

Chitradurga Spintex Limited



Annual Report  
2008-09

**Board Of Directors**

Sri S. Rajasekharappa  
Sri S. Vishwanath  
Sri S. Chandrashekar  
Sri S. Thippeswamy  
Sri B. Ekanthappa  
Sri S. Prasannakumar (from 29.01.2009)  
Sri K.S. Sathyanarayana (upto 15.01.2009)

Chairman  
Managing Director

**Works & Registered Office**

Bangalore Road,  
Siddapura Village,  
Challakere-577 522  
Karnataka State.

**Auditors**

M/s.H.M.V.Murthy & Co.,  
Chartered Accountants,  
BANGALORE-560 002.

**Bankers**

STATE BANK OF MYSORE  
ICICI

**Share Transfer Agents**

Canbank Computer Services Ltd.,  
(A Subsidiary of Canara Bank)  
#218, J.P.Royale, 1<sup>st</sup> Floor,  
2<sup>nd</sup> Main, Sampige Road, (Near 14<sup>th</sup> Cross),  
Malleswaram, Bangalore-560001  
Ph:080-23469661, 23469662

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## Chitradurga Spintex Limited

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### NOTICE

Notice is hereby given that the 18th Annual General Meeting of the Company will be held at the Registered Office at Bangalore Road, Siddapura Village, Challakere-577522, Chitradurga Dist. Karnataka, on 30th September 2009 at 10.00 a.m. to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance sheet of the Company as at 31st March 2009, the Profit and Loss Account and the report of the Board of Directors and Auditors thereon.
2. To appoint Statutory Auditors and fix their remuneration.

By order of the Board

Challakere, 28th August 2009

S. Rajasekharappa  
Chairman

#### NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy and vote instead of himself and proxy need not be a member of the Company. Proxies in order to be effective must be lodged with the Company at its registered office at least 48 hours before the commencement of the meeting.
2. The Register of members and the Share Transfer books of the Company will remain closed from 29.09.2009 to 30.09.2009 (both days inclusive).
3. Members seeking any information with regard to Accounts are requested to write to the Company at least 7 days before the date of the meeting so as to enable the Management to keep information ready.
4. Members are requested to bring their Copies of Report and Attendance slip duly filled for attending the Meeting.

## Directors' Report

Dear Shareholders,

Your directors have pleasure in presenting the Eighteenth Annual Report of the Company together with audited financial statements and accounts for the year ended March 31, 2009.

### Financial Highlights

(Rupees in Lakhs)		
Particulars	2008-09	2007-08
Gross Revenue	167.60	397.21
PBITD	(82.19)	44.17
Cash Profit from operations	(122.38)	28.86
Net Profit/(-)Loss	(137.96)	7.96

### Operations:

The business environment of Open End Textile Spinning Industry has become worst due to global recession and recession in the domestic textile market. In addition to this the industry is facing lot of other problems like Scarcity of raw material, disparity of prices, heavy interruption of power supply, unsustainable huge loss etc.

Due to the reasons which are beyond the control of your director's, this year also your company's performance was not satisfactory. Your Directors have been continuously reviewing the performance of the operation and are un-happy. In view of this, and considering the near term outlook for the Open End Textile, your directors had proposed to stop the spinning activity to avoid the unsustainable huge loss and to undertake other business activity like power generation, marketing of edible oil with Company's own brand name. Pursuant to approval of the members through postal ballot notice dt.28.08.2008, the Company has stopped the spinning activity from 31.12.2008 and sold some of the assets. Due to recession and effect of slowdown your company not yet started new business as proposed and approved by the members through postal ballot notice dt.28.08.2008. But Company has started trading activity and earned some profit during the year. Due to deterioration of stock, waiver of interest to recover the inter corporate deposit as per the approval members and written off of bad debts Company has incurred huge loss.

### Dividend

In view of inadequacy of profits, your Directors are unable to recommend any dividend for the year under report.

