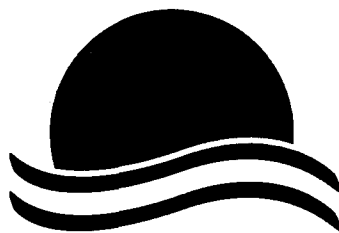


# **18th Annual Report 2011-12**



## **GOLDEN CARPETS LIMITED**

Regd. Office: 8-2-596/5/B/1/A, Road No.10,  
Banjara Hills, Hyderabad - 500 034



## GOLDEN CARPETS LIMITED

### BOARD OF DIRECTORS

#### MANAGING DIRECTOR

Shri SriKrishna Naik

#### DIRECTORS

Shri Meena kerur

Shri K Suresh

Shri Maqsood Ahmed

### REGISTERED OFFICE

Flat. No.8-2-596/5/B/1/A,

Road No.10

Banjara Hills,

Hyderabad-34

Email: goldencarpets@vsnl.net

### AUDITORS

M/s. Ramasamy Koteswara Rao & Co

Chartered Accountants

Plot No 238/A, MLA's Colony

Road No.12, Banjara Hills

Hyderabad - 500 034

### FACTORY LOCATION

Jeedipally Village,

Toopran Mandal

Medak District,

Andhra Pradesh

### BANKERS

Axis Bank Limited.,

Road No. 1, Banjara Hills,

Hyderabad.

ICICI Bank Limited.,

Road No. 12, Banjara Hills,

Hyderabad.

### REGISTRARS AND SHARE TRANSFER AGENTS

M/s. XL Softech Systems Limited

Sagar Society Road

Road.No.2, BanjaraHills,

Hyderabad.

### LISTING

Bombay Stock Exchange Limited (BSE)-Mumbai.



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## NOTICE

Notice is hereby given that the 18<sup>th</sup> Annual General Meeting of the members of M/s Golden Carpets Limited will be held on Saturday the 29<sup>th</sup> day of September 2012 at 9.00 A.M at Hotel Marriot, Tankbund, Hyderabad to transact the following items of business:

### ORDINARY BUSINESS

1. To Receive, Consider and Adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2012 and the Profit and Loss Account for the year ended 31<sup>st</sup> March 2012, together with the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in the place of Smt. Meena Kerur who retires by rotation and being eligible offers herself for re-appointment.
3. To appoint statutory auditors for the financial year 2012-2013 by passing the following resolution as an Ordinary resolution.

"RESOLVED THAT the consent of the members be and is hereby accorded for the appointment M/s. Ramasamy Koteswara Rao & Co., Chartered Accountants, Firm Regd. No.010396S, Hyderabad as Statutory Auditors of the company for the financial year 2012-2013 who shall hold office from conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at such remuneration as may be determined by the Board of Directors of the company."

### SPECIAL BUSINESS

4. **APPOINTMENT OF SHRI SRI KRISHNA NAIK AS MANAGING DIRECTOR**  
To consider, and if thought fit to pass with or without modification, the following resolution as special resolution:

"RESOLVED THAT pursuant to section 198,269,302,309,311, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, including any statutory modification(s) or enactment (s) thereof, for the time being in force, and such other approvals as may be required, as recommended by the remuneration committee and the Board of Directors, the consent of the shareholders be and is hereby accorded for appointment of Shri. Sri Krishna Naik, as Managing Director of the company for a period of three years w.e.f. 06.08.2012 at a consolidated remuneration of Rs.1,00,000 per month."

By order of the Board of Directors

Sd/-

SRI KRISHNA NAIK

Chairman & Managing Director

Place: Hyderabad

Date : 06-08-2012



## Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND THE MEETING AND VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Register of members of the Company and Share Transfer Books will remain closed from Monday, the 24<sup>th</sup> September 2012 to Saturday, the 29<sup>th</sup> day of September 2012 (both days inclusive).
3. Members are requested to notify immediately any change in their address to the share transfer agents and in case their shares are held in dematerialised form, this information should be passed on to their respective depository participants with out delay.
4. Pursuant to the requirements of the listing agreement of stock exchanges, the information of the directors proposed to be appointed or Re-appointed is given in the annexure to the notice.
5. Shareholders holding shares in physical form are invited to contribute to the cause of Green Initiative by registering their e-mail ID, by submitting the E- COMMUNICATION REGISTRATION FORM inserted in the Annual Report to the Registrars i.e., XL Softech Systems Limited, Sagar Society Road, Road No.2, Banjara Hills, Hyderabad.
6. Members who hold shares in dematerialized form are requested to bring their client ID and DP IDs for easier identification of attendance at the meeting.

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

#### ITEM NO 1

The Board of Directors of the company at its meeting held on 6<sup>th</sup> August, 2012 has, subject to the approval of the members, appointed Shri. Sri Krishna Naik as Managing Director for a period of three years w.e.f. 6<sup>th</sup> August, 2012. Shri. Sri Krishna Naik upon appointment as Managing Director shall hold office on the terms and conditions as mentioned in the resolution. As per section 198, 269, 309, 310 read with Schedule XIII of companies Act 1956, approval of shareholders by way of special resolution is required. Hence the Board of Directors recommends the aforesaid resolution.

None of the Directors except Shri. Sri Krishna Naik, Smt. Meena Kerur are deemed to be concerned or interested in the above resolution.

By order of the Board of Directors

Place: Hyderabad

Date : 06-08-2012

Sd/-  
SRI KRISHNA NAIK  
Chairman & Managing Director



## DIRECTORS' REPORT

Dear Members,

Your Directors present herewith the 18<sup>th</sup> Annual Report on the business and operations of the Company and the audited accounts for the year ended 31<sup>st</sup> March 2012.

## 1. FINANCIAL RESULTS AND OPERATIONS

The summarized financial results for the year ended 31<sup>st</sup> March 2012 as compared with the previous year are as under:

Rs. In Lakhs.			
S.No	Particulars	Year ended 31.03.2012	Year ended 31.03.2011
1.	Sales	129.55	139.68
2.	Other Income	3.34	9.24
3.	TOTAL INCOME (1+2)	132.89	148.92
4.	Total Expenses other than interest	(108.65)	(115.32)
5.	Interest	0.20	1.29
6.	Total Expenses other than Depreciation	108.85	114.02
7.	Depreciation	75.77	75.53
8.	Miscellaneous Expenditure Written off	0.00	0.00
9.	Profit/ (Loss) for the before tax	(51.33)	(40.63)
10.	Provision for tax:		
	MAT	0.00	0.00
	Deferred Tax (Liability)/Asset	17.39	16.66
11.	Profit/(Loss) for the year after tax	(33.94)	(23.97)

The operational performance of the Company is discussed in detail under the Management Analysis and Discussion Report.

## 2. RESERVES:

The company has not transferred any amount to reserves during the financial year under review.

## 3. DEPOSITS

The Company has not accepted any fixed deposits from the public within the meaning of section 58A of the Companies Act, 1956.

## 4. INFORMATION PURSUANT TO THE COMPANIES DISCLOSURE OF (PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO (pursuant to sec 217(1)(e)).



#### A. Conservation of energy:

Adequate measures have been taken for conservation of energy. There is no additional investment and proposal for reduction of energy conservation. As there is no additional investment, there is no impact on the business of the company

#### B. Technology Absorption

##### i) Research & Development (R&D)

##### a) Specific areas in which R & D carried out by the company

For having the modern design, patterns and styles and improving the quality of the products and to have unique, royal and classic designs, the company is constantly carrying out research. The Company has developed new Yarn Structure which increases the quality in terms of life of Carpet.

##### b) Benefits derived as a result of R&D

The most impressive designs with highest standard in quality meeting the present market demand have emerged out of research carried out by the Company. The new Yarn has been greatly accepted in the market.

##### c) Future plan of action

The quality designs of carpets have to be improved with a view to have unique features, pattern and design.

