandana & Abhay

Summary of Transactions :-

Particulars	Key Management Personnel		Associates		Relatives of Key Mgmt. Personnel	
	Curr. year	Prev. year	Curr. year	Prev. year	Curr. year	Prev. year
Loan Received		49,00,000 (SKB VMB & AKB)	37,96,000 (MMPL)			
Loan Repayments			3,80,000 (MMPL)			
Share Application Money Received			18,40,000 (RKH)	22,00,000 (RKH)	1,90,000 (Pavan & Sanjay)	16,96,000 (Pavan, Sanjay Susheela Bai, Shanta Bai, Mamta, Chandana, Abhay))
Purchase of Goods			250,91,693 (BCL & BDPL)	8,77,28,162 (BCL, BDPL & MMPL)		
Sale of Goods			216,64,865 (BCL & BDPL)	8,19,33,572 (BCL, BDPL)		
Rent Paid					12,000 (Pavan)	12,000 (Pavan)
Rent Received			NIL	24,000 (BE)		
Electricity Charges collected on Reimbursement Basis			8,94,000 (BCL)	8,98,224 (BCL)		
Out Standing Receivables	13,046 (SKB)	13,046 (SKB)	1,11,65,821 (BDPL)	24,000 (BE)		
Outstanding Payables	49,00,000 (SKB VMB & AKB)	49,00,000 (SKB VMB & AKB)	1,97,70,131 (BCL & MMPL)	1,41,20,498 (BCL)	NIL	12,000 (Pavan)
Share Appl. Money			40,40,000	22,00,000	18,86,000	16,96,000

17 (A) The Company has made a request with Canara Bank for settlement of the entire dues payable to the bank under One Time Settlement (OTS) and is in the process for final approval. Pending approval of OTS, no provision has been made towards interest accrued on the entire dues till 31st March 2010 amounting to Rs.241.38 lakhs including interest accrued for the current year amounting to Rs.121.69 Lakhs. Necessary adjustments will be carried out in the books of account on receipt of final approval from the bank for the OTS.

(B) Unsecured Loan includes Rs.192.61 lakhs received from M/s Vijay Cotton Company, against which the company has agreed to create first charge on the immovable properties of the company. The company has made application with KSFC & Canara Bank seeking permission for creation of First Charge. Pending approval, the charge is yet to be created.

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18. Due to a fire accident in the premises of the company, stock of loose cotton amounting to 96.16 quintals valued about Rs.5.00 Lakhs was destroyed. The company has lodged a claim with the insurance company which is under process. As and when the claim is settled by the insurance company, will be credited to that year's profit & loss account.

19. The movement in provisions account is as detailed below:

Particulars	Opening Balance as on 1 st April 2009	Paid during the Year 2009-10	Reversed during the year 2009-10	Balance	(Amount in Rupees)	
					Provision made during the year 2009-10	Closing Balance as on March 31, 2010
Gratuity	2,79,924	0	0	2,79,924	0	2,79,924

20. a) Defined Benefit Plans :

Gratuity :

The company has provided for gratuity liability on accrual basis and is in the process of getting it evaluated by Actuarial valuation as required by AS-15 (Revised) prescribed under companies (Accounting Standards) Rules, 2006. Necessary adjustments will be made in the accounts after getting the actuarial valuation. The liability is not covered by funding the same. In view of the above, disclosures envisaged in AS-15 have not been done.

b) Defined Contribution Plans :

	Curr.Year	Pr.Year
i) Company's contribution to P F / Pension plan:	1,08,789	1,38,008
ii) Company's contribution to ESIC	2,604	6,120

21. Lease Transactions :

The company has given a portion of its building for a temporary period on Operating Lease basis during the year & as at the year end the lease was terminated. Hence, additional disclosures as envisaged by AS-19 are not applicable.

