

**ANNUAL REPORT 2010-11**

**Board of Directors**

SUSHIL KUMAR CHURIWALA

ARUN KUMAR CHURIWAL

SANTOSH KUMAR MODI

R.C. GOYAL

NANDKISHORE RATHI

SANDEEP KUMAR CHURIWALA

SAKET KUMAR CHURIWALA

**Senior Executives**

B.P. VYAS

*Vice President (Finance)*

SRINATH SHASTRY P.

*Vice President (Commercial)*

CHANDANA NAIDU KHARE

*Company Secretary*

**Auditors**

G. Bagrodia & Company

**Bankers**

State Bank of India  
Export Import Bank of India

**Registered Office**

'WHITE HOUSE'  
# 23-29, St. Marks' Road,  
Bangalore - 560 001

**Plant**

Plot No. 40A - 40D,  
KIADB Industrial Area,  
Chintamani Road, Hoskote Taluk,  
Bangalore District

 *Silktex* Limited

**EIGHTEENTH ANNUAL GENERAL MEETING**

**Date :** 23-09-2011, Friday      **Time :** 10.30 A.M.

**Venue :**

**Krishna Hall, Woodlands Hotel**  
# 5, Rajaram Mohan Roy Road, Bangalore - 560 025

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## NOTICE

NOTICE IS HEREBY GIVEN THAT the **Eighteenth Annual General Meeting** of the Company will be held on **Friday, the 23rd day of September, 2011 at 10.30 A.M. at Woodlands Hotel, 5, Rajaram Mohan Roy Road, Bangalore - 560 025** to transact the following business :

### As Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and Profit and Loss Account for the year ended 31st March, 2011 together with Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Sri Sandeep Kumar Churiwala, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sri Saket Kumar Churiwala, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To re-appoint M/s. G. Bagrodia & Co, Chartered Accountants, Bangalore bearing firm Registration No.: 000312S, retiring Auditors of the Company and fix their remuneration.

### As Special Business:

5. To consider and, if thought fit, to pass with or without modifications the following resolution as a Special Resolution:  
"RESOLVED THAT pursuant to the provisions of Section 314(1) and other applicable provisions, if any, of the Companies Act, 1956, read with 'Director's Relatives (Office or Place of profit) Amendment Rules, 2011', the Company hereby accords its consent for payment of remuneration of ₹ 25, 000/- per month with effect from 1st July, 2011 with benefits and amenities as applicable to other employees at the same grade in the Company to Ms. Sanyukta Churiwala, to hold an office."

By order of the Board  
for **SILKTEXT LIMITED**

Place: Bangalore  
Date: 08-08-2011

**Sushil Kumar Churiwala**  
Chairman and Managing Director

### Notes :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST REACH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.
2. The Register of members and share transfer books of the Company shall remain closed from 19th September, 2011 to 23rd September, 2011 (both days inclusive).
3. Details of the Directors seeking Re-appointment in this Annual General Meeting is attached separately to the notice.

4. The Members of the Company are informed that in terms of Section 205C introduced by the Companies (Amendment) Act, 1999, the amount of Dividend which remains unclaimed for a period of 7 years would be transferred to the Investor Protection Fund constituted by the Central Government and the Shareholders would not be able to claim any amount of the Dividend so transferred to the Fund so transferred to the Fund. As such, shareholders who have not yet claimed the said dividend, are requested to lodge their claim by submitting an application and indemnity bond before 26th October, 2011. A format of the Indemnity Bond is given in the Page No.14. Kindly note that no claim shall lie against the Company or the IEPF once the dividend amount deposited to IEPF.
5. Members / Proxies MUST bring the attendance slip duly filled in for attending the Meeting and are also requested to bring their copies of Annual Report to the Meeting as an austerity measure.
6. Members desirous of getting any information about the accounts and operations of the Company are requested to send their queries in writing at least 7 days in advance of the date of the meeting so that the information can be made available at the time of the meeting.
7. Members are requested to notify immediately any change of address to Company / Registrars (for shares held in physical form) and to Depository Participants (for shares held in dematerialised form) and also their respective E-mail id for dispatching of notice and Annual Report in electronic form for the next AGM or any shareholders meeting.
8. Explanatory Statement pursuant to Section 73(2) of the Companies Act, 1956.

### Item No. 5 :

Ms. Sanyukta Churiwala is a graduate in Textile Designing from NIFT (National Institute of Fashion Technology) and have a good knowledge in the field of designing. Considering the same, the Board has decided to appoint her as Design Consultant with effect from 1st July, 2011 on the terms and conditions in accordance with the provisions of Section 314(1) of the Companies Act, 1956.

As per the provisions of Section 314(1) of the Companies Act, 1956, a special resolution is required for enabling any relative of a Director of the Company holding office. Accordingly, in terms of Section 314(1) of the Companies Act, 1956, read with 'Director's Relatives (Office or Place of profit) Amendment Rules, 2011', the members are requested to grant their consent to Ms. Sanyukta Churiwala holding and continuing to hold the office at a remuneration under a contract of service with the Company on the terms set out in the aforesaid resolution.

Sri Sushil Kumar Churiwala, Sri Sandeep Kumar Churiwala and Sri Saket Kumar Churiwala are interested in the Resolution. None of the other Directors of the Company is interested or concerned in this Resolution.

By order of the Board  
for **SILKTEXT LIMITED**

Place: Bangalore  
Date: 08-08-2011

**Sushil Kumar Churiwala**  
Chairman and Managing Director

# Annual Report 2010-11

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## DETAILS OF THE DIRECTORS SEEKING RE-APPOINTMENT

### ORDINARY BUSINESS IN NOTICE :

#### 1. Sri Sandeep Kumar Churiwala

Father's Name	:	Sri Sushil Kumar Churiwala
Date of Birth	:	20-09-1964
Date of Appointment	:	30-08-1993
Expertise in specific Areas	:	He has a vast experience in the Textile Industry. He has been associated with the Company since inception.
Qualification	:	B.Com.
List of Outside Directorship held	:	M/s. Siltex International Limited M/s. Silcotex Private Limited M/s. Saswat Finserve Private Limited
Member of Committee's of the Board	:	Shareholders / Investors Grievance Committee, Share Transfer Committee, Investment Committee.
Member of Committee's in other Company	:	—

#### 2. Sri Saket Kumar Churiwala

Father's Name	:	Sri Sushil Kumar Churiwala
Date of Birth	:	30-08-1967
Date of Appointment	:	30-08-1993
Expertise in specific Areas	:	He has a vast experience in the Textile Industry. He is actively involved in production and administration activities of the Company.
Qualification	:	B.Com.
List of Outside Directorship held	:	M/s. Siltex International Limited
Member of Committee's of the Board	:	—
Member of Committee's in other Company	:	—

## DIRECTORS' REPORT

Your Directors are pleased to present the Eighteenth Annual Report on the business and operations of the Company and the audited statement of accounts for the year ended 31st March, 2011.

### Business Scenario and Performance

The World Economy during the year ended with shades of recession in USA, but the slowdown of economy as a result of European debt concerns further aggravated the business sluggishness particularly in the home furnishing area due to cut back in the big tickets pending.

The Overseas silk yarn supplies have seen unprecedented cost escalation by almost 100-150%. Your Directors have initiated various aggressive marketing steps like additional products in different blends, domestic sales which is getting positive response and are also hopeful of improving the performance during the coming year.

During the year under review due to steep increase in raw material cost, higher interest rates & volatile foreign currency fluctuations the Company has reported a loss of ₹ 479.06 Lacs compared to loss of ₹ 53.61 in the previous year.

Particulars	₹ in Lacs	
	2010-11	2009-10
Operating Profit	(105.09)	383.58
Profit before tax	(479.06)	(53.61)
Provision for taxation	—	3.36
Provision for deferred tax	(180.46)	(7.65)
Profit after tax	(298.60)	(49.32)
Profit brought forward from previous year	916.70	966.02
Profit available for appropriation	618.09	916.70

### Dividend

During the year ended 31st March, 2011, the Board has not recommended any dividend for the year under review.

### Directors

In terms of provisions of the Companies Act, 1956 and Articles of Association of the Company, Sri Sandeep Kumar Churiwala and Sri Saket Kumar Churiwala retire by rotation and being eligible, offer themselves for re-appointment.

### Directors' responsibility statement

Pursuant to the provisions of Section 217(ZAA) of the Companies Act, 1956, the Board of Directors confirms that:

- In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- Appropriate accounting policies have been selected and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the Financial Year and of the Profit of the Company for that period.
- 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 safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities.
- The annual accounts have been prepared on a going concern basis.

### Corporate Governance

Your Company has consistently been complying with the Corporate Governance Code prescribed by SEBI and a detailed report on Corporate Governance together with a Certificate of Compliance from the statutory auditors, as required by Clause 49 of the Listing Agreement, forms a part of this Annual Report.

### Conservation of energy, Technology absorption and Foreign exchange earnings and outgo

Information under Section 217(1)(e) read with Companies (Disclosure of particulars in the report of Directors) Rules, 1988 is set out in Annexure - A, forming part of this report.

### Management Discussion & Analysis Report

Management Discussion & Analysis Report is enclosed at Annexure - B to this report.

### Particulars of employees

There are no employees employed during the year or part of the year who were in receipt of remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

### Auditors

M/s. G. Bagrodia & Co, Chartered Accountants, Bangalore bearing Firm Registration No.: 0003125, retires at the conclusion of ensuing Annual General Meeting and are eligible for re-appointment. Directors recommend the appointment of the retiring Auditors.

### Auditor's Report

#### Regarding Point No.4 (a)

The Company has initiated necessary efforts with the concerned to realize / recover the advances. Management considers all advances as good and realizable though slowly in view of present recession.

#### Point No.4 (b)

The Company maintains cost records as prescribed by the central government under Section 209(1)(d) of Companies Act, 1956 and the valuation for the finished and semi finished goods are taken at the cost as certified by a Cost Accountant and others at cost of procurement or realizable value whichever is less as per the normal industrial standards.

### Acknowledgements

Your Directors wish to place on record their appreciation for the excellent co-operation and assistance received from Bankers, Financial Institutions, Central and State Government. We express our wholehearted thanks to the customers and suppliers for their valued patronage and the shareholders for the continued confidence reposed in the Company and its Management.

Your Directors also wish to place on record their appreciation for the total dedication and wholehearted efforts made by employees of the Company.

For and on behalf of the Board

Place: Bangalore  
Date: 08-08-2011

**Sushil Kumar Churiwala**  
Chairman and Managing Director

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## ANNEXURE TO THE DIRECTORS' REPORT

### ANNEXURE - A

Information as required under Section 217(1)(e) read with Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988.

#### Conservation of Energy

**A. Energy conservation measures taken.**

The Company has been using the latest techniques and equipment available in the field of energy conservation.

The Company has been using its own D.C. sets, which ensures continuous and quality supply of power.

**B. Additional Investments and proposals, if any, being implemented for reduction of consumption of energy. The Company has started the process to undertake power audit to eliminate any wastages and conserve of power.**

The Company has invested in the latest and best technology available so far and hence there is no proposal to invest any further amounts.

**C. Impact of the measures taken for reduction of energy consumption and consequent impact on the cost of production.**

Energy conservation measures taken so far have resulted in improved energy efficiency. This has resulted in ensuring adequate and uninterrupted supply of good quality power at the least possible cost leading to better utilisation and low cost of production. Efforts continue to further optimize energy productivity through ongoing and planned measures.

**D. Total energy consumption and energy consumption per unit of production.**

### FORM "A"

Form for disclosure of particulars with respect to Conservation.