Expenditure on R & D: The Company has not made any expenditure on R& D.

##### ii) Technology absorption, adoption and innovation.

During the year the company has neither absorbed any new Technology nor adopted or innovated, as the existing technology is sufficient to meet the present market requirements.

#### 5. FOREIGN EXCHANGE EARNINGS AND OUT GO:

Foreign Exchange Earnings	:	3.51 Lakhs
Foreign Exchange out go	:	17.84 Lakhs

#### 6. PARTICULARS OF EMPLOYEES

No employee of the Company was in receipt of remuneration, which requires disclosure under section 217(2A) of the Companies Act, 1956.

#### 7. DIRECTORS

In accordance with the requirements of the Companies Act 1956, read with the Articles of Association of the company Smt. Meena Kerur shall retire by rotation at this Annual General Meeting, and being eligible offer herself for reappointment. A brief resume of the retiring director as required under clause 49 of the Listing Agreement is provided in this Annual Report.

Shri. S. Naik, Managing Director, of the company was appointed for further period of 3 years and the same requires ratification of members in this Annual General Meeting.



## 8. AUDITORS AND AUDIT REPORT

The Statutory Auditors of the company M/s Ramasamy Koteswararao & Co, Chartered Accountants, Hyderabad Firm Regd. No. 010396S, retire at the ensuing Annual General Meeting and are eligible for re-appointment.

Your company has received intimation to the effect that, proposed re-appointment, if made would be within the prescribed limit under Section 224(1B) of the Companies Act 1956 and also in compliance with the requirements of the Listing Agreement regarding Peer Review. They have also confirmed their willingness to accept office, if re-appointed. The Board and Audit Committee recommend the re-appointment of M/s Ramasamy Koteswararao & Co, Chartered Accountants, Hyderabad, as Statutory Auditors to hold office till conclusion of Next Annual General Meeting.

The Auditors Report and notes to the accounts are self explanatory and do not call for any further comments.

## 9. DIRECTOR'S RESPONSIBILITY STATEMENT

In accordance with sub-section (2AA) of section 217 of the Companies Act, 1956, the Directors of the Company state:

- a. That in the preparation of the accounts for the financial year ended 31<sup>st</sup> March 2012; the applicable accounting standards have been followed along with proper explanation relating to material departures.
- b. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review.
- c. That the Directors have taken proper and sufficient care 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. That the Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March 2012 on a 'going concern basis'.

## 10. MANAGEMENT DISCUSSION & ANALYSIS REPORT

A separate report on Management Discussion & Analysis Report is attached to this report.

## 11. CORPORATE GOVERNANCE REPORT

A separate report on corporate governance along with Auditor's certificate on its compliance is attached to this report.

## 12. CASH FLOW STATEMENT

In conformity with the provisions of Clause 32 of the Listing Agreement with the Stock Exchanges, the cash flow statement for the year ended March 31, 2012 is annexed hereto.





### 13. AUDIT COMMITTEE

In accordance with Clause 49 of the Listing Agreement, the company has constituted the Audit Committee, which consists of Majority of Independent Directors and Non Executive Directors of the company Viz. Mr.K.Suresh, Smt. Meena Kerur and Mr.Maqsood Ahmed. The Audit committee functions in terms of the role and powers delegated by the Board of Directors keeping in view of the Provisions of Clause 49 of Listing Agreement and Section 292A of the Companies Act 1956.

### 14. HUMAN RESOURCE

The Board of Directors would like to place on record its deep appreciation to all the employees for their dedicated services to the company. Our organizational culture and work environment is central to our ability to work effectively.

Company has taken initiative to appoint Qualified Company Secretary to comply with the provision of Section 383A of the companies Act, Listing Agreement. The Efforts of the company was not fruitful, however company is availing the services from Practicing Company Secretary.

### 15. ACKNOWLEDGEMENT

Your Directors take this opportunity to express their appreciation for the cooperation and continued support received from various departments of Central and State Governments, financial institutions, Banks, the Suppliers, Customers and Shareholders of the Company.

By order of the Board of Directors

Place: Hyderabad

Date : 06-08-2012

Sd/-  
SRI KRISHNA NAIK  
Chairman & Managing Director



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

## INDUSTRY STRUCTURE AND DEVELOPMENT:

Carpet weaving is a tradition which goes back by more than 700 years and the tradition of weaving has been passed on to each successive generation. The Indian carpet industry is the true expression of the worker's philosophy and their insight into the nature's changing moods in the form of designs on carpets. The designs, composition, color, size, finish, methods have been influenced by the incidents in Indian history, culture, myths, life style, and geographical conditions prevailing in the country.

Moghuls brought the carpet weaving to India and some of the most majestic carpet in India can be seen from Moghul period. Weavers in India then learned magic of colors and weaves and more aesthetic touch was started to appear in Indian carpets. Carpet industry in India flourished more in its northern part. So major centers of carpet industry can be found in Kashmir, Jaipur, Agra and Bhadohi.

Indian carpet industry with a strong base of improved infrastructure, quality and technology is primarily export-oriented, accounting for about 20% of the total exports, next only to Iran and China. Europe and America are the chief importers accounting for almost 95 percent of total carpet imports. The Indian Carpet Industry is governed by the regulations of National Textile Policy, 2000.

Hand tufted carpets have been gaining importance in India since last few decades. Major parts of carpets that are produced in India are exported to different parts of world as local market for these is less. Moreover the channels for local marketing and selling are also less. But with the retail boom the Indian carpet industry is going to see some major changes in the carpet industry here for local market.

Golden Carpets Limited, with its modern technology like computerized electronic Jacquard, skilled personnel manufactures carpets which are exquisitely designed, elegant, attractive catering to the different needs of the customers.

## OPPORTUNITIES

Indian Carpets are famous all over the world. Carpet industry in India will flourish further because of the unique artistic skill. The labor cost is low in India adding to the advantage and favorable factors list for growth purposes. Carpet designs in India are very innovative. Apart from this, Indian carpet industry can produce different kinds of carpet which are not produced by other countries.

Home furnishing market is moving towards Carpet Industry, which results in evolution of new carpet designs. It is used as a Marketing tool and gives the opportunity to provide stocking and warehousing services to various players in the market. Youth market is now more open to the contemporary and modern carpet industry which has given a new opportunity to the carpet industry.

India has far better options than its competitors in terms of quality and designs. India is more flexible and produces all kinds of carpet.

Our Company has been able to capture the export market and has made its place in the domestic as well as, global market. We have explored the opportunities for providing stocking and warehousing services to various players also.



## Threats

The carpet industry in India can flourish only if this sector is properly organized. For this purpose the marketing channels need to be improved. Access to the local as well as foreign customers should be simple and easy. Appropriate utilization of infrastructure is a must to save production cost. In addition the carpet manufacturing belts should be made as accessible to the traders as possible. Professional approach, less internal competition, and intellectual property rights should be given boost in order to make the carpet industry in India prosperous.

The industry is suffering due to unhealthy competition existing within it. Social evil such as Child labor has strong bonding with the industry. Hence, the industry invites risk of possible backlash on itself.

## Segment Wise Performance:

As the Company is dealing only in one product, the same is not applicable.

## Outlook

As the industry is moving towards the emergence of new market with use of modern techniques, Low-end carpets manufactured in modern designs like hand-tufted carpets are highly preferred by new customer base. Your Company has already taken initiatives to increase the productivity and value of business by implementing quality standards, cost reduction, better development of products and their on-time delivery.

## Discussion on Financial performance with respect to operational performance

During the Year the Company has achieved a turnover of Rs 129.55 lacs as against 139.68 lacs. The Company has suffered a net loss of Rs 33.94 lacs in the year under review, the same is higher as compared to the loss of Rs 23.97 lacs in the previous year.

## Internal Control Systems and their Adequacy

The Company is having adequate Internal Control System with respect to effectively handing the operations and maintaining the accounts. The Audit Committee reviews the accounting systems and procedures and suggest remedial actions where required.