22. Information about Business Segments

Particulars	Cotton		Oil		Total	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009	31.03.2010	31.03.2009
	REVENUE					
External Sales						
(including Other Income)						
Total Revenue		130,072,539		4,284,122		134,356,661
RESULT		130,072,539		4,284,122		134,356,661
Segment Result						
(Operating profit/(loss))		(24,148,770)		(5,876,840)		(30,025,610)
Interest Expenses						
Interest income		(327,952)		(94,018)		(421,970)
Net Profit/(Loss) after tax		35,373				35,373
OTHER INFORMATION		(24,441,349)		(5,970,858)		(30,412,207)
Segment Assets						
Unallocated Corporate Assets :		48,203,518		7,605,415		55,808,933
Deferred Tax Asset						
Advance Income Tax /TDS/FBT		6,438,120				6,438,120
		455,989				455,989

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Particulars	Cotton		Oil		Total	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009	31.03.2010	31.03.2009
TOTAL ASSETS		55,097,627		7,605,415		62,703,042
Segment Liabilities		20,902,343		3,280,301		24,082,644
Unallocated Corporate Liabilities :-						
Provision for FBT		30,000		-		30,000
TOTAL LIABILITIES		20,832,343		3,280,301		24,112,644
Capital Expenditure		-		30,825		30,825
Depreciation		1,078,580		492,433		1,571,013
Non-cash expenses other than depreciation						

NOTE :

- As there are no reportable segments in the current year, the information for the current year is not applicable.
- Business segment is considered as primary segment
- In the Geographical segment, risk and returns are same and hence there is no secondary segment.

23. Quantitative information (as certified by the Management)

	<u>Current Year</u>	<u>Previous Year</u>
A) Licenced Capacity	Not Applicable	Not plicable
B) Installed Capacity *		
Pressing Unit	200 Bales per day **	200 Bales per day **
Ginning Unit	66 Quintal per shift	66 Quintal per shift
Oil Mill Unit	70 Mt per day ***	70 Mt per day ***

C) DESCRIPTION	U.M	Quantity	Value (Rs)	Quantity	Value (Rs)
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A. Actual production :
1. Pressing Unit - I

Own Production	No. of Bales	—	4502
Processed for others	No. of Bales	38621	35640

2. Ginning Unit - I

Own production	MTs	—	21.352
Ginned for others	MTs	704.970	—
Ginned by others	MTs	—	—
Cotton seeds	MTs	—	39.212

3. Oil Mill Unit - II

Sun Flower Oil	MTs	—	10.140
Sun Flower Cake	MTs	—	21.012

B) Finished Goods purchases :

Fully Pressed Cotton	MTs	—	—	—	—
Loose Cotton	MTs	670.756	33360324	1834.558	99404707
Coton Seeds	MTs	—	—	—	—
WCS oil cake					

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C) TURNOVER : Finished goods

Fully pressed cotton	MTs	—	—	802.021	19651318
Coton Seeds	MTs	—	—	175.785	1731079
Sun-Flower Cake	MTs	—	—	23.532	289921
Sun Flower Oil	MTs	—	—	116.729	3963600
Coton Seeds Cake	MTs	—	—	—	—
Loose Cotton	MTs	748.622	34944241	1765.043	99511724

(used for captive consumption...NIL...(Pr. Yr. 786.529 MTs)

D) CLOSING STOCK :

Cotton Bales	MTs	—	—	—	—
Loose Cotton	MTs	—	—	88.002	2948067
Cotton Seeds (C.P.UNIT)	MTs	—	—	—	—
Sun Flower Cake	MTs	—	—	—	—
Sun Flower Oil	MTs	—	—	—	—

F) OPENING STOCK :

Loose Cotton	MTs	88.002	294806	7784.394	45494825
Cotton Bales	MTs	—	—	16.165	953735
Cotton Seeds	MTs	—	—	137.255	1509805
Sun Flower Cake	MTs	—	—	2.700	31968
Sun Flower Oil	MTs	—	—	125.260	7989083
Loose Cotton lost in fire accident	MTs	9.616	—	—	—
Shortage	MTs	0.520	—	—	—

G) RAW MATERIALS CONSUMED :

Kappas	MTs	—	—	61.236	1469664
Sunflower Seeds & Cotton Seeds	MTs	—	—	33.045	898880

H) Raw materials, stores & spares consumed are 100% Indegenous (Previous Year 100 %)

In terms of our attached report of even date

For Dagliya and Co
Chartered AccountantsR S Somasekhara
PartnerS.K. Bhandari
Managing DirectorV. M. Bhandari
Wholetime DirectorPlace : Bangalore
Date : 02-09-2010

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2010

(Amount in Rs. Lakhs)