### Directors

During the year KSIIDC has withdrawn the nomination of its nominee Mr.K.S. Sathyanarayana from 15.01.2009. The Company has appointed Mr.S. Prasannakumar in his place to comply with the clause 49 of the listing agreement and other provisions. No directors retire by rotation at the ensuing annual general meeting.

### Corporate Governance

A detailed report on Corporate Governance pursuant to the requirements of Clause 49 of the Listing Agreement forms part of the Annual Report. A certificate from the auditors of the Company, H.M.V. Murthy & Co., Chartered Accountants, confirming compliance of conditions of corporate governance as stipulated under the aforesaid Clause 49 is provided as annexure.

### Management Discussion And Analysis Report

The management discussion and analysis of financial condition including the result of operation of the Company for the year under review as required under clause 49 of the listing agreement with the stock exchange is given as a separate statement in Annual Report.

### Auditors:

The Statutory Auditors of the Company, M/s. H.M.V. Murthy & Co., Chartered Accountants, Bangalore, retire at the conclusion of the ensuing annual general meeting of the Company and have confirmed their willingness and eligibility for re-appointment and have also confirmed that their re-appointment, if made, will be within the limits under Section 224(1B) of the Companies Act, 1956.

**Particulars Of Employees**

During the year there was no employee drawing remuneration beyond the limits prescribed under section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

**Conservation Of Energy, Technology Absorption And Foreign Exchange Earnings And Outgo**

Disclosure in respect of conservation of energy as required under Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988, as amended is given below.

**Conservation Of Energy**

Particulars	2008-09	2007-08
A) Electricity		
Units in Lakhs	3.38	9.67
Total Amount Rs. in Lakhs	17.79	44.54
Rate/unit (Rs)	5.26	4.61
B) Own Generation (Through D.G)	Nil	Nil

**Technology Absorption: Nil**

**Foreign Exchange Earnings And Outgo**

Foreign Exchange Earnings during the year Rs.Nil (previous year Rs.26.06 lakhs) and Foreign Exchange Outgo during the year Rs. Nil (previous year Rs. Nil)

**Directors' Responsibility Statement**

Pursuant to the requirement under section 217(2 AA) of the Companies Act, 1956, with respect to the directors responsibility statement it is hereby confirmed that:

- i. In the preparation of the annual accounts for the financial year ended March 31, 2009, the applicable accounting standards have been followed and there are no material departures from the same;
- ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at March 31, 2009 and of the loss of the Company for the said period.
- iii. The Directors have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv. The Directors have prepared the accounts for the financial year ended March 31, 2009 on a going concern basis.

**Acknowledgements**

Your Directors wish to place on record their appreciation for the continued support and co-operation of the shareholders, Bankers, various regulatory and Government authorities and for the valuable contributions make by the employees of the Company.

**Addendum**

**Auditors' Report**

1. The Board has duly examined the statutory auditors' report to accounts and clarifications wherever necessary, have been included in the Notes to Accounts section of the Annual Report.
2. Regarding Auditors comment on 'on going concern' the Director contend that the Company will be able to continue as going concern as borne out by AAS16 issued by the council of the ICAI.
3. Regarding Auditors comment on postal ballot notice dt.28.08.2008 to obtain members approval to grant one time settlement to borrower Company to recover the inter corporate loan, the Director contend that sufficient information was given in annual report 2007-08 which was sent to members during the postal ballot was sent members.

**On behalf of the Board of Directors**

S. Rajasekharappa  
Chairman

Challakere, 28th August 2009

# Chitradurga Spintex Limited

## Report on Corporate Governance

### Company's Governance Philosophy

The company is laying maximum emphasis on the effective system of corporate governance. The interaction between the Board, the Executives and other functionaries is so configured to have a distinctly demarcated role and improved corporate performance.

The Company's Corporate Philosophy is woven around its total commitment to the ethical practices in the constant quest to grow with profits and enhance Stakeholders value and align the interests of the Stakeholders, and society at large through adoption of best practice and standards.