## Material Development In Human Resources/Industrial Relations:

The Company recognizes the importance and contribution made by its employees to the growth and development of the Company. The Company has cordial relations with employees and staff.

## CAUTIONARY STATEMENT:

Statements in the Management and Discussion Analysis which seek to describe the Company's objective, projections, estimates, expectations or predictions may be considered to be forward looking statements within the meaning of the applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include Indian demand and supply conditions, availability of working capital, raw material prices, changes in government regulations, tax regime, economic developments within India and globally.



## REPORT ON CORPORATE GOVERNANCE

(Pursuant to clause 49 of the Listing Agreement with the Stock Exchange)

## 1. A brief statement on Company's philosophy on code of Governance

The Company believes that good Corporate Governance practices should be enshrined in all activities of the Company. This would ensure efficient conduct of affairs of the Company and help the Company to achieve goal of maximizing value for all its stake owners. Your Company's business objective is to manufacture and market the Company's product in such a way as to create value that can be sustained over the long term for consumers, shareholders, employees & business partners. Your Company is conscious of the fact that the success of a Company is a reflection of the professional conduct and ethical values of its management & employees. Your Company affirms its commitment to follow good corporate governance practices proactively.

## 2. Board of Directors

- (i) The Board has two promoters and Two Independent Directors out of which three are non-executive and one is Managing Director. The composition of the Board is in compliance with the Clause 49 of the Listing Agreement entered with the Stock Exchange.
- (ii) None of the Directors on the Board is a member of more than 10 committees or Chairman of more than 5 committees across all the companies in which he is a Director. Necessary disclosures regarding committee positions in other public companies as at 31<sup>st</sup> March 2012 have been made by the Directors.

The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting as also the number of directorships and committee memberships held by them in other companies are given below:

Name	Category	No. of Board Meetings during the Year 2011-12		Whether attended last AGM held on 30 <sup>th</sup> September 2011	No. of Directorships in other Public companies	No. of Committee positions held in other public companies	
		Held	Attended			Chairman	Member
Sri S Naik	Promoter, Managing Director	4	4	Yes	2	Nil	Nil
Smt Meena kerur	Promoter, Non Executive Director	4	3	Yes	1	Nil	1
Sri K Suresh	Non Executive, Independent	4	4	Yes	6	Nil	Nil
Sri Maqsood Ahmed	Non Executive, Independent	4	3	No	Nil	Nil	Nil



- (iii) Four (4) Board Meetings were held during the year 2011-12 and the gap between 2 meetings did not exceed 4 months. The dates on which the Board Meetings held were 30<sup>th</sup> May 2011, 29<sup>th</sup> July 2011, 14<sup>th</sup> November 2011 and 13<sup>th</sup> February 2012.
- (iv) Necessary information as mentioned in Annexure 1A to Clause 49 of the Listing Agreement has been placed before the Board for their consideration.

### 3. Code of conduct

The Board has laid down a code of conduct for all Board Members, senior management and employees of the Company. The relevant Declaration is enclosed as an attachment to the Directors' Report.

### 4. AUDIT COMMITTEE

- (i) The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreement with the Stock Exchange read with Section 292 A of the Companies Act 1956.
- (ii) The Company's Audit Committee comprises of the following Directors all of whom are Non-Executive and Majority are Independent Directors:

- |                      |            |
|----------------------|------------|
| 1. Sri K.Suresh      | - Chairman |
| 2. Smt.Meena Kerur   | - Member   |
| 3. Sri Maqsood Ahmed | - Member   |

- (iii) The terms of reference stipulated by the Board to the Audit Committee includes review of the following:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- Management letters / letters of internal control weaknesses issued by the statutory auditors;
- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
  - b. Changes, if any, in accounting policies and practices and reasons for the same



- c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval
  - Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
  - Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  - Discussion with internal auditors any significant findings and follow up there on.
  - Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
  - Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
  - To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

The Company continued to derive immense benefit from the deliberations of the Audit Committee comprising three Non-Executive and majority independent Directors. Shri. Kotte Suresh, who is heading the Audit Committee as Chairman is a highly qualified with vast experience in matters relating to finance, Banking, Project Management. The Chairman of the Audit Committee was present at the previous Annual General Meeting.

- (iv) During the year 2011-12 the Audit Committee met Four (4) times on 30<sup>th</sup> May 2011, 29<sup>th</sup> July 2011, 14<sup>th</sup> November 2011 and 13<sup>th</sup> February 2012. The statutory auditors and whole-time directors were invited for the meetings. The attendance of the members of the committee are given below:

Name	Category		No. of Meetings during the Year 2011-12	
			Held	Attended
Sri K. Suresh	Chairman	Independent, Non Executive	4	4
Smt. Meena Kerur	Member	Independent, Non Executive	4	4
Sri. Maqsood Ahmed	Member	Independent, Non Executive	4	3



## 5. REMUNERATION COMMITTEE

The Company had constituted a Remuneration Committee in terms of Schedule XIII of the Companies Act, 1956 read with clause 49 of the listing agreement. The committee comprises of Shri. K.Suresh, Shri. Maqsood Ahmed and Smt. Meena Kerur, all are non- executive and majority are Independent Directors. Committee did not hold any meeting during the year since there was no changes in the remuneration of directors. The broad terms of reference of the remuneration committee are to approve/recommend to the Board the salary (including annual increments) perquisites and commission including pension rights & any compensation payment to be paid to the Company's Managing / Whole-Time-Directors.

Remuneration policy: The Company while deciding the remuneration package of the management takes into consideration the employment scenario, remuneration package of the industry, financial performance of the Company and talents of the appointee. The Executive Directors and Non- Independent Directors of the Company are not entitled to sitting fees.

## 6. REMUNERATION OF DIRECTORS

The Non Executive Independent Directors apart from receiving the sitting fees do not have any other material pecuniary relationship or transactions with the Company, its promoters or its Management, which in the opinion of the Board may affect independence of judgment of the Director.

The aggregate value of salary and perquisites for the year ended 31.03.2012 to Managing/Executive Director are as under:

Sri S. Naik, Managing Director : Rs.9,60,000/-p.a.

Notice Period, severance fee and stock options to the above personnel : Nil

The period of appointment of Managing Director is for 3 years.

The Company does not have any stock option plan or performance incentives.

Details of Shares of the Company held by the Directors as on March 31, 2012 are as below:

Name	No.of Shares
Sri. S Naik	1843540
Smt. Meena Kerur	979680
Sri. Kotte Suresh	Nil
Sri. Maqsood Ahmed	Nil

## 7. SHAREHOLDERS/INVESTOR'S GRIEVANCES COMMITTEE

This committee is headed by Smt. Meena Kerur, while Shri Kotte Suresh and Shri. Maqsood Ahmed act as members of the Committee. The committee looks into transfer and transmission, issue of duplicate share certificate, consolidation and sub-division of shares and investors grievances. The committee oversees the performance of the Registrars and Transfer agents and recommends measures for overall improvement in the quality of investor services.

Name of the Member	No.of Meetings attended	Designation
Smt. Meena Kerur	2	Chairman
Sri. Kotte Suresh	4	Member
Sri. Maqsood Ahmed	4	Member



The total number of complaints received and replied to the satisfaction of shareholders during the year under review was Nil There was no outstanding complaints as on 31<sup>st</sup> March 2012.

Sri Krishna Naik, Managing Director is the Compliance Office of the company.

## 8. GENERAL BODY MEETINGS

### a. Location and Time of Last 3 Annual General Meetings:

Year	Venue	Date	Time	Special Resolutions passed during the AGMs
2010-2011	Hotel Marriott, Tank Bund, Hyderabad	30.09.2011	9.00 A.M	0
2009-2010	Hotel Marriott, Tank Bund, Hyderabad	30.09.2010	9.00 A.M	0
2008-2009	Hotel Marriott, Tank Bund, Hyderabad	30.09.2009	9.00 A.M.	2

b. During the year None of the resolutions had been passed through postal ballot.