		Current Year	Previous Year	
<b>A. Power &amp; Fuel Consumption</b>				
1.	a) Electricity purchased	Units	12,61,887	10,68,538
	Rate / unit	₹	5.16	4.65
	Total Amount	₹	65,09,177	49,63,737
	(includes fixed demand charges)			
	b) Own Generation			
	(i) Through Diesel Generator	Units	6,76,194	11,82,404
	Units / Ltr. of Diesel oil	Units	3.12	3.27
	Cost / unit	₹	13.97	10.90
	(ii) Through steam turbine / generator		Nil	Nil
2.	Coal		Nil	Nil
3.	Furnace Oil		Nil	Nil
4.	Others / Interna Generation		Nil	Nil
<b>B. Consumption per unit of Production</b>				
	Products units: Raw Silk Yarn	Mtrs	39,759	58,552
	Electricity: (units consumed / Mtrs)		10.03	8.03
	Furnace Oil		Nil	Nil
	Coal		Nil	Nil
	Others		Nil	Nil

**FORM "B"**

Form for disclosure of particulars with respect to Absorption.

**A. RESEARCH AND DEVELOPMENT (R & D)**

**1. Specific areas in which R & D carried out by the Company:**

- (i) Quality enhancement of existing products with new and improved designs with different weaves and twists.
- (ii) Development and evaluation of alternate and cheaper raw materials.
- (iii) New product / process developments in-house.

**2. Benefits derived as a result of the above R & D efforts:**

- (i) Consistent quality product along with development of designs of International Standards.
- (ii) Lower cost of production.

**3. Future plan of action:**

Continuation of R & D efforts towards quality improvement, development of new designs and cost reduction.

**4. Expenditure on R & D:**

(i) Capital	:	Nil
(i) Recurring	:	₹ 58,76,575/-
(ii) Total	:	₹ 58,76,576/-
(iv) Total R & D expenditure as percentage of total turnover	:	3.58%

**B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**

**1. Efforts in brief, made towards technology absorption, adaptation and innovation:**

- (i) Continuous information upgradation with R & D Divisions of overseas designers / buyers.
- (ii) Adaptation of sophisticated technologies in development of new designs / products
- (iii) Use of high tech loom technology for better and faster weaving.

**2. Benefits derived as a result of the above efforts:**

- (i) All round quality improvement in product and design.
- (ii) Reduced cost and increased productivity.

**3. Information regarding Imported technology**

(Imported during the last 5 years reckoned from the beginning of the financial year) : No technology has been imported for the last five years.

**C. FOREIGN EXCHANGE EARNING AND OUTGO**

Particulars	Year ended	Year ended
	31st March, 2011	31st March, 2010
	₹	₹
Farming in Foreign Currency :		
FOB value of exports	14,28,72,191	19,19,00,157
Expenditure in Foreign Currency:		
CIF value of import of Raw silk yarn	5,68,52,316	5,13,01,975
Dyes, Chemicals and Spares & Stores	9,00,770	13,80,697
Other expenses	1,09,62,671	1,43,31,797
Import of Capital Goods	—	—

For and on behalf of the Board

Place: Bangalore  
Date: 08-08-2011

**Sushil Kumar Churiwala**  
Chairman and Managing Director

## ANNEXURE – B

### MANAGEMENT DISCUSSION & ANALYSIS REPORT

#### INDUSTRY STRUCTURE & DEVELOPMENTS

The Silk Export Industry has gone steadily in small markets of Asia in addition to the traditional major markets like USA and European Countries. Exports earnings which was ₹ 2294 Crore during 2002-03 increased to ₹ 3338 Crore during 2006-07. However sharp appreciation of ₹ V/s USD during 2007-08, there was a slump in silk goods exports in 2008-09, 2009-10 and 2010-11. The European debt concerns further aggregated the export market. But with the recent market revival in US, the export market is poised to grow in the coming years.

#### OPPORTUNITIES AND THREATS

##### a) Opportunities

The Company has commenced the retail initiatives in Indian Markets. The Company has taken various initiatives to broaden the product mix coupled with the state of the art R & D and designing capabilities.

##### b) Threats

The threat perception in our business includes increase in Raw materials costs from China, lower consumption in USA & West European countries, fluctuation in foreign exchange rates as well as increase in interest rate on borrowings.

#### SEGMENT-WISE PERFORMANCE

The Company has only single Reportable Business Segment in terms of requirements of AS 17.

#### OUTLOOK FOR THE INDUSTRY

The Government has experienced various exports initiated like continuation of TUFs and extension of export incentives like FPS and SHIS.

Silk fabrics being a premium segment is yet to see the kind of increase in market share of overall Textile Export. However, there has been positive response shown by the overseas buyers at present.

#### OUTLOOK FOR THE COMPANY

Your Company has put in place a series of initiatives on marketing with the introduction of various product mix and also selling in Domestic Market to attain the growth.

#### RISKS & CONCERNS

Your Company product is intrinsically linked to the fashion industry and more importantly, growth of the economy. Any slowdown of the economic growth or fashion industry growth would have a direct impact on the demand of our product. But the Company feels that the effect of such slow down in the long run is very minimal.

#### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate internal control systems and procedures regarding purchase of assets and sale of finished goods. All the transactions are authorized, recorded and reported correctly.

The Company has an independent internal auditing system. Professionally qualified firm conducts periodic audits to ensure that the Company's internal control systems are adequate and are complied with.

#### DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECTS TO OPERATIONAL PERFORMANCE

The details on financial performance with respect to operational performance are available in the Balance Sheet, Profit & Loss and other financial statements appearing separately.

#### MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS FRONT INCLUDING NUMBER OF PEOPLE EMPLOYED

People have always been the strength of the Company. Only with their participation, we can manage to achieve a healthy work culture, transparency in working, fair business practices and a passion for efficiency. To enhance their skills and enrich their experience, the Company provides continuous training.



## CORPORATE GOVERNANCE REPORT

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company believes in functioning in a transparent manner with the basic philosophy being to achieve business excellence and enhance the shareholder value, keeping in view the interests of all stakeholders. The Company stands by transparency in all dealings and strict regulatory compliance. The Company aims at achieving optimum performance at all levels by adhering to Corporate Governance practice such as effective management control, accountability for

performance, compliance of law and transparent and timely disclosure of financial and management information.

### 2. BOARD OF DIRECTORS

The Board of Directors of the Company comprises of 7 Directors as on 31st March, 2011. This includes three Executive Directors, including Chairman and four Non-Executive Directors. Four (4) out of Seven (7) Directors are Independent Directors. During 2010-2011, the Board duly met on four (4) occasions on 29th May, 2010, 4th August, 2010, 10th November 2010, and 7th February, 2011.

The details of the Directors as on 31st March, 2011 and attendance at Board meetings held during the financial year are as follows:

Name of Director (Title)	Category	No. of Board Meetings Attended	Attendance at last AGM	No. of Directorships in other Companies	No. of Membership of Board Committees
Sri Sushil Kumar Churiwala (Chairman and Managing Director)	Promoter Executive	4	Yes	4	3
Sri Arun Kumar Churiwai (Director)	Non-Executive Independent	—	No	6	—
Sri Santosh Kumar Modi (Director)	Non-Executive Independent	1	No	4	2
Sri R.C. Goyal (Director)	Non-Executive Independent	4	No	1	1
Sri Nandkishore Rathi (Director)	Non-Executive Independent	4	Yes	1	2
Sri Sandeep Kumar Churiwala (Whole-Time Director)	Promoter Executive	4	Yes	3	3
Sri Saket Kumar Churiwala (Executive Director)	Promoter Executive	4	Yes	1	—

### 3. AUDIT COMMITTEE

The Audit Committee consists of 3 non-executive Independent Directors. The Audit Committee met Four (4) times during the year on 29th May, 2010, 4th August, 2010, 10th November, 2010 and 7th February 2011. Sri R.C. Goyal chaired the meetings. The composition of the Audit Committee and attendance at its meetings is given below:

Name of the member	No of meetings attended
Sri R.C. Goyal	4
Sri Santosh Kumar Modi	1
Sri Nandkishore Rathi	4

The Company Secretary acts as Secretary to the Committee.

The terms of reference of the Audit Committee includes the matters specified under Clause 49 of the Listing Agreement as well as those in Section 292A of the Companies Act, 1956 and inter-alia includes the following:

- Oversees the Company's financial reporting process and discloses of financial information to ensure that the financial statement is sufficient and credible;
- Review internal audit function as regards its adequacy, scope, frequency and review of the reports etc.
- Reviewing the annual financial statements before submission to the Board;
- Review Auditor's report, internal controls and recommendations relating thereto.

During the period under review, the Audit Committee reviewed with the management the unaudited and audited financial statements and adequacy of internal control systems, about the scope of internal audit, observation of the auditors on any significant findings.

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## 4. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

The Shareholders / Investors Grievance Committee comprises of three Directors and the Chairman is independent Director.

Sri Nandkishore Rathi (Non-Executive)  
Sri Sandeep Kumar Churiwala (Executive)  
Sri Sushil Kumar Churiwala (CMD)

The Shareholders / Investors Grievance Committee deals with various matters relating to Redressal of shareholders and investors complaints e.g. transfer of shares, non receipt of balance sheet, non receipt of declared dividend etc. and Formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time. The numbers of complaints received and replied during the financial year ended 31st March, 2011 was Nil and there were no complaints outstanding as on 31st March, 2011.

The Committee met two times during the year on 10th November, 2010 and 7th February, 2011.

## 5. SHARE TRANSFER COMMITTEE

The Share Transfer Committee has following members

Sri Sushil Kumar Churiwala  
Sri Sandeep Kumar Churiwala

The Share Transfer Committee deals with various matters relating to share transfer, share transmission, issue of duplicate share certificates, the dematerialisation and rematerialisation of shares as well as other matters that relate to the transfer and registration of shares. The Committee meets at regular intervals. The Company had no share transfer requests pending as on 31st March, 2011.

The details of remuneration of the Directors during the year 2010-11 :

Name of Director	Sitting Fees	Salary	Commission	Perquisites	Total
Sri Sushil Kumar Churiwala	—	16,50,000	—	—	16,50,000
Sri Arun Kumar Churiwal	—	—	—	—	—
Sri Santosh Kumar Modi	5000	—	—	—	5,000
Sri R.C. Goyal	20,000	—	—	—	20,000
Sri Nandkishore Rathi	20,000	—	—	—	20,000
Sri Sandeep Kumar Churiwala	—	14,25,000	—	—	14,25,000
Sri Saket Kumar Churiwala	—	14,25,000	—	—	14,25,000

The Non-Executive Directors are paid remuneration by way of Sitting Fees in terms of provisions of the Articles of Association of the Company and subject to the limit prescribed under the provisions of the Companies Act, 1956. The Sitting fees, as determined by the Board is payable for each meeting of the Board, Audit Committee on a uniform basis.

The number of shares held by the Non-Executive directors as on 31st March 2011

Director	No. of Equity Shares of ₹ 10/- each held singly or jointly
Sri Arun Kumar Churiwal	100
Sri Santosh Kumar Modi	2,500
Sri R.C. Goyal	Nil
Sri Nandkishore Rathi	500

Mrs. Chandana Nadu Khare, Company Secretary is the Compliance Officer of the Company.

## 6. INVESTMENT COMMITTEE

The Investment Committee has following members :

Sri Sushil Kumar Churiwala  
Sri Sandeep Kumar Churiwala

The Investment Committee has been constituted for investing the funds of the Company in various securities on short term and long term basis as well as in mutual funds which yield better return for the investments. As there were Nil investments during the year, there were no meetings of the committee during the year.

## 7. REMUNERATION COMMITTEE

Remuneration Committee has been constituted to look into the payment of remuneration to the Executive Directors including pension rights and any compensation payment thereof.