### Board Of Directors

#### Composition of the Board

To comply with the provisions of the Listing Agreement, other statutory provisions the Board of Directors of the Company comprises of six members. During the year KSIIDC has withdrawn its nominee Mr.K.S.Sathyanarayana from 15.01.2009. The Company has appointed Mr.S. Prasannakumar in his place to comply with the provisions. Presently the board consists of six directors, two of whom are executive directors, one is non-executive director and three are non-executive independent directors. The requisite information as per the requirements of Clause 49 of the Listing Agreement is provided in the following table:

Name of director	Category	Number of directorships', chairmanships', & memberships'			Attendance	
		Director ships	Chairman ships	Member ships	Board Meeting	AGM
S. Vishwanath	Executive –Promoter	-	-	-	5	Yes
S. Rajasekharappa	Executive –Promoter	-	-	-	5	Yes
S.Chandrasekhar	Non-Executive – Promoter	-	1	2	5	Yes
S. Thippeswamy	Non –Executive Independent	-	-	2	5	Yes
B. Ekanthappa	Non –Executive Independent	-	-	-	5	Yes
S. Prasannakumar	Non –Executive Independent from 29.01.2009	-	1	2	1	No
K.S.Sathyanarayana	KSIIDC Nominee Independent up to 15.01.2009	-	-	-	4	No

During the Financial Year 2008-2009, the Board of Directors met five times. The dates of the meetings were 28.04.2008, 29.07.2008, 28.08.2008, 31.10.2008 and 29.01.2009. None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company and none of the directors of the Company are receiving any remuneration or fee.

#### Brief profile of Directors

S. Vishwanath (45) is a BE graduate in electronics has got over 18 years of experience in Textile industry. He is currently the Managing Director of the Company. He holds 316700 shares in the Company as on 31.03.2009

S. Rajasekharappa (59) is a BE graduate in Metallurgy and has over 18 years of experience in textile industry. He became industrialist in other fields like oil industry, having vast experience as businessman. He is currently the chairman of the board. He holds 216100 shares in the Company as on 31.03.2009

S. Chandrashekar (62) is a graduate in science and has over 37 years of experience in Textile & Oil Industry. Currently is chairman of the shareholders / investors grievances committee. He holds 161000 shares in the Company as on 31.03.2009

## Chitradurga Spintex Limited

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S. Thippeswamy (68) is a graduate and has over 32 years of experience in Cotton business. He is currently a member of Audit Committee and the shareholders / investors grievance committee. He does not hold any shares in the Company as on 31.03.2009.

B. Ekanthappa (50) is a graduate and has over 22 years of experience in Cotton business. He does not hold any shares in the Company as of 31.03.2009.

S. Prasannakumar (49) is a graduate and professionally he is businessman and has over 20 years of experience in trading activity especially he has got vast experience in cotton, oil and oil seeds trading. He does not hold any shares in the Company as of 31.03.2009.

K.S. Sathyanarayana (64) M.Sc., FICWA, is a nominee director of the KSIIDC, and has over 39 years of experience in the field of finance. He was chairman of the audit committee up to 15.01.2009. He does not hold any shares in the Company as on 31.03.2009.

### **Audit Committee**

The Audit Committee comprises of three members, all of whom are non-executive. The Chairman of the Audit Committee, Mr. S. Prasannakumar (from 29.01.2009) has sound financial knowledge as well as many years of experience in general management and trading. The majority of the audit committee members, including the chairman have accounting and financial management expertise.

### **Key responsibilities of the audit committee**

Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are true and accurate and provide sufficient information. The determination of audit fees of statutory auditors, and approval of payment to statutory auditors for any other services rendered by them.