## 9. DISCLOSURES

### A. Related Party Transactions

During the year 2011-2012 the Company had no related party transactions, which is considered to have potential conflict with the interest of the Company at large. The disclosures as to related party transaction is disclosed in the notes to accounts.

### B. Compliance made by the company

There were no instances of non-compliance, penalties, strictures imposed on the Company by the stock exchanges, SEBI or any other statutory authority on any matter related to the capital markets.

### C. Means of Communication

The quarterly/ half yearly/ annual results, notices of Board Meetings/ General Meetings and all other material information are normally published by the Company in the newspapers. Official news releases are sent to the stock exchanges at Mumbai where the shares of the Company are listed. Your Company has launched website, being the following URL <http://www.goldencarpets.com>, enabling the potential investors to have awareness of the Company. The website is yet to be updated with the latest information and the same is in progress.

## 10. NON-MANDATORY REQUIREMENTS

As regards adoption of Non-Mandatory requirement of corporate governance. It is submitted that the Company does not send the half yearly results to each of the shareholders.

## 11. GENERAL SHAREHOLDERS INFORMATION

The following information would be useful to the shareholders:

### a. 18<sup>th</sup> Annual General Meeting

Date and Time : 29<sup>th</sup> September 2012, 9.00 A.M.  
Venue : Hotel Marriot, Tankbund, Hyderabad.





## b. Financial Calendar

Financial Year : 1<sup>st</sup> April 2011 to 31<sup>st</sup> March 2012

c. Dates of Book closure : 24<sup>th</sup> September, 2012 to 29<sup>th</sup> September, 2012  
(both days are inclusive)

d. Listing on Stock Exchanges : The Bombay Stock Exchange Limited, Mumbai

e. Stock Code : 531928

ISIN Numbers in NSDL &  
CDSL for Equity Shares : INE595D01015

The Company has paid its annual listing fees to the stock exchange for the financial year 2012-2013.

f. Dividend payment date : Not applicable

g. Market Price Data : High/Low price quotation in each month of the last financial year 2011-12 on the Stock Exchange, Mumbai is given below.

Month	High (Rs.)	Low (Rs.)
Apr' 11	0.00	0.00
May' 11	0.00	0.00
Jun' 11	0.00	0.00
Jul' 11	3.38	2.70
Aug' 11	2.57	1.98
Sep' 11	2.16	2.05
Oct' 11	2.16	1.96
Nov' 11	2.58	2.26
Dec' 11	0.00	0.00
Jan' 12	2.78	2.30
Feb' 12	2.41	1.91
Mar' 12	2.31	2.10

Source: [www.bseindia.com](http://www.bseindia.com)

h. Registrars and Transfer Agents (RTA): M/s XL Softtech Systems Limited  
Sagar Society Road,  
Road No-2, Banjara Hills,  
Hyderabad-34  
Ph.No. 040-23545913, 23545914  
E-Mail: [xlfeild@rediffmail.com](mailto:xlfeild@rediffmail.com)

## i. SHARE TRANSFER SYSTEM

Shares sent for physical transfer are generally registered and returned within a period of 15 days from the date of receipt, if the documents are clear in all respects. The shares of the Company have been placed by the SEBI under compulsory dematerialisation ("DEMAT"). The Company has as per, SEBI Guidelines with effect from the said date has offered the facility of physical transfer cum demat.



## j. SHAREHOLDING PATTERN AS ON 31ST MARCH 2012

Sl.No	Category	No.of Shares	% of Shareholding
1.	Promoters	3376660	52.03
2.	Mutual Funds and UTI	0.00	0.00
3.	Banks, Financial Institution, Insurance Companies	185185	2.85
4.	Private Corporate Bodies	195900	3.02
5.	Indian Public	1783590	27.48
6.	NRIs/OCBs	948824	14.62
7.	Clearing Members	0.00	0.00
	<b>Total</b>	<b>6490159</b>	<b>100.00</b>

## k. DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2012

Share or debenture holding of Nominal value of		Share / Debenture Holders		Shares / Debenture Amount	
Rs.	Rs.	Number	% to	In Rs.	% of
(1)		(2)	(3)	(4)	(5)
1 - 5000		335	50.07	966000	1.49
5001 - 10000		105	15.70	949000	1.46
10001 - 20000		67	10.01	1108000	1.71
20001 - 30000		35	5.23	898000	1.38
30001 - 40000		20	2.99	739400	1.14
40001 - 50000		24	3.59	1168000	1.80
50001 - 100000		29	4.33	2186700	3.37
100001 - Above		54	8.07	56886490	87.65
<b>TOTAL</b>		<b>669</b>	<b>100.00</b>	<b>64901590</b>	<b>100.00</b>

## l. DE-MATERIALIZATION OF SHARES AND LIQUIDITY

The Company entered into an agreement with NSDL and CDSL, where by shareholders can avail the option to dematerialize their shares with either of the depositories and on an average the dematerialization process is completed within a period of 7 days from receipt of a valid demat request along with all documents. As on 31.03.2012 the number of shares held in dematerialized form with both the depositories are 1710688 shares, which come to be 26.36 % of the total, paid up capital.

- m. Outstanding ADRs/GDRs/ Warrants or any convertible instruments, conversion date and likely impact on equity: Not Applicable

## n. ADDRESS FOR CORRESPONDENCE

The Address for Correspondance is : GOLDEN CARPETS LIMITED  
Flat No-8-2-596/5/B/1, Road No-10,  
Banjara Hills,Hyderabad-500 034  
E-Mail : goldencarpets@vsnl.net



## 12. RECONCILIATION OF SHARE CAPITAL AUDIT

The Company gets the Reconciliation of Share Capital Audit done by a Practicing Company Secretary for the purpose of reconciliation of the total admitted capital with both the depositories and the total issued and listed capital. The Reconciliation of Share Capital Audit Report placed before the Board of Directors on a quarterly basis is also sent to the Stock Exchanges where the Company's shares are Listed.

## 13. NOMINATION FACILITY

Shareholders holding shares in physical form and desirous of making a nomination in respect of their shareholding in the Company as permitted under Section 109A of the Companies Act, 1956 are requested to submit to the Company the prescribed Form 2B for this purpose.

## 14. COMPANY'S POLICY ON PREVENTION OF INSIDER TRADING

Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company had framed a Code of Conduct for prevention of insider trading. The code is applicable to all such employees of the Company who are expected to have access to the unpublished price sensitive information relating to the Company and the same is being implemented as a self-regulatory mechanism.

By order of the Board of Directors

Place: Hyderabad

Date : 06-08-2012

Sd/-  
SRI KRISHNA NAIK  
Chairman & Managing Director

### **Particulars of Directors seeking re-appointment at the forthcoming Annual General Meeting pursuant to Clause 49 of the Listing Agreement**

Name of the Director	Qualification & Expertise in Specific Functional Areas	Date of Birth
Mr S. Naik	B.Com graduate has 18 years of experience in manufacturing carpets.	08/10/1964
Smt. Meena Kerur	Graduate with more than a decade of experience in various fields of business, marketing and administration.	18/10/1963

### **DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT**

To  
The shareholders

It is hereby declared that the company has adopted a Code of Conduct for its Board of Directors and Senior Management Personnel. I hereby confirm that the company has in respect of the financial year ended 31<sup>st</sup> March, 2012, received from the senior management personnel of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

By order of the Board of Directors

Place: Hyderabad

Date : 06-08-2012

Sd/-  
SRI KRISHNA NAIK  
Chairman & Managing Director



**M/s Ramasamy Koteswararao & Co**  
**Chartered Accountants**

**GOLDEN CARPETS LIMITED**

**AUDITORS CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

To

The Share owners of  
M/s Golden Carpets Limited

We have examined the compliance of the conditions of Corporate Governance by Golden carpets Limited for the year ended 31<sup>st</sup> March 2012 as stipulated in Clause 49 of the Listing Agreements of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementations thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause. 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 explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreements.