The Remuneration Committee has following members :

Sri R.C. Goyal  
Sri Nandkishore Rathi  
Sri Santosh Kumar Modi

There was no meeting of Remuneration Committee during the year.

## 8. REMUNERATION OF DIRECTORS

The Board of Directors decides the remuneration to the Whole Time Directors in accordance with the provisions of the Schedule XIII of the Companies Act, 1956 and also approval of the Shareholders is obtained at the General Meeting.

There are no convertible instruments held by non-executive directors.

## 9. DISCLOSURES

There are no significant related party transactions during the year that are prejudicial to the interest of the Company at large.

The Company complied with the requirements of Stock Exchanges, SEBI and other statutory Authorities related to Capital Market. During the last three years, there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets.

## 10. ANNUAL GENERAL MEETINGS

The last three Annual General Meetings of the Company were held at Hotel Woodlands, Rajaram Mohan Roy Road, Bangalore 560 025 on the following dates and time:

Financial Year	Date	Day	Time	No. of Special Resolutions Passed
2009-10	27th September 2010	Monday	10:30 A.M.	Nil
2008-09	25th September, 2009	Friday	10:30 A.M.	1
2007-08	7th September 2008	Friday	10:30 A.M.	1

- a) No Extra-Ordinary General Meeting of the shareholders was held during last year.  
 b) There was no special resolution put through postal ballot last year.

- b) **Financial Calendar:** 2010-2011  
 (1st April, 2010 to 31st March, 2011)  
 financial reporting for the quarter ending 30th June, 2011 On or before 15th August, 2011  
 30th September, 2011 On or before 15th November, 2011  
 31st December, 2011 On or before 15th February, 2012

## 11. MEANS OF COMMUNICATION

- a) The Quarterly and Half yearly results are published in leading newspapers. The annual audited results on approval by the Board are also published within sixty Days of the close of the financial year.  
 b) The results are also sent to the Stock Exchanges immediately on approval of the Board.  
 c) Company's website is: www.silktextimtee.com  
 d) During the year the Company has not made any presentation to institutional investors or the analysts.  
 e) The Management discussion and Analysis report forms part of the Directors' Report.

- for the Year ending 31st March, 2012 End of May, 2012  
 c) **Dates of Book Closure:** 19th September, 2011 to 23rd September, 2011 (both days inclusive)

## 12. COMPLIANCE

The Company is complying with all the mandatory requirements of Clause 49 of the listing agreement. Adoption of non-mandatory requirements of Clause 49 of the Listing Agreement is being reviewed by the Board from time to time.

The Compliance Certificate obtained from statutory auditors M/s. G. Bagrodia & Company is enclosed.

- d) **Dividend:**  
 During the year ended 31st March, 2011, the Board has not recommended any dividend for the year under review.

- e) **Stock Exchanges where listed:**  
 (Stock Code) The Stock Exchange, Mumbai  
 Phoenix Jeejeebhoy Towers  
 Dalal Street, Mumbai-400 001  
 (526835)

The Company has paid annual listing fees to the above Stock Exchange for the financial year 2011-12.

(The approval for the delisting from Calcutta Stock Exchange Assn. Ltd. is awaited.)

## 13. SHAREHOLDERS' INFORMATION

- a) **Annual General Meeting:**  
 Date and Time 23rd September, 2011,  
 10.30 A.M.  
 Venue Hotel Woodlands,  
 No. 25,  
 Rajaram Mohan Roy Road,  
 Bangalore - 560 025

- f) **Market Price Data:**  
 The data on price of equity shares of the Company are as under:  
 High, Low during each month in last financial year and Performance in comparison to b baid based BSE indices.

Month	BSE SENSEX		SILKTEX LIMITED SHARE PRICE - BSE		
	High	Low	High	Low	Volume
April, '10	18,047.86	17,276.80	16.41	12.31	8,01,485
May, '10	17,536.86	15,960.15	14.89	10.50	3,37,175
June, '10	17,919.62	16,318.39	16.40	10.65	34,93,986
July, '10	18,237.56	17,355.58	14.99	12.02	7,98,708
August, '10	16,475.27	17,819.99	15.00	12.10	23,79,998
September, '10	20,267.98	18,027.12	14.00	11.91	9,83,206
October, '10	20,854.55	19,768.96	14.50	11.62	14,13,758
November, '10	21,108.64	18,954.82	14.65	11.22	10,68,376
December, '10	20,552.33	19,074.57	13.00	10.61	4,34,269
January, '11	20,664.80	18,038.45	13.60	10.60	3,45,093
February, '11	18,690.97	17,295.62	11.65	8.60	4,57,640
March, '11	19,575.16	17,792.17	11.49	8.55	1,94,867

**g) Dematerialisation of Shares and liquidity:**

The ISIN No (Demat number) on both NSDL and CDSL is: INE056B01012

As on 31st March, 2011, 46,84,146 number of equity shares being 61.53% of the total equity share capital of the Company were held in dematerialised form. The Company's shares are compulsorily traded in dematerialised form. The Company's shares were regularly traded on Mumbai Stock Exchange.

- h) Share Transfer Agent:** M/s. Integrated Enterprises (India) Limited  
 No. 30, Ramana Residency  
 4th Cross, Samoilge Road,  
 Malleshwaram,  
 Bangalore - 560 003.  
 Ph: 080 - 23460815 / 818  
 Fax: 080 - 23460819

For Share Transfers and other communications regarding Share Certificates, change of address, demat and other matters please write to or contact Share Transfer Agent of the Company at the address given above.

**Share transfer system:**

The applications for transfer of shares received by the Company's Registrar and Share Transfer Agents in physical form are processed, registered within 20 days of receipt of the documents valid in all respects. After processing, share certificate(s) is / are issued to shareholders within 30 days of receipt of certificate for transfer Shares under

objection are returned within a week's time. The transfer applications are approved fortnightly.

**Reconciliation of Share Capital Audit:**

The Reconciliation of Share Capital Audit of the Company is being carried out every quarter by a qualified Practising Company Secretary to reconcile the total admitted capital with National Securities Depository Limited, Central Depository Services (India) Limited and Physical shares with the total issued and listed capital. The audit confirms that the total paid up capital is in agreement with the total number shares in physical form and the total number of dematerialized shares.

**i) Unclaimed Dividend:**

Members who have not so far encashed the dividend warrants in respect of earlier years are requested to send back the warrant for revalidation or to seek issue of duplicate warrants by writing to the office of the Registrar and Transfer Agent, M/s. Integrated Enterprises (India) Limited. Members are requested to note that in terms of Section 205C of the Companies Act, 1956, any dividend unclaimed for a period of 7 years from the date these first became due for payment are required to be transferred to Investor Education and Protection Fund established by the Central Government.

Hereunder are the details of Dividends paid by the Company and their respective due dates of transfer of unclaimed dividends to the designated fund of the Central Government :

Date of Declaration of Dividend	Dividend for the year	Due date of transfer to the Government
27th September, 2004	2003-04	October, 2011
17th September, 2005	2004-05	October, 2012
29th September, 2006	2005-06	October, 2013
22nd September, 2007	2006-07	October, 2014
26th September, 2008	2007-08	October, 2015

It may please be noted that once the unclaimed dividend is transferred to "The Investor Education & Protection Fund", as above, no claim shall lie in respect of such amount by the shareholder.

- b] Particulars of the bank account in which they wish their dividend to be credited, in case have not been furnished earlier

**j) Bank Details:**

Shareholders holding shares in the physical form are requested to notify / send the following to M/s. Integrated Enterprises (India) limited to facilitate better servicing :

Shareholders are advised that respective bank details as provided will be printed on their dividend warrants as a measure of protection against fraudulent encashment.

Shareholders holding shares in electronic form may please note that instructions regarding bank details may be submitted to their Depository Participants.

- a] any change in their address / mandate / bank details, and

**k) Distribution of Shareholdings as on 31st March, 2011:**

No. of Equity Shares Held	No. of Share Holders	% of Share Holders	No. of Shares	% of Share Holding
1	5,506	85.52	7,92,958	10.43
501	398	6.19	3,35,270	4.41
1001	219	3.40	3,49,033	4.59
2001	117	1.82	2,95,053	3.88
3001	30	0.47	1,05,374	1.39
4001	37	0.57	1,76,565	2.32
5001	61	0.95	4,65,064	6.17
10001 and above	70	1.09	50,80,083	66.84
<b>Total</b>	<b>6,433</b>	<b>100.00</b>	<b>76,00,000</b>	<b>100.00</b>

**l) Shareholding Pattern as on 31st March, 2011:**

Category		No. of shares Held	Percentage of Shareholding
A.	Promoter's holding	32,89,509	43.28
	<b>Sub-total</b>	<b>32,89,509</b>	<b>43.28</b>
B.	Non-promoters Holding Institutional Investors :		
a)	Mutual Funds and Unit Trust of India	6,900	0.09
b)	Banks, Financial Institutions, Insurance Companies (Central / State Govt. Institutions / Non government Institutions)	1,00,000	1.32
c)	Foreign Institutional investors	—	—
d)	Others : Private Corporate Bodies Public Shareholding	3,16,498 38,87,093	3.26 5.72
	<b>Sub-total</b>	<b>43,10,491</b>	<b>56.72</b>
	<b>Grand Total</b>	<b>76,00,000</b>	<b>100.00</b>

**m) Address for Correspondence:**

Investor correspondence should be addressed to  
The Company Secretary, Silktex Limited,  
'White House', No. 23-29, St. Marks' Road,  
Bangalore - 560 001.  
Tel: (080) 2222 2365 / 2366.  
Email ID: info@silktexlimited.com

**CEO CERTIFICATION**

I, Sushil Kumar Churiwala, Managing Director, responsible for the finance function certify that :

1. I have reviewed the financial statements and cash flow statement for the year ended 31st March, 2011 and to the best of our knowledge and belief :

- these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- 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.

2. To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2011 are fraudulent, illegal or violative of the Company's code of conduct

3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and the Audit committee and steps have been taken to rectify these deficiencies.

4. a) There has not been any significant change in internal control over financial reporting during the year under reference.

b) There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and

c) We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Place: Bangalore  
Date: 08-08-2011

**Sushil Kumar Churiwala**  
Chairman and Managing Director

**14. CODE OF PROFESSIONAL CONDUCT**

(a) The Code of Conduct as adopted by the Board of Directors of the Company is applicable to all Directors, senior management and functional heads of the Company.

The Company also has a code of conduct for prevention of Insider Trading in the shares and securities of the Company. The code prohibits inter alia purchase / sale of shares of the Company by the employees while in possession of unpublished price sensitive information in relation to the Company. The code also seeks to ensure timely and adequate disclosure of price sensitive information to the investors to enable them to take informed investment decisions with regard to Company's shares

**DECLARATION**

Declaration as required under Clause 49 of the Listing Agreement :

All the Directors and senior management of the Company have affirmed compliance with the Code of Professional Conduct of the Company for the financial year ended 31st March, 2011.

Place: Bangalore  
Date: 08-08-2011

**Sushil Kumar Churiwala**  
Chairman and Managing Director

(b) Whistle Blower Policy: The Company encourages an open door policy where employees have access to the head of the Business / Function. Employees can make protective disclosures to the management about the unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct.

**INDEMNITY BOND FOR DUPLICATE DIVIDEND WARRANTS / DEMAND DRAFT**

Company: **SILKTEX LIMITED**

Dividend for the year .....