Reviewing, with the management, annual financial statements before submission to the Board for approval, with particular reference to matters required to be included in the directors' responsibility statement, changes, if any in accounting policies, major accounting entries, significant adjustments made in the financial statements arising out of audit findings, compliance with listing and other legal requirements relating to financial statements, approval of all related party transactions, qualifications in the draft audit report. Reviewing with the management the quarterly financial statements before submission to the Board for approval. Reviewing with the management, performance of statutory auditors, and adequacy of the internal control systems.

Reviewing, management discussions and analysis of financial condition and results of operations, statement of related party transactions, quarterly compliance certificates confirming compliance with laws and regulations, including any exemptions to these compliances, such other function as may be assigned by the board of directors from time to time or as may stipulated under any law, rule or regulation including the listing agreement and the Companies Act, 1956.

### **Meetings, attendance and composition of Audit Committee**

During the Financial Year 2008-2009, the audit committee met five times ie., on 28.04.2008, 29.07.2008, 28.08.2008, 31.10.2008 and 29.01.2009. The composition of Audit Committee and attendance of members is as follows.

Name	Category	Number of meetings attended
S. Prasannakumar-Chairman from 29.01.2009	Independent director	1
K.S. Sathyanarayana (Chairman up to 15.01.2009)	Independent director	4
S. Chandrasekhar	Non-executive director	5
S. Thippeswamy	Independent director	5

## Investors Grievances Committee:

Investors Grievance Committee of the Company consists of three members. The Committee specifically looks into the redressal of complaints of investors such as transfer or credit of the shares to demat accounts, non receipt of notices/annual reports etc. During the financial year, the Committee met twice on 28.08.2008 & 29.01.2009. The composition of the committee and attendance of members at the meetings held during the financial year 2008-09 are given below.

Name	Category	Number of meetings attended
S. Chandrasekhar - Chairman	Non-executive director	2
K.S. Sathyanarayana up to 15.01.2009	Independent director	1
S. Thippeswamy	Independent director	2
S. Prasannakumar from 29.01.2009	Independent director	1

## Nature of complaints and redressal status

Type of complaint	No. of complaints		
	Received	Redressed	Pending
Non receipt of share certificate	3	3	-
Complaint regarding Demat/Remat	3	3	-

## Dedicated e-mail for Investor Grievance

For the convenience of our investors, the Company has designated an exclusive e-mail ID i.e., grdspintex@gmail.com. All investors are requested to avail this facility.

## Compliance Officer

D.M. Shivanandaswamy, acts as Compliance Officer of the Company for complying with the requirements of the Listing Agreement with the stock exchange and requirements of SEBI (Prohibition of insider Trading) Regulations, 1992.

## General Body Meetings

The Company held its last three Annual General Meetings as under:

Year	Venue	Date & Time	Special Resolution passed
2007-2008	Registered Office	Sept 30, 2008 11.00 a.m.	None
2006-2007	Registered Office	Sept 30, 2007 11.00 a.m.	None
2005-2006	Registered Office	Sept 30, 2006 11.00 a.m.	None

## Postal ballot

During the year, special and ordinary resolution as proposed in Postal Ballot Notice dated 28.08.2008 were passed on 30.10.2008 through postal ballot which related to (i) Special Resolution to alter the main object clause of memorandum (ii) Ordinary resolution for Sale of Plant and (iii) Ordinary Resolution to grant one time settlement of inter corporate loan. Shri G.Shanker Prasad, Practicing Company Secretary, was appointed as the scrutinizer for overseeing the Postal Ballot process. The above resolutions have been passed with requisite majority as per the following details.

## Postal Ballot Results

Sl.No.	Particulars of resolutions	% of votes cast in favour of resolution
1	Special Resolution to alter the main object clause of memorandum	99.988%
2	Ordinary resolution for Sale of Plant	99.975%
3	Ordinary Resolution to grant one time settlement of inter corporate loan	99.976%

The Company has completed with the procedures for the postal ballot in terms of the Companies (Passing of Resolution by Postal ballot) Rules 2001 and amendments thereto made from time to time.



## Disclosers

No penalty or stricture has been imposed on the Company by the stock exchanges or SEBI or any other statutory authority, on any matter related to the capital markets, during the last 3 years.