On the basis of representation received from Registrars and Share Transfer Agents and as per the records maintained by the Company which are presented to the Shareholders/Investors grievance committee, we state that during the year ended 31<sup>st</sup> March, 2012 no investor grievance were pending for a period exceeding one month.

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 Ramasamy Koteswararao & Co  
Chartered Accountants

Place : Hyderabad  
Date : 06.08.2012

(C.V.Koteswara Rao)  
Partner, M No. 28353

**CERTIFICATE BY MANAGING DIRECTOR AND OFFICER ACCOUNTS OF THE COMPANY TO THE BOARD**

We, Shri Krishna Naik, Managing Director and Shri. M.Janardhan, Accounts Officer, of M/s Golden Carpets Limited, hereby certify to the Board that:

- a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
  - i) These statements do not contain any materially untrue statement for the year or omit any material fact or contain statements that might be misleading:
  - ii) These statements together present a true and fair view of the Company's Affairs and of the results of operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with existing generally accepted accounting principles including accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered in to by the Company during the year which are fraudulent, illegal or violate of the Company's Code of Conduct.
- c) We are responsible for establishing and maintaining internal controls in the Company and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors, audit committee, deficiencies in the design or operations of internal controls, if any, of which we are aware and the steps we have taken or proposed to take rectify these deficiencies.
- d) We have indicated to the auditors and the audit committee:
  - i) Significant changes in internal control over financial reporting during the year;
  - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii) Instances of significant fraud of which they have become aware of and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.
- e) We affirm that we have not denied any personnel access to the audit committee of the Company (in respect of matters involving alleged misconduct).
- f) We further declare that all board members and designated senior management have performed compliance with the code of conduct for the current year.

Place: Hyderabad  
Date : 06.08.2012

(Sri Krishna Naik)  
Managing Director

(M.Janardhan)  
Accounts Officer



MANAGING DIRECTORS CERTIFICATE ON CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

I, Shri Sri Krishna Naik, Managing Director of the Company, hereby certify that:

- a) I have reviewed financial statements (including the cash flow statement) for the year 2011-2012 prepared by the Management and that to the best of my knowledge and belief.
  - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) 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.
- b) To the best of my knowledge and belief, no transactions have been entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
- c). I accept responsibility for establishing and maintaining internal controls and that I have evaluated the effectiveness of the internal control systems of the company and I have timely disclosed to the auditors and the Audit Committee, any kind of deficiencies, if any during the year, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.
- d). I have indicated to the auditors and the Audit Committee on the following items:
  - i) significant changes in internal control during the year', if any
  - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements, if any; and
  - iii) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

Place: Hyderabad  
Date : 06.08.2012

(Sri Krishna Naik)  
Managing Director



## AUDITOR'S REPORT

To  
The Members  
Golden Carpets Limited  
Hyderabad

1. We have audited the attached Balance Sheet of GOLDEN CARPETS LIMITED, as at March 31, 2012, the Profit and Loss account and also the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of The Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph (3) and subject to in paragraph (4) above, we report that:
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
  - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - (v) On the basis of written representations received from the directors, as on March 31, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and
  - (vi) In our opinion, and to the best of our information and explanations and according to the explanations given to us, the said accounts together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India
    - (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
    - (b) In the case of the Profit and Loss Account, of the Loss for the year ended on that date; and
    - (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For RAMASAMYKOTESWARA RAO & CO  
Chartered Accountants  
Firm Reg No.010396S

C.V.KOTESWARA RAO  
Partner  
Membership No. 28353

Place: Hyderabad  
Date: 25-05-2012



## Annexure to Auditor's Report

(Referred to in paragraph 3 of our Report of even date to the Members of  
GOLDEN CARPETS LIMITED for the year ended March 31, 2012)

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the Assets have been physically verified by the management during the year and there is regular programme of verification which, in our opinion, is reasonable having regards to the size of the company and the nature of its assets. No material discrepancies were noticed in such verification.
- (c) During the year, the company has not disposed off a substantial part of the fixed assets.
- (ii) (a) As explained to us, inventories have been physically verified by the Management at regular intervals during the year.
- (b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company has maintained proper records of inventories. As explained to us there were no material discrepancies noticed on physical verification of inventories as compared to book records.
- (iii) (a) As informed the Company has not granted any loans, secured or unsecured to and from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clause 4(III) (b) to (d) of the Order are not applicable.
- (b) the Company has taken unsecured loans amounting to Rs.4,49,94,579/- from parties covered in the register maintained under Section 301 of the Companies Act, 1956.  
According to information and explanations obtained and in our opinion rate of interest and other terms and conditions of loans taken by the company, secured or unsecured; are prima facie prejudicial to the interest of the company
- (iv) On the basis of checks carried out during the course of audit and as per explanations given to us, we are of the opinion that there are adequate internal control procedures commensurate with the size of the company and the nature of its business; for the purchases of inventory and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls.
- (v) (a) In our opinion and according to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees five lakhs in respect of each party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits within the meaning of Sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, The company maintains cost records under Section 209 (i) (d) of the Companies Act, 1956 in respect of the Company's nature of business.





- ix) a) The PF. & E.S.I Act are not applicable for the Company. According to the records of the company, the company is regular in depositing income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess as at 31.03.2012 for a period of more than six months from the date they became payable.
- b) According to the information and explanations given to us, there are no income tax, sales tax, service tax, cess, wealth tax, customs duty and excise duty, which have not been deposited on account of any dispute, There were no dues on account of cess under 441A of the Companies Act, 1956, since the date from which the aforesaid section comes into force has not yet been notified by the Central Government.
- x) The company has accumulated losses which are not less than 50% of its Networth at the end of the financial year and it has not incurred cash losses during the current financial year covered by our audit and the immediately preceding financial year.
- xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company did not have any outstanding dues to financial Institutions, banks or debenture holders.
- xii) According to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the company is not a chit or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the company.
- xiv) The company is not in the business of dealing or trading in shares, securities, debenture and other instruments. Accordingly, the provisions of clause 4(xiv) of the order are not applicable to the company.
- xv) The company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) According to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised.
- xvii) According to the information and explanation given to us, and on an overall examination of the balance sheet, the company has not raised any short-term funds, which have been utilized for long-term investment.
- xviii) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act. Accordingly, the price at which such shares have been issued, prejudicial to the interest of the company does not arise.
- xix) During the year covered by our audit report, the Company does not have any outstanding debentures, so the creation of charge does not arise.
- xx) The company has not made any public issue during the year. Accordingly the question of disclosing end use of money raised by public issue does not arise.
- xxi) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For RAMASAMYKOTESWARA RAO & CO  
Chartered Accountants  
Firm Reg No.010396S

Place : Hyderabad  
Date : 25-05-2012

C.V.KOTESWARA RAO  
Partner  
Membership No. 28353



Balance Sheet As At 31st March, 2012

(Amount in Rupees)

	Particulars	Schedules	March 31, 2012	March 31, 2011
I	<b>EQUITY AND LIABILITIES</b>			
	1. Shareholders' Funds			
	a) Share Capital	1	84,411,590	84,411,590
	b) Reserves and Surples	2	(38,605,335)	(34,933,491)
	c) Money received against share warrants			
	2. Share application money pending allotment	3	Nil	Nil
	3. Non-current liabilities			
	a) Long-term borrowings	4	45,343,540	46,929,450
	b) Deferred Tax Liabilities (Net)		14,981,782	16,720,874
	c) Other long-term liabilities	5	Nil	Nil
	4. Current Liability			
	(a) Trade payables	6	2,189,815	2,461,875
	(b) Other current liabilities	7	384,089	186,851
	<b>Total</b>		<b>108,705,481</b>	<b>115,777,149</b>
II	<b>ASSETS</b>			
	1. Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets	8	73,251,260	80,515,516
	(b) Long-term Loans and advances	9	483,410	483,410
	2. Current assets			
	(a) Inventories	10	23,934,861	27,006,088
	(b) Trade receivables	11	3,990,244	2,191,144
	(c) Cash and Bank balances	12	6,481,867	5,071,646
	(d) Short-term Loans and advances	13	65,000	41,000
	d) Other current assets	14	498,839	468,345
			<b>108,705,481</b>	<b>115,777,149</b>
	See accompanying notes to the financial statements			