This is to certify that I / We have lost / misplaced / not received dividend warrant as per detail given below :

FOLIO NO./DPID-CLIENT ID	Shares held	Warrant No. *	Amount

\* To be filled by the Company

I / We hereby request you to issue a duplicate against the dividend warrant or demand draft

I / We hereby agree to indemnify the Company in the manner herein;

I / We have not charged / pledged, created any lien or any sort of encumbrance or otherwise dealt in so as to create any adverse claim upon the amount of the dividend warrant.

Now it is hereby agreed that in consideration of the Company issuing a duplicate dividend warrant / demand draft for the said amount, I / We hereby covenant at all times hereafter and from time to time to save, defend and keep indemnified the Company and their estates and affects from and against all actions, costs, suits, legal proceedings, accounts claims, demands, losses, charges, damages expenses and liabilities of whatsoever nature which the Company may sustain or incur by reason of such issue of duplicate dividend warrant also from against any action which may be accorded them on and from and against all damages, costs, charge, expenses, which the Company may incur in respect thereof or otherwise in relation to the Companies.

It is hereby further agreed that I / We hereby undertake to return and redeliver such duplicate dividend warrant to the Company on demand by the Company and with or without such demand to produce and or return the original dividend warrant received, at our own cost as the Company shall require for the recovery thereof or otherwise in relation to the premises.

IN WITNESS WHEREOF I / WE HEREOF HE REUNTO SET AND SUBSCRIBED OUR RESPECTIVE HANDS AT .....

PLACE ..... DATE ..... MONTH ..... YEAR .....

**WITNESS**

**APPLICANT**

SIGNATURE .....

SIGNATURE .....

NAME .....

NAME .....

CONTACT No. ....

CONTACT No. ....

ADDRESS .....

ADDRESS .....

**NOTE :** This letter of undertaking should be duly attested by the Bank Manager specifying the Account No. or Notarized.

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

As per Clause 49 of the Listing Agreement

**TO THE MEMBERS OF M/s. SILKTEX LIMITED,**

We have examined the compliance of conditions of Corporate Governance by M/s. Silktext Limited for the year ended on 31st March, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring compliance with 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 according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

On the basis of representations received from the Registrars and Share Transfer Agents and as per the records maintained by the Company which are presented to Shareholders Grievance Committee, we state that no investor grievances were pending for a period exceeding one month during the year ended 31st March, 2011.

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

For **G. BAGRODIA AND COMPANY**

*Chartered Accountants*  
Firm Regn.No.: 0003125

**(G.B. BAGRODIA)**

*Partner*  
Membership No.: 14608

Place : Bangalore  
Date : 08-08-2011

## **AUDITORS' REPORT**

To the Members of M/s. SILKTEX LIMITED - Bangalore :

1. We have audited the attached Balance Sheet of M/s. Silktext Limited, as at 31st March 2011, and also the Profit and Loss Account and 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 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 Paragraph '4' and '5' of the said Order.
4. Further to our comments in the annexure referred to above, we report that :
  - (i) Reference is invited to the following notes in Schedule '18' - Notes on Accounts:
    - a) Note No.: B (6): regarding long pending business advances given to suppliers, which have been classified as considered good by the management;
    - b) Note No.: B (1): regarding inventories valuation on the basis of costing records certified by cost accountant and at the general average rates.
5. Subject to the above:
  - (i) 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.
  - (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, the Profit and Loss Account and the 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 the Cash Flow Statement dealt with by this report, comply with the accounting standards referred in Sub-Section (3C) of Section 211 of the Companies Act, 1956 subject to Clause 4 (i) (b).
  - (v) On the basis of representations received from the directors and the Company, which has been taken on record by the Board of Directors and on the basis of review of such representations by us, we report that none of the Directors prima facie as on 31st March, 2011 are disqualified from being appointed as Directors of the Company in terms of Clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956.
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to Paragraph 4 (i) above, and read together with 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 31st March, 2011;
    - 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 **G. BAGRODIA AND COMPANY**  
Chartered Accountants  
Firm Regn.No.: 0003125

**(G.B. BAGRODIA)**  
Partner  
Membership No.: 14608

Place : Bangalore  
Date : 30-05-2011



## ANNEXURE TO THE AUDITORS' REPORT:

### ANNEXURE REFERRED TO IN PARAGRAPH '3' OF THE REPORT TO THE SHARE HOLDERS OF M/s. SILKTEXT LIMITED, BANGALORE, ON THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2011:

1. a) The Company has generally maintained proper records showing particulars of fixed assets including quantitative details and their location.
- b) As explained to us, some of the fixed assets were physically verified by the management during the year in accordance with the program of verification of fixed assets. In our opinion the frequency of verification is reasonable considering the size and the nature of its assets. According to the information and explanations given to us no material discrepancies were noticed on such verification.
- c) During the year the Company has not disposed off any major fixed assets.
2. a) According to the information and explanations given to us, the management has physically verified the stock of raw materials and finished goods twice during the year.
- b) In our opinion the procedures and documentation standards of physical verification of all the inventories as followed by the management needs to be strengthened to provide, adequate details and classification of inventories in the physical verification documentation, in relation to the size of the Company and nature of its business.
- c) The Company has maintained proper records of inventories and production. In our opinion and according to information and explanations given to us the discrepancies noticed on physical verification of stocks were not material in relation to the operations of the Company and the same have been properly dealt with in the books of account.
3. a) The Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- b) The Company has not taken any loans from parties covered in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion, the internal control procedures for the purchase of inventory and fixed assets and sale of goods are commensurate with the size of the Company and the nature of its business except in the area of control over advance for purchases which needs to be strengthened. During the course of our audit, no other major weakness has been noticed in the internal control system.
5. a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that Section.
- b) There are no transactions of purchases and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, aggregating during the year to ₹ 5,00,000/- or more in respect of each party.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits during the year from the public within the meaning of the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and rules made thereunder.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. According to the explanations given to us, the Central Government has prescribed maintenance of cost records

under Section 209(1)(d) of the Companies Act, 1956 for the products of the Company. As per the certificate issued by a Cost Accountant, the Company has maintained adequate cost records as prescribed. However we have not carried out the detailed examination of such records.

9. a) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employee's State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other Statutory dues. According to the information and explanations given and the records verified by us, as on the balance sheet date there were no arrears in respect of such statutory dues outstanding for a period of more than six months from the date they became payable as on 31st March, 2011 except Service Tax ₹ 1,82,865/- and Karnataka Value Added Tax ₹ 9,765/-. There is no unremitted and overdue unpaid dividends into the 'Investor Education and Protection Fund' as on 31st March, 2011.
- b) According to the information and explanations given to us, there is disputed amount of entry tax dues ₹ 1,54,253/- relating to 2003-2004 which is under appeal at Assistant Commissioner of Commercial Taxes, City Division, Bangalore. There are no dues of Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited on account of any disputes.
10. The Company do not have accumulated losses. The Company has incurred cash losses in the financial year and did not incur any cash loss in the financial year immediately preceding the financial year under audit.
11. According to the information and explanations given to us there were no defaults in repayment of dues to financial institutions or banks.
12. The Company has not granted any advances or the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not carrying on any chit fund, fidh and mutual benefit fund businesses.
14. The Company is not engaged in dealing or trading in shares, securities, debentures and other investments.
15. The Company has not issued any guarantees to any external parties for loans taken by others from bank or financial institutions.
16. The Company has applied the term loan for the purpose for which it is obtained.
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 investment.
18. The Company has not made any preferential allotment of shares during the financial year being audited.
19. The Company has not issued any debentures during the financial year being audited.
20. The Company has not raised any money by public issue during the financial year being audited.
21. On the basis of our examination and according to the information and explanations given to us, no fraud, on or by the Company, has been noticed or reported during the year under report.

**For G. BAGRODIA AND COMPANY**  
Chartered Accountants  
Firm Regn.No.: 0003125

**(G.B. BAGRODIA)**  
Partner  
Membership No. 14608

Place: Bangalore  
Date: 30-05-2011

# Annual Report 2010-11

## BALANCE SHEET

AS AT 31st MARCH, 2011

PARTICULARS	SCHEDULE No.	31-03-2011 ₹	31-03-2010 ₹
<b>I. SOURCES OF FUNDS</b>			
<b>A. SHAREHOLDERS' FUNDS</b>			
Share Capital			
Authorised share capital: 2,00,00,000 (2,00,00,000) Equity shares of ₹ 10/- each		200,000,000	200,000,000
Issued, Subscribed and Paid up: 76,00,000 (76,00,000) Equity Shares of ₹ 10/- each fully paid up		76,000,000	76,000,000
<b>B. RESERVES AND SURPLUS</b>	1	151,809,492	18,670,003
<b>C. LOAN FUNDS</b>	2	155,119,227	158,271,861
<b>D. DEFERRED TAX LIABILITY (NET)</b>		1,989,000	20,035,000
		<b>384,917,719</b>	<b>435,976,864</b>
<b>II. APPLICATION OF FUNDS</b>			
<b>A. FIXED ASSETS</b>			
Gross Block	3	540,416,102	542,483,196
Less: Depreciation		352,055,155	328,691,051
Net Block		188,360,947	213,792,145
Capital Work in Progress		6,383,754	2,060,760
<b>B. INVESTMENTS</b>	4	—	875,000
<b>C. CURRENT ASSETS, LOANS AND ADVANCES</b>			
Current Assets	5	179,520,403	185,291,731
Loans & Advances		61,464,230	64,772,296
		240,984,633	250,064,027
<b>D. Less: CURRENT LIABILITIES AND PROVISIONS</b>	6	50,811,615	30,938,089
<b>NET CURRENT ASSETS</b>		190,173,018	219,125,938
<b>E. MISCELLANEOUS EXPENDITURE</b> (To the extent not written off or adjusted)	7	—	123,021
<b>F. NOTES ON ACCOUNTS</b>	18		
		<b>384,917,719</b>	<b>435,976,864</b>

As per our Report of even date  
for **G. BAGRODIA AND COMPANY**  
Chartered Accountants  
Firm Regn.No.: 0003125

**(G. B. BAGRODIA)**  
Partner  
Membership No.: 14508

Place : Bangalore  
Date : 30-05-2011

**CHANDANA NAIDU KHARE**  
Company Secretary

for and on behalf of the Board

**SUSHIL KUMAR CHURIWALA**  
Chairman and Managing Director

**SANDEEP KUMAR CHURIWALA**  
Whole-time Director

## PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31st MARCH, 2011

PARTICULARS	SCHEDULE No.	Current year ₹	Previous Year ₹
<b>INCOME :</b>			
		164,148,516	203,025,554
Turnover	8	1,593,738	1,663,444
Other Income		165,742,254	204,688,998
<b>EXPENDITURE :</b>			
Raw Material Consumed	9	67,108,565	73,888,917
(Increase) / Decrease in Stocks	10	(9,964,747)	(330,746)
Manufacturing Expenses	11	27,229,548	29,595,741
Personnel Expenses	12	44,234,001	38,625,185
Administration Expenses	13	14,440,107	13,347,647
Selling Expenses & Other Expenses	14	23,807,503	26,828,415
Cost of Goods Traded	16	10,589,667	54,095
Miscellaneous Expenditure written off		123,019	123,019
		177,567,663	182,132,273
Profit / (Loss) before Financial Charges and depreciation		(11,825,409)	22,556,725
Financial Charges	15	12,768,259	1,237,254
Foreign Exchange Fluctuation	17	(1,316,030)	(7,821,067)
<b>Profit / (Loss) before depreciation</b>		<b>(23,277,638)</b>	<b>19,205,388</b>
Depreciation		24,628,873	24,481,393
Profit / (Loss) before Tax		(47,906,511)	(5,360,855)
Provision for: Income Tax		—	—
Income Tax Adjustments of Earlier Years		—	336,198
Deferred Tax (Ref. Note 1 of Sch 18)		(18,046,000)	(765,000)
<b>Profit / (Loss) after Tax</b>		<b>(29,860,511)</b>	<b>(4,932,053)</b>
Profit Brought Forward		91,670,003	96,602,056
<b>Profit Available for appropriation</b>		<b>61,809,492</b>	<b>91,670,003</b>
Profit Transferred to General Reserve		—	—
Proposed Dividend		—	—
Tax on Dividend		—	—
<b>Profit Carried to Balance Sheet</b>		<b>61,809,492</b>	<b>91,670,003</b>
		61,809,492	91,670,003
<b>Number of Equity Shares</b>			
Basic and Diluted earnings per Equity Shares (₹)		7,600,000	7,600,000
(Face Value of ₹ 10/- per Share)		(3.93)	(0.65)
NOTES ON ACCOUNTS		18	