## Related party transactions

The details of all significant transactions with related parties are periodically placed before the audit committee. The Company has entered into related party transactions as set out in the notes to accounts, which are not likely to have a conflict with the interest of the Company.

## Disclosure of Accounting Treatment

The financial statements are prepared on accrual basis of accounting and complied with all the applicable accounting standards except accounting of gratuity which will be accounted on payment basis.

## Code of Conduct

The Board members and senior management have affirmed their compliance with the code and a declaration signed by the Managing Director of the Company (ie., the CEO within the meaning of clause 49-V of the listing agreement) is given below.

"It is hereby declared that the Company has obtained from all members of the board and senior management affirmation that they have complied with the code of conduct for directors and senior management of the Company for the year 2008-09."

S. Vishwanath  
Managing Director

## CEO and CFO certification

A certificate required under Clause 49(V) of the Listing Agreement duly signed by the CEO was placed before the Board.

## Compliance with the mandatory requirements of Clause 49 of the Listing Agreement

The Company has complied with all the mandatory requirements of corporate governance as stipulated under the Listing Agreement and obtained a certificate affirming the compliances from H.M.V. Murthy & Co., Chartered Accountants, the statutory auditors of the Company and the same is attached to the Directors' report.

## Means Of Communication

The Company's quarterly/half yearly financial results are published in the leading Kannada and English news papers. There has been no presentation to analysts and official news releases during the year.

## General Shareholders Information

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

Date & Time: 30.09.2009 at 10.00 A.M.

Venue: Chitradurga Spintex Limited, Bangalore Road, Siddapur Village,  
Challakere-577 522. Karnataka

### Financial Calendar (Tentative Schedules, subject to change)

Results for First Quarter - July 2009, Second Quarter - October 2009, Third Quarter - January 2010, Fourth Quarter- April 2010

### Stock market data for the period April 1, 2008 to March 31, 2009

Month	High	Low	Valume (Nos)
April 2008	4.09	2.98	8631
May 2008	3.69	2.72	41078
June 2008	3.97	3.24	2572
July 2008	5.42	3.97	4273
August 2008	4.87	3.24	110954
September 2008	4.29	2.94	198266
October 2008	4.66	2.22	127020
November 2008	2.25	1.92	8543
December 2008	2.43	1.76	1370
January 2009	4.93	2.55	197937
February 2009	4.76	4.55	6
March 2009	4.99	4.75	1511

## Chitradurga Spintex Limited

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### Equity shares listing, stock code and listing fee payment

Name of the stock exchange	Scrip Code	Status of fee paid
Bombay Stock Exchange Ltd, P.J. Tower, Dalal Street, Mumbai.	521244	Paid as applicable

### Share Transfer System

Transfer of the equity shares of the Company which are in electronic format is done through the depositories without any involvement of the Company. Transfer of shares in physical form is normally processed within fifteen days from the date of receipt, provided the documents are complete in all respects. All transfers are first processed by the transfer agent and are submitted to the Company for approval thereafter. The authorized official of the Company approve the transfer and the shares are returned to the shareholder.

Pursuant to Clause 47(c) of the Listing Agreement, we obtain certificate from a practicing Company Secretary on half yearly basis to the effect that all the transfers are completed in the statutorily stipulated period. A copy of the certificate so received is submitted to stock exchange where the shares of the Company are listed

### Dematerialization of shares and liquidity

The Company's shares are traded in dematerialized form and are available for trading with the both the depository ie, NSDL and CDSL. The equity shares of the Company are frequently traded at the Bombay Stock Exchange Ltd, ISIN for the Company's shares is INE676G01016

### Distribution of share as on 31.03.2009

Sl No.	Category	No. of shares	% age of holding
1	Indian promoters and promoters group	1910500	41.44
2	Mutual Funds	90900	1.97
3	Bodies Corporate	423684	9.19
4	NRIs/OCBs	387800	8.41
5	Indian public and others	1797416	38.99
	Total shareholding	46,10,300	100.00

### Outstanding GDRs/ADRs/warrants/options

There is no GDRs/ADRs/Warrants or any convertible instruments, which are pending for conversion into equity shares.