As per figures extracted from the books of account

For RAMASAMYKOTESWARA RAO & CO

Chartered Accountants

Firm Reg No.010396S

For & on behalf of the Board

**C.V.KOTESWARA RAO**

Partner

Membership No. 28353

Place: Hyderabad

Date: 25-05-2012

Sd/-  
Sri Krishna Naik  
Managing Director

Sd/-  
Meenakerur  
Director



## Profit and Loss account for the year ended 31st March 2012

(Amount in Rupees)

	Particulars	Schedules No.	March 31, 2012	March 31, 2011
(I)	Revenue from operations(gross)	15	12,954,665	13,968,076
	Less: Excise Duty		-	-
	Revenue from operations(Net)		12,954,665	13,968,076
(II)	Other income	16	334,416	924,685
(III)	Total revenue		13,289,081	14,892,761
(IV)	Expenses			
	(i) Cost of materials consumed	17	3,042,936	6,477,773
	(ii) Changes in inventories of finished goods "work-in-progress and Stock-in-Trade"	18	2,913,260	(1,504,427)
	(iii) Employee benefits expense	19	1,894,000	1,797,558
	(iv) Finance cost	20	20,276	129,771
	(v) Depreciation and Amortisation expense	21	7,577,496	7,553,460
	(vi) Other expenses	22	3,252,049	4,502,051
	Total expenses		18,700,017	18,956,186
(V)	Profit before exceptional and extraordinary items and tax (III-IV)		(5,410,936)	(4,063,425)
(VI)	Exceptional items	23	Nil	1,678,725
(VII)	Profit before extraordinary items and tax (V - VI)		(5,410,936)	(5,742,150)
(VIII)	Extraordinary items		Nil	Nil
(IX)	Profit before tax (VII- VIII)		(5,410,936)	(5,742,150)
(X)	Tax expense			
	(i) Current tax	24	-	-
	(ii) Deferred tax	25	(1,739,092)	(1,666,131)
(XI)	Profit (Loss) for the period from continuing operations (VII-VIII)		(3,671,844)	(4,076,019)
(XII)	Earnings per equity share:	26	-	-
	(i) Basic			
	(ii) Diluted			
	See accompanying notes to the financial statements			

As per figures extracted from the books of account

For RAMASAMYKOTESWARA RAO & CO  
Chartered Accountants  
Firm Reg No.010396S

**C.V.KOTESWARA RAO**

Partner

Membership No. 28353

Place: Hyderabad

Date: 25-05-2012

For &amp; on behalf of the Board

Sd/-

Sri Krishna Naik  
Managing Director

Sd/-

Meenakerur  
Director



SCHEDULES FORMING PART OF THE BALANCESHEET

1. SHARE CAPITAL

(A) Authorised, Issued, subscribed and paid up capital

Particulars	March 31, 2012	March 31, 2011
(a) Authorised Capital 10500000 equity shares of Rs.10 each	105000000	105000000
(b) Issued, Subscribed and Fully paid up capital 6490159 equity shares of Rs.10 each	64901590	64901590
Add: Forfeited Shares	19510000	19510000
Total	84411590	84411590

(B) Shareholders' holding more than 5 percent equity shares

Particulars	March 31, 2012 March 31, 2011			
	No. of shares	% of holding	No. of shares	% of holding
SRI KRISHNA NAIK	1843540	28.41%	1838240	28.32%
MEENA KERUR	979680	15.09%	967680	14.91%

2. RESERVES AND SURPLUS

(A) Securities Premium Account

Particulars	March 31, 2012	March 31, 2011
(a) Opening balance	22407396	22407396
(b) Additions during the period	Nil	Nil
(c) Utilisation during the period	Nil	Nil
(d) Closing balance	22407396	22407396

(B) Surplus (In statement of Profit and Loss)

Particulars	March 31, 2012	March 31, 2011
(a) Opening balance	(57,340,887)	(53,264,868)
(b) Additions during the period	(3,671,844)	(4,076,019)
(c) Utilisation during the period		
(i) Dividend	Nil	Nil
(i) Reserves	Nil	Nil
(ii) Preliminary Expenses not written off	Nil	Nil
(d) Closing balance	(61,012,731)	(57,340,887)



## 3. SHARE APPLICATION MONEY PENDING ALLOTMENT

Particulars	March 31, 2012	March 31, 2011
Total	-	-

## 4. LONG-TERM BORROWINGS

## (A) Deferred Payment Liabilities

Particulars	March 31, 2012	March 31, 2011
Secured (Security to be specified)		
Unsecured Deferred Sales tax loan (Interest free)	348961	1934871
Total	348,961	1,934,871

## (B) Loans and Advances From Related Parties

Particulars	March 31, 2012	March 31, 2011
Secured (Security to be specified)		
Unsecured loans from Promoters	44994579	44994579
Total	44,994,579	44,994,579

## 5. OTHER LONG TERM LIABILITY

Particulars	March 31, 2012	March 31, 2011
Total	-	-

## 6. TRADE PAYABLES

Particulars	March 31, 2012	March 31, 2011
Trade payables		
Payable to non SME ( Audit fees, Courier, Electricity, Direc. Rem., Rent, Salaries, Telephone, Share Transfer Fess)	2,189,815	2461875
Total	2,189,815	2,461,875

## 7. OTHER CURRENT LIABILITIES

Particulars	March 31, 2012	March 31, 2011
Sales tax liability	67,506	72115
TDS Payable ( Audit Fees, Proff. Fees, Director Rem., )	113,000	112236
Calls Unpaid payable on allotment money	2,500	2500
Advance from Customer	64,150	-
Sundry Creditors	136933	-
Total	384,089	186,851

**9. LONG-TERM LOANS AND ADVANCES**

## Security Deposit

Particulars	March 31, 2012	March 31, 2011
secured, considered good		
APSEB Deposit	148,410	148,410
Deposit-FAPCCI	5,000	5,000
Rental Deposit	312,000	312,000
Sales Tax Deposit	3,000	3,000
Telephone Deposit	15,000	15,000
Total	483,410	483,410

**10. INVENTORIES**

Particulars	March 31, 2012	March 31, 2011
(a) Raw materials	16,050,835	16,208,802
(b) Work-in-progress	1,815,074	2,940,978
(c) Finished goods	6,068,952	7,856,308
Total	23,934,861	27,006,088

Goods-in-transit shall be disclosed under the relevant sub-head of inventories.

Mode of valuation shall be stated.