As per our Report of even date  
for **G. BAGRODIA AND COMPANY**  
Chartered Accountants  
Firm Regn.No.: 0003125

**(G.B. BAGRODIA)**  
Partner  
Membership No.: 14600

Place : Bangalore  
Date : 30-05-2011

**CHANDANA NAIDU KHARE**  
Company Secretary

for and on behalf of the Board

**SUSHIL KUMAR CHURIWALA**  
Chairman and Managing Director

**SANDEEP KUMAR CHURIWALA**  
Whole-time Director

## SCHEDULES

ANNEXED TO AND FORMING PART OF BALANCE SHEET AS AT 31st MARCH, 2011

PARTICULARS	As at	As at
	31-03-2011	31-03-2010
	₹	₹
<b>SCHEDULE 1 - RESERVES &amp; SURPLUS :</b>		
<b>A. GENERAL RESERVE</b>		
Opening Balance	90,000,000	90,000,000
Transferred from Profit & Loss Account	—	—
	<b>90,000,000</b>	<b>90,000,000</b>
<b>B. PROFIT AND LOSS ACCOUNT - BALANCE</b>		
	<b>61,809,492</b>	<b>91,670,003</b>
<b>TOTAL</b>	<b>151,809,492</b>	<b>181,670,003</b>

### SCHEDULE 2 - LOAN FUNDS :

#### SECURED LOANS

1. State Bank of India:		
a) ** Rupee Term Loan (under TUF Scheme) (Repayable within one year ₹ 1,65,00,000/- previous year ₹ 1,64,00,000/-)	24,080,273	39,207,252
b) * @ Working Capital Loan	56,707,367	69,670,696
c) * SBI Buyers' Credit Account	18,253,252	20,195,865
d) * @ Long Term Working Capital Loan (Repayable within one year ₹ 50,00,000/- previous year ₹ Nil)	30,000,000	—
2. Export Import Bank of India:		
a) ** Rupee Term Loan (under TUF Scheme) (Repayable within one year ₹ 32,63,889/- previous Year ₹ 52,22,224/-)	19,583,335	23,500,001
b) *** Foreign Currency Loan (Repayable within one year ₹ Nil previous year ₹ 56,98,047/-)	—	5,698,047
<b>TOTAL</b>	<b>148,624,777</b>	<b>158,771,861</b>

#### Note :

- \* Secured by first charge by way of hypothecation of Company's all present and future goods book debts, and all other movable assets except below mentioned item number 2 including documents of title to goods outstanding monies, receivables including receivables by way of cash assistance and/or cash incentives or any other scheme, claims by way of customs, excise duties, duty draw back and any other scheme, Bills, invoices, documents, investments and rights and the present machinery and all future machinery belonging to or in possession of or under the control of the Company wherever lying stored and kept whether in possession of or under control of the Company or of the bank or any of the third parties.  
\*\* Secured by exclusive charge on the respective Machineries.  
\*\*\* Secured by the immovable property of the Company and personal guarantee of four Directors. @ working capital loan from SBI has been Restructured and bifurcated to long term working capital loan repayable in 3 years starting from Sept. 2011.
- Secondary charge to SBI & Export Import Bank of India on assets other than the assets exclusively financed by both the Banks.

#### UNSECURED LOANS

Loans From Directors	6,495,000	—
<b>TOTAL</b>	<b>6,495,000</b>	—
<b>TOTAL (Secured + Unsecured)</b>	<b>155,119,777</b>	<b>158,271,861</b>

**SCHEDULE 3 - FIXED ASSETS :**

(Amount in ₹)

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	AS AT	ADDITIONS	AS AT	UPTO	DURING	UPTO	AS AT	AS AT
	31-03-2010	(DELETIONS)	31-03-2011	31-03-2010	2010-11	31-03-2011	31-03-2011	31-03-2010
Freehold Land	4,376,405	—	4,376,405	—	—	—	4,376,405	4,376,405
Leasehold Land	8,667,334	—	8,667,334	—	—	—	8,667,334	8,667,334
(Including Developments)								
Buildings	99,85,510	—	99,85,510	28,953,007	2,794,924	31,747,931	68,103,579	70,898,503
Plant & Machinery	393,479,770	500,668	393,980,443	282,526,766	19,250,203	301,776,969	92,203,534	113,953,069
Electrical Installation	14,588,862	—	14,588,862	9,145,025	770,292	9,915,317	4,672,745	5,418,037
Factory and Office Equipments	7,851,897	106,790	7,960,687	4,065,976	728,574	4,794,550	3,166,137	3,785,921
Furniture & Fixtures	6,681,709	—	6,681,709	1,989,440	422,952	2,412,392	4,269,317	4,692,269
Vehicles	6,985,704	725,768	4,309,152	2,010,098	661,927	1,407,256	2,901,896	4,975,666
		(3,402,320)			(1,264,769)			
<b>Total :</b>	542,483,196	1,335,226	540,416,102	326,691,051	24,628,873	352,055,155	188,360,947	213,792,145
		(3,402,320)			(1,264,769)			
Previous Year :	539,066,231	3,916,465	542,483,196	304,319,872	24,481,393	328,691,051	213,792,145	234,736,339
		(529,300)			(120,214)			

Capital Works in Progress ₹ 63,83,754/- (Previous Year ₹ 20,60,760/-)

PARTICULARS	As at 31-03-2011 ₹	As at 31-03-2010 ₹
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**SCHEDULE 4 - INVESTMENTS :**

1. SBI Infrastructure Fund	—	250,000
2. Reliance Equity Fund	—	625,000
<b>TOTAL</b>	—	875,000

**SCHEDULE 5 - CURRENT ASSETS, LOANS AND ADVANCES :**
**A. CURRENT ASSETS**
**(a) Inventories (As Certified by the Management)**

Raw Materials * (Raw Yarn and Dyes and Chemicals)	3,111,340	4,223,167
Work in Progress **	41,338,985	38,933,114
Stores & Spares *	8,864,657	8,917,081
Finished Goods Manufactured ***	87,492,335	79,933,459
Finished Goods Traded ****	175,936	10,392,482
	<b>140,983,253</b>	<b>142,299,303</b>

Note : \* Valued at Cost  
 \*\* Valued at average Cost  
 \*\*\* Valued at lower of average cost and net realisable value  
 \*\*\*\* Valued at lower of cost and net realisable value

**(b) Receivables (Unsecured & Considered good)**

Sundry Debtors:		
Outstanding for more than six months	7,029,724	7,883,935
Others	26,821,106	79,941,437
	<b>33,850,830</b>	<b>87,825,372</b>

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PARTICULARS	As at	As at
	31-03-2011	31-03-2010
	₹	₹
<b>(c) Cash &amp; Bank Balances</b>		
Cash in Hand	142,821	401,107
Balance with Scheduled Bank in EEFC Account	114,057	544,655
Balance with Scheduled Banks in Current Accounts	18,927	13,872
Term Deposit with State Bank of India	2,937,469	2,491,736
Dividend Accounts	1,473,046	1,715,686
	<b>4,686,320</b>	<b>5,167,056</b>
<b>TOTAL OF (A)</b>	<b>179,520,403</b>	<b>185,291,731</b>
<b>B. LOANS &amp; ADVANCES :</b>		
(Unsecured & Considered Good)		
<b>ADVANCES :</b>		
Advances for Capital expenditure	2,642,116	2,567,766
Advances for Purchases	49,026,685	50,927,552
Advances against Marketing expenses	—	620,437
Receivable from Government Departments	7,043,292	8,057,001
Prepaid expenses	538,169	228,545
Advances recoverable in cash or in kind or for value to be received	968,333	1,361,859
Advance Tax	354,102	117,603
<b>DEPOSITS :</b>		
With Government Departments	888,533	888,533
Others	3,000	3,000
	<b>61,464,230</b>	<b>64,772,796</b>
<b>TOTAL OF (B)</b>	<b>61,464,230</b>	<b>64,772,796</b>
<b>TOTAL (A + B)</b>	<b>240,984,633</b>	<b>250,064,027</b>

### SCHEDULE 6 - CURRENT LIABILITIES & PROVISIONS :

#### CURRENT LIABILITIES :

Creditors for Supplies	4,384,843	2,528,523
Creditors for Capital Expenditure	2,745,233	1,990,327
Creditors for Expenses / Others	36,227,569	21,584,784
TDS Payable	757,535	312,821
Interest Accrued But not Due	222,157	228,173
Unclaimed dividend	1,473,046	1,715,711

#### PROVISIONS :

Provision for Gratuity	3,523,527	1,299,678
Provision for Leave Salary	1,477,705	1,278,072
Provision for Income Tax	—	—
Proposed dividend	—	—
<b>TOTAL</b>	<b>50,811,615</b>	<b>30,930,009</b>

### SCHEDULE 7 - MISCELLANEOUS EXPENDITURE :

(To the extent not written off or adjusted)

Share Capital Increase Expenses	—	123,021
<b>TOTAL</b>	<b>—</b>	<b>123,021</b>

## SCHEDULES

ANNEXED TO AND FORMING PART OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011

PARTICULARS	Current Year ₹	Previous Year ₹
<b>SCHEDULE 8 - OTHER INCOME :</b>		
Interest Received (TDS ₹ 18.08%/-, previous year ₹ 15,927/-)	661,697	30,087
Liabilities no longer required / Assets not realisable	—	961,522
Miscellaneous Receipt / Dividend (TDS ₹ 14,574/-, previous year ₹ Nil)	728,681	569,121
Profit on sale of Fixed Assets	—	102,714
Service tax paid earlier receivable	203,360	—
<b>TOTAL</b>	<b>1,593,738</b>	<b>1,663,444</b>

### SCHEDULE 9 - RAW MATERIALS CONSUMED :

<b>(a) Silk Yarn</b>		
Opening Stock	3,561,501	17,788,208
ADD: Purchases	61,649,313	54,286,125
	65,210,814	72,074,343
LESS: Closing Stock	2,640,640	3,561,501
Silk Yarn Consumed	62,570,174	68,512,842
<b>(b) Dyes and chemicals consumed</b>		
	4,538,391	5,376,075
<b>TOTAL</b>	<b>67,108,565</b>	<b>73,888,917</b>

### SCHEDULE 10 - (INCREASE) / DECREASE IN STOCK :

#### CLOSING STOCK :

Work - in - Progress	41,338,935	38,933,114
Finished Goods	87,492,335	79,933,459
	128,831,320	118,866,573

#### OPENING STOCK :

Work - in - Progress	38,933,114	61,635,890
Finished Goods	79,933,459	56,899,937
	118,866,573	118,535,827
<b>TOTAL</b>	<b>(9,964,747)</b>	<b>(330,746)</b>