### Communication addresses

Correspondence relating to shares

Canbank Computer Services Ltd.,

#218, J.P.Royale, 1<sup>st</sup> Floor, 2<sup>nd</sup> Main, Sampige Road, (Near 14<sup>th</sup> Cross), Malleswaram, Bangalore-560001

Any other Correspondence:

Chitradurga Spintex Limited,

PB No.9, Bangalore Road, Challakere-577 522, Karnataka

## Management Discussion And Analysis Report

### Overview

The business environment of Open End Textile Spinning Industry has become worst due to recession in the market and globalization. In addition to this the industry is facing lot of other problems like Scarcity of raw material, disparity of prices, heavy interruption of power supply etc.

Due to the reasons which are beyond the control of your director's, this year also your company's performance was not satisfactory. Pursuant to approval of the members through postal ballot dt.28.08.2008, the Company has stopped the spinning activity from 01.01.2009 to avoid the unsustainable huge loss and to undertake other business activity like power generation, marketing of edible oil with Company's own brand name.

### Financial performance & review

Due to slow down of operation, high cost of raw material, deterioration of stocks, waiver of interest to recover the inter corporate deposit as per the approval of members and written off of bad debts your Company has incurred huge loss of Rs.137.97 lacs.

### Segment wise performance

Cotton Yarn is the only segment of operation of the Company.

### Outlook

Due to change in the business activity from spinning to other activity forecasting outlook is not wise since no particular business not yet started.

### Risk Management

Your Company has No specific risks other than normal business problems which are explained above.

### Internal Controls

The Company has adequate internal control procedures and has well defined business processes to ensure the efficiency and effectiveness of the efforts that go in managing various assets and interests of the company.

The Company during the year had ensured cordial industrial relations across all divisions. The Company has been focusing on the retention and hiring of the right talent with the expectation of lot of action round the corner on the textile industry.

### Subsidiaries

Your Company has no subsidiary company's

**AUDITOR'S REPORT TO THE MEMBERS OF**

**M/S.CHITRADURGA SPINTEX LIMITED**

- I. We have audited the attached Balance Sheet as at 31st March 2009 and also the Profit and Loss Account of the Company for the year ended on that date annexed there to and the cash flow statement for the year ended on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- II. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on 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.
- III. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.
- VI Further to our comments in the annexure referred to in paragraph 3 above, we report that:
  1. We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our Audit.
  2. In our opinion proper Books of Accounts as required by law have been kept by the Company so far as appears from our examination of the books.
  3. The Balance Sheet and the Profit and Loss Account and cash flow show statement are in Agreement with the Books of Account.
  4. In our Opinion, the balance sheet, Profit and Loss Account and cash flow shows statement dealt by this report complied with accounting standards mentioned under sub section (3C) of section 211 of the Companies Act 1956, subject to the observation referred to in para below.

***In our opinion, the accounting of gratuity on payment basis as per policy No. 7. of schedule 17, is contrary to generally accepted Accounting Standards issued by The Institute of Chartered Accountants of India. the effect on Profit & Loss Account is unascertained.***
  5. Based on written representation made by the Directors of the company and according to the information and explanation given to us, in our opinion the directors of the company are not prima facie disqualified from being appointed as Directors U/s 274(1)(g) of "the Act".
  6. ***We draw the attention to the note No.5 regarding the Huge Loss incurred during the year amounting to Rs. 137.96 Lakhs due to Sale of Plant and machinery, Stopped the operation of the spinning unit and as per the AS 4 –EVENT OCCURRING AFTER THE DATE OF THE BANLANCE SHEET –as the company has sold substantial portion of the plant and machinery after the date of Balance Sheet, along with other matters set out in the notes of the financial statement, the substantial doubt will arise whether company will be able to continue AS GOING CONCERN. Subject to the above and note No.3 of schedule No. 17 regarding contingent liability, and read with other notes thereon, in our opinion and to the best of our knowledge and according to the explanations given to us, the said accounts and read with other notes and schedules appearing there on, give the information required by the Companies Act. 1956, in the manner so required and also give true and fair view.***