**11. TRADE RECEIVABLES**

Particulars	March 31, 2012	March 31, 2011
secured, considered good		
Unsecured, considered good		
Trade receivable for less than 6 months from due date	520,000	2,145,544
Trade receivable for more than 6 months from due date	3,470,244	45,600
Total	3,990,244	2,191,144

**12. CASH AND BANK BALANCE**

Particulars	March 31, 2012	March 31, 2011
(a) Balance with banks	2,072,243	524,986
(b) Cash on hand	780,720	176,594
(c) Others Fixed deposits with banks	3,628,904	4,370,066
Total	6,481,867	5,071,646

**13. SHORT-TERM LOANS AND ADVANCES****(A) Others**

Particulars	March 31, 2012	March 31, 2011
secured, considered good		
Unsecured, considered good		
Loans to Employees	65,000	41,000
Total	65,000	41,000

**14. OTHER CURRENT ASSETS**

Particulars	March 31, 2012	March 31, 2011
TDS on FDR Interest from Axis Bank	139,392	108898
Advances given to suppliers	359447	359447
Total	498,839	468,345

**15. REVENUE FROM OPERATIONS**

Particulars	March 31, 2012	March 31, 2011
(a) Sale of products	12,954,665	13968076
Less: Excise duty		
Total	12,954,665	13,968,076

**16. OTHER INCOME**

Particulars	March 31, 2012	March 31, 2011
(a) Interest Income	329956	143004
(b) Other non-operating income(net of expenses directly attributable)	4460	116096
INCOME		
(i) other income		665585
EXPENCE		
Total	334416	924685

**17. COST OF MATERIALS CONSUMED**

Particulars	March 31, 2012	March 31, 2011
Inventory at the beginning of the year	16208802	14708287
Add : Purchases	2884969	7978288
Less : Inventory at the end of the year	16050835	16208802
Total	3042936	6477773



**18. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE**

Particulars	March 31, 2012	March 31, 2011
(a) Finished goods		
(i) opening	7856308	6999658
(ii) closing	6068952	7856308
	(1,787,356)	856650
(b) Work-in-Progress		
(i) opening	2940978	2293201
(ii) closing	1815074	2940978
	(1,125,904)	647777
(c) Stock in trade		
(i) opening		
(ii) closing		
Total	(2,913,260)	1,504,427

**19. EMPLOYEE BENEFITS EXPENSE**

Particulars	March 31, 2012	March 31, 2011
(a) Salaries and Allowances	934000	837558
(b) Contribution to P.F & Gratuity		
(c) Staff Welfare Expenses		
(d) Directors Remuneration	960,000	960000.00
Total	1894000	1797558

**20. FINANCE COST**

Particulars	March 31, 2012	March 31, 2011
(a) Interest	20,276	129,771
(b) Other Borrowing cost		
(c) Net Gain or Loss on foreign currency transactions and translation		
Total	20,276	129,771

**21. DEPRECIATION AND AMORTIZATION EXPENSE**

Particulars	March 31, 2012	March 31, 2011
Depreciation	7,577,496	7,553,460
Total	7,577,496	7,553,460





## 22. OTHER EXPENSES

Particulars	March 31, 2012	March 31, 2011
Consumption of stores and spares parts	110141	
Advertisement Expenses	27815	110198
Annual Custodial Fees	61,620	49,635
Board Meeting Expenses	21,840	16816.00
Business Promotion	55,000	187500.00
Building Maintenance	6,000	-
Conveyance Expenses	73,000	60500.00
Customs Clearing Agent	55,111	40007.00
Audit Fees	25,000	25,000
Customs Duty	26,871	-
Directors Sitting Fees	45,000	-
Commission & Brokerage	-	40000.00
Discount allowed	5,925	
Factory Maintenance	48,000	82984.00
Fright, Insurance & Forwarding	-	63105.00
Foreign Exchange Fluctuation	105,608	-
General Expenses	-	4632.00
Laying Material & Underlay Expenses	187,200	122760.00
Share Transfer Processing fees	33,693	33992.00
MCH Expenses	87,729	-
Office expenses	56,040	64900.00
Packing expenses	5,149	10100.00
Postage & Courier charges (excluding tax on income)	11,503	21621.00
Power & Diesel	349,020	350533.00
Printing & Stationery	18,063	32720.00
Professional Charges	257,000	171000.00
Rates & Taxes	-	42600.00
Rent	1,199,880	1199880.00
Repair & Maintenance	74,789	11855.00
Sales Tax Defferment	-	1426453.00
Telephone & Internet Expenses	143,852	187040.00
Transport Charges	121,200	129770.00
Travelling Expenses	40,000	16450.00
Total	3,252,049	4,502,051



8. Depreciation Schedule as per companies Act for the year ended 31 Mar 2012

PARTICULARS	Dep rate(%)	GROSS BLOCK			DEPRECIATION			NET BLOCK	
		As at 01.04.11	Additions During the period	Deletions	As at 31.03.12	As on 31.03.11	FOR THE PERIOD	Total as at 31.03.12	WDV as at 31.03.12 31.03.11
Building others	1.63%	2,062,860			2,062,860	419,621	33,625	453,246	1,609,614 1,643,239
Building factory	3.34%	17,686,462			17,686,462	6,417,235	590,728	7,007,963	10,678,499 11,269,227
computers	1.62%	2,112,834			2,112,834	322,709	34,249	356,958	1,755,876 1,790,125
electrical	4.75%	3,752,525			3,752,525	2,095,573	178,245	2,273,818	1,478,707 1,656,952
furniture & fixtures	6.33%	1,421,632	113,240		1,534,872	915,620	93,573	1,009,193	525,679 506,012
land & site development	0	2,655,433			2,655,433		-	-	2,655,433 2,655,433
misc fixed assets	4.75%	4,882,747			4,882,747	2,473,562	231,930	2,705,492	2,177,255 2,409,185
plant & machinery	4.75%	34,752,320			134,752,320	76,166,977	6,400,735	82,567,712	52,184,608 58,585,343
vehicles	9.50%	51,686	200,000		251,686	51,686	14,410	66,096	185,590
TOTAL		69,378,499	313,240	-	169,691,739	88,862,983	7,577,496	96,440,479	73,251,260 80,515,516



## SCHEDULE – 14

## SCHEDULES FORMING PART OF THE ACCOUNTS

## SIGNIFICANT ACCOUNTING POLICIES

**Basis of Accounting:**

The company maintains its accounts on accrual basis following historical cost convention in compliance with the Accounting Standards referred to in Section 211 (3c) and other requirements of the Companies Act, 1956.

**Inventories:**

Inventories are valued as under:

- i) Raw Materials, Components, Stores, Spares and Work-in-Progress are valued at Cost.
- ii) Finished goods are valued at lower of cost or net realisable value, Method of Valuation is on the same basis as in last year.

**Depreciation:**

Depreciation on original cost and on additions of Fixed Assets is provided on pro rata basis on straight line method at the rates specified in Schedule XIV of the Companies Act, 1956. The basis of providing depreciation for the current year is on the same basis as in the last year.

**Revenue Recognition:**

The sales are recognized only in the basis of goods dispatched and invoices raised.

**Fixed Assets:**

Fixed Assets are stated at cost of acquisition including appropriate direct expenses after adjustments for any exchange fluctuations related to a particular asset, less depreciation.

**Prior Period Items:**

Expenditure / Income relating to previous year is shown in the accounts under the prior period Adjustments account as per the provisions of AS-5 (Net Profit or Loss for the Period, Prior period Items And Changes in the Accounting Policies) issued by The Institute of Chartered Accountants of India.

**Effects of Changes in Foreign Exchange Rates:**

The exchange fluctuations arising on foreign currency transactions are recognized as income/expenses by applying the rate applicable on the date of transaction. The exchange difference arising on repayment obligations for the purpose of acquiring fixed assets is adjusted in the carrying amount of the respective fixed assets by applying the closing rate.

**NOTES FORMING PART OF ACCOUNTS:**

1. The value of Inventory is considered based on the valuation made by the Management.
2. Sundry Debtors, Sundry Creditors and Advances are subject to the confirmation from the respective parties.



3. Sales Income includes trading of goods, which excludes duties and taxes. The sales are recognized only in the basis of goods dispatched and invoices raised.
4. Deferred Tax Liability has been reviewed and necessary adjustments made, during the current financial year and deferred Tax asset/liability was considered as per the provisions of AS-22.
5. There were no dues repayable to small/medium scale industries for the year ending 31.03.2012.
6. Details of sales, raw materials and components consumed capacities and production.