### SCHEDULE 11 - MANUFACTURING EXPENSES :

Power & Fuel	16,202,452	18,591,875
Embroidery & Processing Charges	5,417,839	6,651,115
Repairs & Maintenance (Buildings)	1,580,519	1,406,413
Repairs & Maintenance (Machinery)	1,046,435	926,856
Stores & Spares Consumed	2,982,303	2,019,482
<b>TOTAL</b>	<b>27,229,548</b>	<b>29,595,741</b>

### SCHEDULE 12 - PERSONNEL EXPENSES :

Salaries & Wages	38,914,051	33,922,115
Contribution to Employees State Insurance and Provident Fund	3,139,110	2,709,373
Workmen and Staff Welfare Expenses	2,180,840	1,993,697
<b>TOTAL</b>	<b>44,234,001</b>	<b>38,625,185</b>

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PARTICULARS	Current Year ₹	Previous Year ₹
<b>SCHEDULE 13 - ADMINISTRATIVE EXPENSES :</b>		
Rent, Rates & Taxes	796,892	984,772
Traveling and Conveyance	2,692,856	2,634,677
Auditors' Fees & Professional Charges	220,600	220,600
Printing & Stationery	518,390	495,019
Insurance	160,927	76,064
Communication Expenses	757,675	679,200
Books & Periodicals	96,223	15,726
Legal & Professional Charges	568,795	883,512
Vehicle Maintenance	865,278	807,807
Membership & Subscription	127,944	159,363
Repairs and Maintenance	606,406	1,064,161
Directors fees	45,000	50,000
Directors' remuneration	4,200,000	3,559,500
Security Charges	805,919	709,632
Miscellaneous Expenses	864,581	596,179
Donation & Contributions	36,500	125,546
Loss on Sale of Fixed Assets	311,341	—
Advertisement & Publicity	102,971	86,589
Liabilities no longer required / Assets not realisable	661,809	—
<b>TOTAL</b>	<b>14,440,107</b>	<b>13,347,647</b>
<b>SCHEDULE 14 - SELLING &amp; OTHER EXPENSES :</b>		
Business & Export Promotion Expenses	3,674,085	6,444,842
Packing & Forwarding	6,553,976	7,207,723
Insurance & ECGC Premium	1,094,673	353,580
Commission on Sales	5,830,864	6,840,605
Research & Development	5,876,576	5,089,636
Other Selling Expenses	777,329	892,229
<b>TOTAL</b>	<b>23,807,503</b>	<b>26,828,415</b>
<b>SCHEDULE 15 - FINANCIAL CHARGES :</b>		
Interest on Secured loans	9,867,842	9,027,056
Interest Others	486,199	—
Bank Charges & Other financial charges	2,414,218	2,209,298
<b>TOTAL</b>	<b>12,768,259</b>	<b>11,237,254</b>
<b>SCHEDULE 16 - COST OF GOODS TRADED :</b>		
Opening Stock	10,392,482	10,746,479
Add: Purchases	373,121	200,148
	<b>10,765,603</b>	<b>10,946,627</b>
Less: Closing Stock	175,936	10,392,182
<b>TOTAL</b>	<b>10,589,667</b>	<b>54,095</b>
<b>SCHEDULE 17 - FOREIGN EXCHANGE FLUCTUATION :</b>		
Foreign Exchange Fluctuation	(1,316,030)	(7,801,067)
<b>TOTAL</b>	<b>(1,316,030)</b>	<b>(7,801,067)</b>



## SCHEDULE 18 : NOTES ON ACCOUNTS :

### A. SIGNIFICANT ACCOUNTING POLICIES

#### 1. Accounting Concepts:

The Company follows the mercantile system of accounting and recognises income and expenditure on accrual basis except for insurance claims, which is accounted for on cash basis. The accounts are prepared on historical cost basis as a going concern and are consistent with generally accepted accounting principles. The financial statements have been prepared to comply in all material respects with the notified Accounting Standard under Companies Accounting Standard Rules, 2006.

#### 2. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operation during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from estimates.

#### 3. Fixed Assets:

Fixed Assets are stated at cost less depreciation. Cost of fixed assets is inclusive of incidental expenses incurred upto the date of commissioning of project, interest on borrowings up to the date of capitalization. Exchange losses or gains arising on specific foreign currency loans taken for acquiring the assets and cancellation of forward exchange contract relating to the acquisition of fixed assets charged to profit and loss account.

#### 4. Depreciation:

Depreciation is provided on pro-rata basis under straight-line method in accordance with Schedule XIV of the Companies Act, 1956 Depreciation on electrical installation and factory equipments is provided at accelerated rate of 528%. Wherever revision in cost has occurred due to increase or decrease in long term liability on account of exchange fluctuation, changes in duties or similar factors, the depreciation on the revised unamortised depreciable amount is provided prospectively over the remaining useful life of the assets.

#### 5. Impairment Assets:

In accordance with Accounting Standard 28 – Impairment of Assets issued by ICAI, the carrying amounts of assets are reviewed, if there is any impairment indicator, at each balance sheet date in order to ascertain impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the assets net selling price and value in use.

#### 6. Investment:

Investments are stated at cost less provision for permanent diminution in value, if any.

#### 7. Segmental Reporting:

As per the requirement of the Accounting Standard 17 - 'Segment Reporting' issued by ICAI, the segmental reporting has been provided in Notes on Accounts.

#### 8. Foreign Currency Transactions:

**Initial Recognition:** Transactions in foreign currency entered during the year are recorded at the exchange rates prevailing on the date of the transaction.

**Conversions:** Monetary assets and liabilities denominated in foreign currency are translated into rupees at exchange rate prevailing on the date of Balance sheet.

**Exchange Differences:** All exchange rate differences relating to monetary items are dealt with in the profit and loss account.

#### 9. Inventories:

Finished Goods (Manufactured)	: Valued at lower of estimated average cost and net realisable value.
Finished Goods (Traded)	: Valued at lower of cost and net realisable value.
Raw Materials	: At Cost (FIFO)
Work-in-progress and Processed Yarn	: Valued at estimated average cost.
Consumables	: At Cost (FIFO)
Import License	: At net realisable value
Waste Scrap	: At net realisable value

**Cost of Inventories:** The cost of inventories comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

**Net realisable value:** Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### 10. Taxes on Income:

(a) The tax payable method is followed for providing current tax liability. The difference between provisions and payments, if any, are recognised in the year in which assessment is completed.

(b) Deferred tax benefit or expenses is recognised on timing difference between taxable income and accounting income that originate in one period and are capable reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted upto the balance sheet date.

#### 11. Earning Per Share:

Basic earning per share is computed by dividing net profit or loss after tax by the weighted average number of equity shares outstanding for the period.

Diluted earnings per share is computed by dividing net profit or loss after tax by the weighted average number of equity shares considered for deriving basic earning per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

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## 12. Provisions:

A provision is recognised when the Company has a present obligation as a result of past event, it is probable that outflow of resources will be required to settle obligation in respect of which a reliable estimate can be made.

## 13. Cash and Cash equivalents:

Cash and Cash equivalents in the cash flow statements comprise cash at bank and in hand and short term investments with an original maturity of Six months or less and include dividend account balance, which is not available for Company's use.

## 14. Recognition of Revenue:

Revenue from sale of goods is recognised on dispatch. Sales are net of rebates and price concession. Export sales are recognised on the basis of bill of lading. Income, Expenditure and Export Incentives / Benefits are accounted for on accrual basis.

## 15. Repairs & Replacements:

Repairs and Replacement expenses are charged to profit and loss accounts as and when incurred.

## 16. Prior Year Adjustments:

Besides the debit / credit in previous year adjustment account, amounts related to previous year, raised / settled during the year have been debited / credited to respective heads of accounts.

## 17. Miscellaneous Expenditure:

- Preliminary Expenses are being written off over a period of 0 years.
- Public Issue Expenses are amortised and being written off over a period of 10 years.
- Market Development expenses are amortised and being written off over a period of 10 years.
- Share Capital Increase expenses are amortised and being written off over a period of 5 years.

## 18. Employee Benefit:

- Provident Fund:** All the employees of the Company are entitled to receive benefits of the provident fund, a defined contribution plan managed by or recognized fund management Company in which both employees and the Company contributed at a stipulated monthly rate. The Company has no liability for future provident fund benefits other than its annual contribution as an expenses in the year it is incurred.
- Gratuity:** The Company provides for the gratuity, a defined benefit retirement plan covering all employees. The plan managed by or recognized fund management Company provides for lump sum payments to employees at retirement, death while in employment, or termination of employment. The Company account for liability of future gratuity benefits based on an actuarial valuation on projected unit credit method carried out annually for assessing liability at the balance sheet date as per revised AS-15.
- Leave Encashment:** Short term compensated absences are provided based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per revised AS-15. Actuarial gain / losses are immediately taken to profit and loss account.

## 19. Research and Development:

Expenses related to the sample developments, improvement in the quality of the current products and innovation of new products and cost of processes related thereto are included in Research and Development including human resources and cost of in-house developed fabrics reduced by the amount received of samples, if any.

## 20. General:

Accounting policies, which are not specifically referred to, are consistent with generally accepted accounting practices.

## B. NOTES FORMING PART OF ACCOUNTS

- Work in Progress and manufactured finished goods have been valued on the basis of costing records maintained by the Company and certified by the cost accountant. Work in Progress includes Building Work in Progress at Factory ₹ 62,91,415/- and Building Work in Progress at Head Office ₹ 92,339/-.
- Building includes a sum of ₹ Nil (Previous year Nil) being the cost of tenements for staff allotted by KIADB. The same Building has been surrendered to KIADB for poor quality and a necessary adjustment has been done. An amount of ₹ 2,55,000/- is receivable from KIADB.
- Building Construction at factory lease hold land at site No. 41 allotted by KIADB at Industrial Area, Hoskote is in progress. Upon completion of the construction of the factory building, KIADB will register the land in the name of the Company.
- The registration of the office building is under process and is expected to be completed shortly. The registration charges and other expenses is estimated at ₹ 17,80,000/- (Previous year ₹ 10,10,000/-) has not been provided.

## 5. Quantitative details:

Class of goods : Natural silk / Silk blended fabrics	<b>Current Year</b>	Previous Year
Installed capacity (Mtrs)* (Annual)	<b>7,75,000</b>	7,75,000

### (a) Production:

Fabrics (Mtrs)** (net of shrinkage)	<b>1,93,783</b>	2,80,774
Made-ups (Pcs)	<b>13,340</b>	32,935

\* As certified by the management and relied on by the auditors being a technical matter

\*\* Includes samples 2,544 Mtrs (previous period 2,948 Mtrs), 5,452.50 Mtrs. Issued for converting into 13,340 made-ups (previous period 32,935).