	Year ended 31.03.2010	Year ended 31.03.2009
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net profit/loss before tax but after adjustment of prior period items	9,989,652	(31,685,505)
Adjustment for depreciation	1,739,383	1,571,013
Interest expenses	655,284	204,471
Rent Received	(347,961)	(208,613)
Interest Received	(36,292)	(35,373)
Provision for gratuity	-	18,260
Operating profit before working capital adjustment Sub Total (a)	12,000,066	(30,135,747)
Adjustments for :		
(Increase)/Decrease in inventories	2,954,418	54,810,550
(Increase)/Decrease in Trade and other receivables	(370,920)	15,574,227
Increase/(Decrease) in Trade payables	2,140,568	(42,070,795)
Sub Total (b)	4,724,065	28,313,982
Net Cash generated from operations (a)+(b)	16,724,131	(1,821,765)
Net Cash from operating Activites (A)	16,724,131	(1,821,765)
B) CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of Fixed Assets	-	(30,825)
Share Application Money Received	2,030,000	3,896,000
Rent Received	347,961	208,613
Interest Received	36,292	35,373
Net Cash Flow From Investment Activites (B)	2,414,253	4,109,161
C) CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(655,284)	(204,471)
FBT paid	-	(30,000)
TAX ADJUSTMENTS INCOME	16,391	
INCREASE/(DECREASE) IN SECURED LOANS	(30,804,890)	(15,557,716)
INCREASE/(DECREASE) IN UNSECURED LOANS	9,261,057	14,900,000
Net Cash used in Financing Activites (C)	(22,182,726)	(892,187)
Net Increase/(decrease) in cash & cash equivalents (A)+(B)+(C)	(3,044,342)	1,395,209
Cash and Cash equivalents (Opening balances)	2,813,603	1,418,394
Cash and Cash equivalents (Closing balances)	(230,740)	2,813,603

**BALANCE SHEET ABSTRACT AND GENERAL BUSINESS PROFILE AS
REQUIRED BY PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956**

I. Registration Details:

Registration No:	3,492	State Code:	08
Balance Sheet Date:	31.03.2010		

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

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. thousands)

Total Liabilities	140,035	Total Assets	140,035
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Sources of Funds :

Paid up Capital:	38,419	Reserves & Surplus	9,924
Secured Loans	67,531	Unsecured Loans	24,161

Application of Funds :

Net Fixed Assets	18,612	Investments	14
Net Current Assets	4,064	Misce. Expenditure	NIL
Accumulated Losses	116,810	Deferred Tax Asset	620

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

Turnover / Other Income	46,421	Total Expenditure	46,252
Profit before Tax	170	Profit after Tax	4,503
Earning per share in Rs.	1.39	Dividend Rate %	NIL

V. Generic names of Principal products/services of the Company :

(As per Monetary term)

a) Item Code No:	140420 & 151620
Product Description	COTTON LINT/COTTON SEED OIL/SUNFLOWER OIL

(S K BHANDARI)
MANAGING DIRECTOR

(V M BHANDARI)
WHOLETIME DIRECTOR

BHANDARI UDHYOG LIMITED

Regd. Office : 1st Floor, Kushal Chambers,
M G Road, Raichur - 584101.

ATTENDANCE SLIP FOR THE THIRTIETH ANNUAL GENERAL MEETING

Please fill in this Attendance Slip and hand it over at the entrance of the meeting venue

Name and Address of the Shareholder

Member Folio Number.....

No. of Shares held.....

I hereby record my presence at the Thirtieth, Annual General Meeting of the Company being held on 29th November, 2010 at 10.00 a.m. at the Registered Office, 1st Floor, Kushal Chambers, M G Road, Raichur - 584101.

Signature of the SHARE HOLDER with name

OR

Signature of the Proxy with name.....

BHANDARI UDHYOG LIMITED

Regd. Office : 1st Floor, Kushal Chambers,
M G Road, Raichur - 584101.

PROXY

Member Folio No. No of Shares.....

I/We..... of
being a member / members of **Bhandari Udhog Limited**, hereby appoint
.....falling him of as
my/our proxy to attend for me /us and vote on my/our behalf at the Thirtieth Annual General Meeting
of the Company to be held on 29th November 2010 at 10.00 a.m. at the Registered office, 1st Floor,
Kushal Chambers, M G Road, Raichur - 584101 and at any adjournment thereof.

Signed this, the day of November, 2010.

Note : The Proxy must be returned so as to reach the Registered Office of the Company not less than 48 hours before the schedule time of the aforesaid meeting. The proxy need not be a member of the Company.