A Sales:	2011-2012 Value (Rs.Lakhs)	2010-2011 Value (Rs.Lakhs)
Carpets	129.55	139.68

7. Director Remuneration
 

As on 31.03.2012	As on 31.03.2011
Rs.9,60,000/-	Rs.9,60,000/-
8. Audit fee
 

As on 31.03.2012	As on 31.03.2011
Statutory Audit Fee Rs.15,000/-	Rs.15,000/-
Tax Audit Fee Rs.10,000/-	Rs.10,000/-
9. Figures have been rounded off to nearest rupee.
10. Schedule 1 to 14 form an integral part of the Balance Sheet and have been duly authenticated.
11. Figures of previous year have been regrouped wherever necessary to conform to the current year's presentation/classification.

For RAMASAMY KOTESWARA RAO & CO.,  
Chartered Accountants  
Firm Reg No.010396S

For & on behalf of the Board

(C.V. KOTESWARA RAO)  
Partner  
M.No. 028353

Sd/-  
Srikrishna Naik  
Managing Director

Sd/-  
Meena Kerur  
Director

Place: Hyderabad  
Date: 25-05-2012



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31-03-2012

(Pursuant to Clause 32 of the Listing Agreement)

PARTICULARS	YEAR ENDED 31ST MARCH 2012		YEAR ENDED 31ST MARCH 2011	
	Rs.	Rs.	Rs.	Rs.
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Operating Profit before Depreciation but after written off of Misc. Expenditure and provisions		(5,410,936)		(5,742,150)
Adjustment for				
Add: Depreciation	7,577,496		7,553,460	
Add: Decrease in Inventories	3,071,227		-	
Increase in Current Liabilities			1,960,864	
Increase in Share capital	-		-	
Decrease in Advances & Sundry Debtors			-	
		10,648,723		9,514,325
Less: Increase in Inventories			(3,004,942)	
Increase in Debtors	1,799,100		-	
Decrease in Share Capital	-		-	
Decrease in sundry debtors	-		(617,948)	
Decrease in Current Liabilities	74,822		-	
Increase in Advances	54,494		(905,856)	
		1,928,416		(4,528,746)
Cash from operating Activities before extraordinary activities		3,309,371		(756,571)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchases/Increase of/in Fixed Assets	(313,240)		(541,048)	
Increase in long advance	-		-	
Decrease in Misc. Expenditure	-		-	
Net Cash used in Investing Activities -(B)				(541,048)
		(313,240)		(541,048)
<b>C. CASH FLOW FROM FINANCE ACTIVITIES</b>				
Proceeds from Share Capital			-	
Proceeds from Long Term Borrowings	(1,585,910)		-	
Proceeds from Short Term Borrowings			-	
Net Cash used in Financing Activities -(C)		(1,585,910)		-
Net increase in Cash & Cash Equivalents (A+B+C)		1,410,221		(1,297,619)
Cash & Cash Equivalents Opening Balance		5,071,646		1,999,200
Cash & Cash Equivalents Closing Balance		6,481,867		5,071,646

for RAMASAMY KOTESWARA RAO & CO.,  
Chartered Accountants  
Firm Reg No.010396S

C.V. KOTESWARA RAO  
Partner  
M.No. 28353

Place: Hyderabad  
Date: 25-05-2012

For & on behalf of the Board

Sd/-  
Sri Krishna Naik  
Managing Director

Sd/-  
Meena Kerur  
Director



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

## 1 Registration Details

Registration No.  State Code :

Balance Sheet   
Date Month Year

## 2 Capital Raised During The Year (Amount Rs. In thousands)

Public Issue  Rights Issue

Bonus Issue  Private Placement /Others

## 3 Position of Mobilisation and deployment of funds (Amount Rs. In thousands)

Total Liabilities  Total Assets

## EQUITY AND LIABILITIES

Paid-Up Capital  Reserves & Surplus

Secured Loans  Unsecured Loans

## ASSETS

Net Fixed Assets  Investments

Net Current Assets  Misc. Expenditure

Accumulated Losses

## 4 Performance of Company (Amount Rs. In Thousand)

Turnover (Include other income)  Total Expenditure

Profit/(Loss) Before Tax  Profit/(Loss) After Tax

Earning Per Share  Dividend Rate %

## 5 Generic Names of Principal Products of Company (As per Monetary terms)

Item Code No. ( ITC Code )

Product description : Carpets



Dear Shareholder,

Sub: Green Initiative in Corporate Governance

The Ministry of Corporate Affairs has taken a "Green Initiative in Corporate Governance" by allowing paperless compliance by Companies through electronic mode. In accordance with the recent circular no. 17/2011 dated 21.04.2011 and circular No 18/2011 dated 29.04.2011 issued by the Ministry, Companies can now send various notices and documents including annual report, to its shareholders through electronic mode to the registered e-mail addresses of shareholders. It is a welcome move for the society at large, as this will reduce paper consumption to great extent and allow share holders to contribute towards a Greener Environment. This is a golden opportunity for every shareholder of Golden Carpets Limited to contribute to the corporate Social Responsibility initiative of the Company.

We therefore invite all our shareholders to contribute to the cause by filling up the form given below and send it back to us in the attached postage prepaid envelope.

Let's be part of this 'Green Initiative'. Please note that as a member of the company you will be entitled to receive all such communication in physical form, upon request.

E-COMMUNICATION REGISTRATION FORM

(In terms of circular no. 17/2011 dated 21.04.2011 issued by the Ministry of Corporate Affairs)

Folio No./Dp ID& Client ID : .....

Name of 1st Registered Holder : .....

Name of joint Holder(s) : .....

.....

Registered Address : .....

E-mail ID (to be registered) : .....

I/we shareholder(s) of Golden Carpets Limited agree to receive Communication from the Company in electronic mode. Please Register my above e-mail id in your for sending communication through e-mail.

Date .....

Signature.....

Note:

Shareholder(s) are requested to keep the Company informed as and when there is any change in the e-mail address.

**GOLDEN CARPETS LIMITED**  
**EIGHTEENTH ANNUAL GENERAL MEETING**

Regd Off :8-2-596/5/B/1/A, Road.No.10, Banjara Hills, Hyderabad-500 034

**ATTENDANCE SLIP**

I hereby record my presence at the EIGHTEENTH Annual general Meeting of the company on

Date  
29-09-2012

Venue  
Hotel Marriott, Tank Bund Road, Hyderabad.

Time  
9.00 A.M.

Name of the Shareholder/proxy	Folio. No./Client ID	No. Of Shares

NOTE: Shareholder/Proxy holder wishing to attend the meeting must bring the admission Slip and hand over at the entrance duly signed.

**GOLDEN CARPETS LIMITED**  
**EIGHTEENTH ANNUAL GENERAL MEETING**  
Regd Off: 8-2-596/5/B/1/A, Banjara Hills, Hyderabad-500 034

**PROXY FORM**

I/We \_\_\_\_\_ of \_\_\_\_\_

being the Member/Members of Golden carpets Limited, hereby appoint Mr. /Ms. \_\_\_\_\_ of or  
falling him /her,Mr/Ms. \_\_\_\_\_ of \_\_\_\_\_ as my /our Proxy to attend  
and vote for me/us on my/our behalf at the EIGHTEENTH Annual General Meeting, of the company to be  
held on Saturday, the 29<sup>th</sup> September, 2012 at 9.00 A.M at Hotel Marriott, Tank Bund, Hyderabad and at  
any adjournment there of

Folio/Client id:

Signed this \_\_\_\_\_ day of \_\_\_\_\_ of 2012

Signed by the said \_\_\_\_\_

NOTE: The Proxy form duly completed must be deposited at The Registered Office of the Company not less than 48 hours before the time for holding the Meeting. A proxy need not be a member.



*If Undeliver please return to*

Golden Carpets Limited  
8-2-596/5/B/1/A, Road No-10,  
Banjara Hills, Hyderabad - 500 034