**(b) Raw materials consumed:**

	Quantity Kgs.	Amount ₹	Quantity Kgs.	Amount ₹
Silk Yarn	31,467	5,95,14,546	49,727	6,57,28,001
Other Yarn	8518	30,55,628	9,266	27,84,841
Dyes and Chemicals (Indigenous)	—	45,38,391	—	53,76,075

**(c) Value of imported and indigenous raw materials consumed and percentage of each to the total consumption:**

	Percentage %	Amount ₹	Percentage %	Amount ₹
Imported	84.15	5,89,06,722	88.96	6,57,28,001
Indigenous	5.85	36,53,452	11.04	31,50,916
	100	6,25,70,174	100	7,38,68,917

**(d) Value of imported and indigenous stores and components consumed and percentage of each to the total consumption:**

	Percentage %	Amount ₹	Percentage %	Amount ₹
Imported	43.01	13,09,615	70.57	14,25,126
Indigenous	56.98	16,72,688	29.43	5,94,356
	100	29,82,303	100	20,19,482

**(e) CIF value of imports:**

	Amount ₹	Amount ₹
Raw silk yarn	5,68,52,316	5,13,01,975
Stores & Spares	8,54,657	13,27,134
Purchase of Miscellaneous	—	33,347
Purchase of Packing Materials	46,113	20,216

**(f) Opening stock, purchases, turnover and closing stock of finished goods:**

	Qty. in mtrs (Unless stated otherwise)	Amount ₹	Qty. in mtrs (Unless stated otherwise)	Amount ₹
<b>Natural silk fabrics:</b>				
i. Opening stock				
Manufactured *	1,31,280	7,99,33,459	1,24,298	5,10,79,986
Traded	38,180	1,03,92,483	37,681	1,02,46,429
Made-ups	—	—	—	—
ii. Purchases				
Traded	1,536	3,73,121	933	2,00,148
iii. Turnover / samples				
Manufactured **	1,91,564	15,64,77,124	2,71,597	20,27,56,321
Traded ***	39,132	7,67,13,92	434	2,69,233
Made-ups	—	—	—	—
iv. Closing stock				
Manufactured ****	1,35,913	8,74,92,335	1,31,280	7,99,33,459
Traded	670	1,75,936	38,180	1,03,92,482
Made-ups	—	—	—	—

\* Includes samples 35,769.22 Mtrs (previous period 32,809 Mtrs)

\*\* Includes samples 722.75 (previous period 1,061 Mtrs) and includes 5152.30 Mtrs (previous period 12,037 Mtrs) used for converting in to 13,340 Pcs (previous period 32,905 Pcs) of Made-ups.

\*\*\* Includes samples 216.33 Mtrs (previous period 63.60 Mtrs)

\*\*\*\* Includes samples 35,470.82 Mtrs (previous period 35,769.22 Mtrs), and export sales returns of 688.20 (previous year 1,979 Mtrs).

\*\*\*\* During the year samples of 2235.95 Mtrs has been written off as it was of no value to the Company.

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6. Advances for purchases and recoverable in cash or kind include an amount of ₹ 4,20,25,342/- (previous year ₹ 4,25,42,975/-) due from Companies / Firms / Others, which are long pending. The management considers that all these advances as good for recovery.
7. In the opinion of the management, the value on realisation of current assets and loans & advances in the ordinary course of business, would not be less than the amount at which they are stated in the Balance Sheet.
8. Estimated amount of capital contracts remaining to be executed & not provided for at the end of the period (net of advances) is ₹ 2,41,15,183/- (previous period ₹ 2,47,19,874/-).
9. Payment against supplies from all undertakings is made in accordance with the agreed credit term.
10. An amount of ₹ 4,24,917/- overdue outstanding as on 31st March, 2011 to the suppliers. We do not have the required information about suppliers, who are the small scale undertakings.

### 11. Deferred tax:

The Company reviewed the deferred tax assets and the liabilities at the end of the year. The net deferred tax liability is estimated at ₹ 1,80,46,000/-. The deferred tax liability is mainly on account of difference in carrying value of fixed assets between book figures and income tax records in accordance with Accounting Standard - 22 'Accounting for Taxes on Income' as under .

Particulars	As at 31-03-2011	As at 31-03-2010
<b>A) Deferred Tax Liability</b>	<b>2,00,35,000</b>	<b>2,08,00,000</b>
Timing difference on account of Income tax on Deferred Tax Liability:		
	<b>Nil</b>	<b>Nil</b>
<b>Gross Deferred Tax Liability</b>	<b>2,00,35,000</b>	<b>2,08,00,000</b>
<b>B) Deferred Tax Assets</b>		
Unabsorbed depreciation	<b>Nil</b>	<b>Nil</b>
Income tax on Deferred Tax Assets	<b>1,80,46,000</b>	<b>7,65,000</b>
<b>Gross Deferred Tax Asset</b>	<b>—</b>	<b>—</b>
<b>Deferred Tax Liability (Net) (A-B) (Round Off)</b>	<b>19,89,000</b>	<b>2,00,35,000</b>

### 12. Earnings in foreign currency:

	Current Year	Previous Year
FOB value of exports	<b>14,28,72,191</b>	<b>19,19,00,157</b>
Research and development and Samples	<b>48,987</b>	<b>71,454</b>

### 13. Expenditure in foreign currency:

Export promotion expenses	<b>24,43,731</b>	<b>45,92,597</b>
Commission on export sales	<b>58,30,864</b>	<b>68,40,605</b>
Stores and Spares	<b>8,54,657</b>	<b>13,27,134</b>
Purchase of Miscellaneous	<b>46,113</b>	<b>53,563</b>
Interest on Foreign Currency Loan	<b>1,70,842</b>	<b>5,94,891</b>
Rebate and Discount	<b>7,61,048</b>	<b>8,71,575</b>
Bank Charges	<b>12,90,795</b>	<b>14,82,129</b>
R&D	<b>4,65,391</b>	<b>—</b>
<b>TOTAL</b>	<b>1,18,63,441</b>	<b>1,57,12,494</b>

### 14. Computation of Net profit in accordance with Section 349 of the Companies Act, 1956 and Commission payable to Whole-time Directors:

	Current year	Previous year
Remuneration payable to Whole-time Directors:		
Profit before tax as per Profit and Loss A/c	<b>(4,79,06,511)</b>	<b>(53,60,855)</b>
Add: 1. Managerial Remuneration	<b>42,45,000</b>	<b>36,09,300</b>
2. Loss on sale of investments	<b>2,75,824</b>	<b>(2,068)</b>
Less: 3. Profit / Loss on sale of Fixed Assets	<b>3,11,341</b>	<b>(1,02,744)</b>
	<b>(4,36,97,028)</b>	<b>(17,92,201)</b>
Eligible under Section 309	<b>—</b>	<b>—</b>
Managerial Remuneration:		
Remuneration to Whole Time Directors:		
Salary and Allowances	<b>42,00,000</b>	<b>35,59,300</b>
Commission	<b>—</b>	<b>—</b>
	<b>42,00,000</b>	<b>35,59,300</b>
Sitting Fees	<b>45,000</b>	<b>50,000</b>
	<b>47,45,000</b>	<b>36,09,300</b>

The remuneration paid by the Company exceeds the limit specified under Section 309 of the Companies Act, 1956. However, above remuneration is paid within the limits specified in Schedule XIII of the said Act.

15. Travelling & conveyance and business & export promotion expenses include ₹ 1,78,422/- (previous year ₹ 1,59,401/-) & ₹ 23,14,560/- (previous year ₹ 45,57,976/-) respectively relating to directors traveling for export promotion.

**16. Payment to auditors:**

	Current year	Previous year
Audit fees	1,98,540	1,98,540
Tax audit fees	22,060	22,060
Other services	2,09,846	1,55,241
	<b>4,30,446</b>	<b>3,75,841</b>

17. Research and development expenses are net of development charges received ₹ 48,987/- (previous period ₹ 71,454/-)

18. The Company is primarily engaged in manufacturing of Natural silk fabrics / Silk blended fabrics and to a limited extent in trading of silk fabrics. Hence the Company represents its financial statements on an overall basis. In the opinion of the management there is only silk fabric manufacturing. The business volume in traded goods is insignificant and is not treated as a separate segment. However, the distribution of Company's export Sale by geographic location and inland DTA sale is given below as a secondary segment.

Geographical Location	2010-11	2009-10
USA / Canada	3,00,45,577	3,47,45,218
Europe / UK	8,04,72,436	9,35,10,538
Asian Countries	2,61,61,905	3,02,22,709
Other Countries	1,77,97,491	4,37,83,891
Domestic Sales (India)	96,71,107	7,53,198
	<b>16,41,48,516</b>	<b>20,30,25,554</b>

The turnover is net of foreign exchange fluctuation of debit balance of ₹ 8,49,552 /- (Previous year credit balance of ₹ 16,88,726/-).

**19. Details of Related party transactions (As identified by the Management and relied upon by the Auditors)**

**A. Related Parties**

- |                                    |                                     |
|------------------------------------|-------------------------------------|
| (i) Companies where control exists | (ii) Key Management Personnel (KMP) |
| Siltek International Limited       | Sushil Kumar Churiwala              |
| Silkotex Private Limited           | Sandeep Kumar Churiwala             |
| Sasvath Finserve Private Limited   | Saket Kumar Churiwala               |
| (iii) Relatives of Directors       |                                     |
| Deepika Churiwala                  |                                     |
| Premalata Churiwala                |                                     |
| Manisha Churiwala                  |                                     |

**B. Transactions with Related Parties during the year**

(in ₹)

Nature of Transactions	Co's where Control exists	Key Management	Relatives of Directors
Remuneration	—	42,00,000	11,71,200
Sitting Fees	—	45,000	—
Sale of Goods	9,10,368	—	—
<b>C. Outstanding as on 31-03-2011</b>			
Receivables	5,24,556	—	—

20. Basic earning per share is computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the period. Diluted earnings per share is same as the Company has not issued any dilutive potential equity shares.

	2010-11	2009-10
a) Net Profits after Tax / (Loss) (in ₹)	(2,98,60,511)	(49,32,053)
b) Number of Equity Shares for Calculating Basic EPS	76,00,000	76,00,000
c) Number of Equity Shares for Calculating Diluted EPS	76,00,000	76,00,000
d) Basic EPS [a/b]	(3.93)	(0.65)
e) Diluted EPS [a/c]	(3.93)	(0.65)

# Annual Report 2010-11

## 21. Employee Benefit Obligations:

The Company has complied with Accounting Standard 15 (Revised 2005) and the required disclosures are given here under :

### a) Defined Benefit Plans (Gratuity):

Particulars	Current Year	Previous Year
i) Reconciliation of opening and closing balances of defined benefit obligation		
a) At the beginning of the year	74,82,037	65,19,775
b) Current Service Cost	21,06,437	7,78,078
c) Interest Cost	6,08,058	5,58,971
d) Actuarial (Gain) Loss	(1,08,325)	(2,04,138)
e) Benefits paid	(2,23,273)	(1,70,649)
f) Defined Benefits Obligation at year end	98,64,934	74,82,037
ii) Actual Return on Plan Assets		
a) Expected return on plan assets	5,00,835	3,99,705
b) Actuarial (Gain) / Loss	(1,18,514)	8,71,670
c) Actual return on plan of assets	3,82,321	12,71,375
iii) Reconciliation of opening and closing balances of fair value of plan assets		
a) At the beginning of the year	61,82,359	50,81,633
b) Expected Return on plan assets	5,00,835	3,99,705
c) Actuarial (Gain) Loss	(1,18,514)	8,71,670
d) Employer Contribution	—	—
e) Benefits paid	(2,23,273)	(1,70,649)
f) Fair value of plan assets at the year end	63,41,407	61,82,359
iv) Reconciliation of fair value of obligations and Assets		
a) Present value of obligation as at year end	98,64,934	74,82,037
b) Fair value of plan assets as at year end	63,41,407	61,82,359
c) Amount recognised in Balance Sheet (a-b)	(35,23,527)	(12,99,678)
v) Expenses recognised during the year		
a) Current Service Cost	21,06,437	7,78,078
b) Interest Cost	6,08,058	5,58,971
c) Expected return on plan assets	(5,00,835)	(3,99,705)
d) Actuarial (Gain) / Loss	10,189	(10,75,808)
e) Net Cost (a+b+c+d)	22,23,849	(1,38,464)
vi) Balance Sheet Reconciliation		
a) Opening net liability	12,99,678	14,38,142
b) Expenses	22,23,849	(1,38,464)
c) Employers Contribution	—	—
d) Amount recognised in Balance Sheet	35,23,527	12,99,678
vii) Actuarial Assumptions At the Balance Sheet date		
a) Discount Rate	8.25%	7.75%
b) Expected Rate of return on plan of Assets	8.25%	8.00%
c) Future Salary Increase	6.00%	6.00%

### b) Defined Contribution Plans:

	Current Year	Previous Year
Employers Contribution to Provident Fund	21,00,798	20,07,501
Employers Contribution to ES	10,38,312	8,09,719

## 22. Contingent liabilities not provided for at the year end:

Counter guarantees given to Bank by the Company for guarantees given by bankers on behalf of the Company is ₹ 3,50,000/- (Previous Year ₹ 3,50,000/-).

## 23. As per the prevailing laws and guidelines, the Company being a 100% Export Oriented Unit has been exempted from Customs and Central Excise duty levies. Such exemptions are subject to fulfillment of certain terms and conditions. The Company has executed legal undertakings to pay the duties and other applicable levies in respect of duty free imports in the event of non-fulfillment of such terms and conditions.

24. An entry tax demand of ₹ 1,54,253/- has been raised by commercial tax department. The Company has preferred an appeal before the Asst. Commissioner of commercial tax. As such no provision has been made for the same. Further under Section 73 & 75 of the Finance Act, 1975, service tax demand for ₹ 1,28,804/- for the period from 1st January, 2005 to 31st March, 2007 was raised by service tax Department. The Company has appealed before The Commissioner of Central Excise (Appeals), who has passed order partially rejecting the demand and hence Company has claimed a refund of ₹ 5,08,414/-.

**25. Investment:**

Details of NAV of Investments (Non-Trade-Quoted)

Particulars	As on	As on:	As on	As on
	31-03-2011	31-03-2010	31-03-2011	31-03-2010
	Quantity	Quantity	N.A.V.	N.A.V.
SBI Infrastructure Fund	—	25000	—	₹ 2,58,500/-
Reliance Alternative Investment Fund	—	62500	—	₹ 6,25,000/-
<b>Total Value</b>				<b>₹ 8,83,500/-</b>

26. Export Sales include ₹ 59,80,679/- (Previous year ₹ 55,16,913/-) being the value of the goods invoiced against confirmed orders and shipped after 31st March, 2011.

27. No Remittances in Foreign Currency on account of dividends were made during the year.

28. Miscellaneous Expenses includes ₹ 2,75,876/- (Previous Year ₹ 62,068/-) for loss on sale of investments.

29. Previous period's figures have been re-grouped / re-arranged wherever necessary.

30. Paises are rounded off to the nearest rupee.

As per our Report of even date  
for **G. BAGRODIA AND COMPANY**  
Chartered Accountants  
Firm Regn.No: 0003125

**(G.B. BAGRODIA)**  
Partner  
Membership No. 11608

Place: Bangalore  
Date: 30-05-2011

**CHANDANA NAIDU KHARE**  
Company Secretary

for and on behalf of the Board

**SUSHIL KUMAR CHURIWALA**  
Chairman and Managing Director

**SANDEEP KUMAR CHURIWALA**  
Whole-time Director

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31st MARCH, 2011

(Indirect method)

PARTICULARS	(12 Months)	(12 Months)
	31-03-2011	31-03-2010
	₹	₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Taxation	(47,906,511)	(5,360,855)
Depreciation	24,628,873	24,481,393
Miscellaneous Expenses Written Off	123,019	123,019
Interest Income	(661,697)	(30,087)
Loss on sale of Investment	275,824	62,069
Interest debited to Profit & Loss Accounts	10,354,041	9,027,956
Provision for Gratuity and leave Salary	3,009,266	(95,592)
Service Tax Paid Earlier Receivable	(203,360)	—
Liabilities no longer required	661,809	—
Loss on sale of Fixed Assets	311,341	(102,744)
Operating Profit before changes in Working Capital	(9,407,393)	28,105,189
(Increase) / Decrease in Inventories	1,316,050	13,006,935
(Increase) / Decrease in Receivables, Loans & Advances	7,282,608	8,065,164
Increase / (Decrease) in Current Liabilities	17,698,725	(2,235,183)
Cash flow from Operations	16,889,988	46,942,105
Income Tax paid	—	(3,092,328)
Net Cash flow from Operating Activities	16,889,988	43,849,777
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(5,658,220)	(3,806,760)
Investment	599,176	62,932
Sale of Fixed Assets	(311,377)	—
Interest Received	762,059	30,087
Net Cash flow from Investing activities	(4,608,362)	(3,713,741)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds of Long Term Borrowings	5,258,308	(37,079,131)
Proceeds of Short Term Borrowings	(14,905,942)	8,114,391
Proceeds of Unsecured Loans	6,495,000	—
Interest Paid	(10,341,096)	(8,939,084)
Dividend Paid	(242,665)	(246,236)
Net Cash used in Financing activities	(13,736,395)	(38,120,060)
<b>NET CASH FLOW</b>	<b>(1,454,769)</b>	<b>2,015,976</b>
<b>INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
Cash and Cash Equivalents at the end of the year	4,686,320	5,167,056
Cash and Cash Equivalents at the beginning of the year	5,167,056	3,51,080
	(480,736)	2,015,976

Cash and Cash Equivalents includes unpaid dividend account balance of ₹ 14,73,046/- (previous year ₹ 17,15,686/-) which is not available for Company's use.

As per our Report of even date  
for **G. BAGRODIA AND COMPANY**  
Chartered Accountants  
Firm Regn No.: 030312S

(**G.B. BAGRODIA**)  
Partner  
Membership No.: 14608

Place: Bangalore  
Date: 30-05-2011

**CHANDANA NAIDU KHARE**  
Company Secretary

for and on behalf of the Board

**SUSHIL KUMAR CHURIWALA**  
Chairman and Managing Director

**SANDEEP KUMAR CHURIWALA**  
Whole-time Director



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

Additional Information as required under Part IV Schedule VI to the Companies Act, 1956

**1. REGISTRATION DETAILS :**

Registration No.	14691
State Code	08
Balance Sheet Date	31-03-2011

**2. CAPITAL RAISED DURING THE YEAR :**

(₹ in Thousand)

Public Issue	—
Rights Issue	—
Bonus Issue	—
Private Placement	—

**3. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS :**

(₹ in Thousand)

Total Liabilities	364,918
Total Assets	364,918

**Sources of Funds:**

Paid up Capital	76,000
Reserve & Surplus	151,810
Secured Loans	145,674
Unsecured Loans	6,495
Deferred Tax	1,989

**Application of Funds:**

Net Fixed Assets	188,361
Work in Progress	6,384
Investments	—
Net Current Assets	190,173
Miscellaneous Expenditure	—
Accumulated Losses	—

**4. PERFORMANCE OF COMPANY :**

(₹ in Thousand)

Turnover	164,149
Total Expenditure	213,649
Profit / (Loss) before Tax	(47,906.51)
Profit / (Loss) after Tax	(29,660.51)
Earnings per Share (₹)	(3.93)
Dividend Rate	—

**5. GENERAL NAMES OF PRINCIPAL PRODUCTS, SERVICES OF THE COMPANY :**

Item Code No.	500720.07
Product Description	Natural Silk (Grey / Dyed)

for and on behalf of the Board

**SUSHIL KUMAR CHURIWALA**  
Chairman and Managing Director

Place : Bangalore  
Date : 30-05-2011

**CHANDANA NAIDU KHARE**  
Company Secretary

**SANDEEP KUMAR CHURIWALA**  
Whole-time Director

# Annual Report 2010-11

## OPERATING RESULTS 2002-11

(₹ in lacs)

	2001-02 (15 months)	2002-03	2003-04 (7 months)	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
<b>Total Income</b>	<b>2,202.12</b>	<b>1,737.15</b>	<b>1,391.21</b>	<b>2,427.13</b>	<b>2,977.41</b>	<b>3,233.04</b>	<b>2,754.11</b>	<b>2,984.19</b>	<b>2,046.99</b>	<b>1,637.42</b>
Operating Profit	868.96	620.65	450.48	707.35	823.89	904.61	691.58	498.10	303.58	(105.09)
Interest	206.78	134.64	77.14	89.48	105.74	123.41	133.73	159.67	112.37	127.68
Depreciation	288.34	260.08	193.53	302.57	315.99	356.43	410.28	309.59	244.81	246.28
Prior period items	0.01	( 5.17)	8.64	—	—	—	—	—	—	—
Profit Before Tax	373.82	241.10	171.17	315.30	402.16	414.77	147.57	28.83	(53.61)	(479.06)
Taxes	3.00	1.50	0.50	(59.25)	(2.30)	43.50	138.33	77.04	(4.29)	(180.46)
<b>Net Profit</b>	<b>370.82</b>	<b>239.60</b>	<b>170.67</b>	<b>374.55</b>	<b>404.46</b>	<b>371.27</b>	<b>9.24</b>	<b>(48.21)</b>	<b>(49.32)</b>	<b>(298.60)</b>
Dividend	57.00	60.80	68.40	114.00	114.00	114.00	57.00	—	—	—
EPS	4.88	2.76	2.25	4.93	5.32	4.89	0.12	(0.63)	(0.65)	(3.93)
Dividend per share	0.75	0.80	0.90	1.50	1.50	1.50	0.75	—	—	—

## SOURCES AND APPLICATION OF FUNDS 2002-2011

Equity	760.00	760.00	760.00	760.00	760.00	760.00	760.00	760.00	760.00	760.00
Reserves	1,150.66	1,321.67	1,214.93	1,459.31	1,733.79	1,971.68	1,914.33	1,866.02	1,816.70	1,518.09
Loan Funds	1,551.86	1,210.46	994.75	1,006.12	1,560.13	1,702.96	1,804.19	1,872.06	1,582.72	1,551.19
Deferred Tax	—	—	200.25	140.00	130.00	110.00	170.00	268.00	200.35	19.89
Fixed Assets (Net)	2,157.36	1,945.68	1,921.80	2,191.32	2,414.25	2,290.86	2,596.63	2,352.71	2,158.53	1,883.60
Net Current Assets	1,206.24	1,334.12	1,239.23	1,166.80	1,769.67	2,248.86	2,038.10	2,340.91	2,191.26	1,901.73
Deferred Expenditure	16.92	12.34	8.91	4.33	—	4.92	3.69	2.46	1.23	—
Debt: Equity Ratio	0.81:1	0.58:1	0.50:1	0.45:1	0.63:1	0.62:1	0.67:1	0.7:1	0.61:1	0.88:1



Regd. Office : # 23-29, St. Marks' Road, Bangalore - 560 001

**PROXY FORM**

Registered Folio No. .... No. of Shares .....

DPID No. .... Client ID No. ....

I / We .....

of ..... in the district of .....

hereby appoint ..... of .....

in the district of .....

or failing him ..... of .....

in the district of .....

as my / our Proxy to vote for me / us on my / our behalf at the EIGHTEENTH ANNUAL GENERAL MEETING of the Company to be held on 23-09-2011 and at any adjournment there of

Signed this ..... day of ..... 2011

Signature .....

**NOTE:** This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.



Regd. Office : # 23-29, St. Marks' Road, Bangalore - 560 001

**ATTENDANCE SLIP**

**EIGHTEENTH ANNUAL GENERAL MEETING**

**23-09-2011**

Registered Folio No. .... No. of Shares .....

DPID No. .... Client ID No. ....

I certify that I am a Registered Shareholder / Proxy for the Registered Shareholder of the Company.

I hereby record my presence at the EIGHTEENTH ANNUAL GENERAL MEETING of the Company at 10.30 A.M. at Woodlands Hotel, # 5, Rajaram Mohan Roy Road, Bangalore - 560 025.

Member's / Proxy's Name in BLOCK Letters

Member's / Proxy's Signature

**NOTE:** Please fill in this attendance slip and hand it over at the ENTRANCE of the Meeting Hall.