- 1) In the case of Balance Sheet of the State of Affairs of the Company as at 31st March 2009, and
- 2) In the case of Profit and Loss Account, of the Profit of the Company for the year ended on that date.
- 3) In the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For H.M.V. MURTHY & CO.,  
CHARTERED ACCOUNTANTS

Place: Bangalore  
Date: 3<sup>rd</sup> September 2009

(H.M.Vrushabhendra Murthy)  
Proprietor.  
M.No.26432

**ANNEXURE TO AUDITOR'S REPORT**

**Referred to in Paragraph 3 of our Report of even date.**

- 1) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management as per phased programme of verification. In our opinion, the frequency of verification is reasonable having regard to the size of Company and the nature of its assets. The Discrepancies reported on such verification were not material and have been properly dealt with in the books of accounts.
- (c) There is no disposal of substantial part of fixed assets during the year so as to have an impact on the operations of the company or affects its going concern.
- (2) (a) The Management has conducted physical verification of inventory at reasonable intervals.
- (b) In our opinion, the procedures followed by the management for such physical verification are, reasonable and adequate, in relation to the size of the company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between physical inventories and the book records were not material in relation to the operation of the company and the same have been properly dealt with in the books of accounts.
- (3) (a) ***The company has granted unsecured loan to a company listed in the register maintained under section 301 of the companies act, 1956. the opening balance in this account was Rs.66.95 lacs after adjusting the amount of deposit received against One time Settlement. Pursuant to the approval of Members through Postal Ballot dated 30.10.08, the company has waived the ascertained portion of interest till 31.03.1999 amounting to Rs.26.95 lacs, accordingly year end balance in this account is Rs.40lacs.***
- (b) ***In our opinion and according to the information and explanation given to us, The explanatory statement enclosed with the Notice of Postal Ballot dated 28.08.08 sent to the members for their approval for waiver of Interest an inadequate information has been given by the company. The explanatory note says about the ascertained portion of interest amounting to Rs.26.95 lacs, however as reported by us in our Audit Repor for the year ended 31.03.08, the unascertained portion of interest from 1.4.99 to 31.3.08 was Rs.193.92 lacs, the explanatory note is silent about this, hence we are of the opinion that the waiver of such interest granted to a company listed in the register maintained under section 301 of the companies act, 1956 is, prima facie, prejudicial to the interest of the company.***
- (c) There are overdue amounts of more than one Lakhs in respect of loan granted. The Company has taken steps to recover part of the Principal. However Interest portion is still observed.
- (d) The company has not accepted/repaid any loans during the year from parties listed in the register maintained under section 301 of the companies act, 1956. The year end balance of loan taken from such parties is NIL.

4. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit no major weakness has been observed in the internal controls.
5. (a) Based on the audit procedure applied by us and according to the information and explanation provided by the management, we are of the opinion that all transaction that need to be entered into the register in pursuance of section 301 of the Act have been entered.  
(b) In our opinion and according to the information and explanation given to us, transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the companies act, 1956 and exceeding the value of Rs. Five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time where such market prices are available.
6. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public within the meaning of section 58A and 58AA of the companies Act, 1956 and the rules framed there under.
7. The Company has no internal audit system.
8. The central Government has prescribed maintenance of cost records under section 209 (1) (d) of the companies act, 1956 in respect of manufacturing activities of the company. We have broadly reviewed the accounts and records of the company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
9. (a) According to the information and explanation given to us, the company is generally regular in depositing with appropriate authorities undisputed dues including Provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, customs duty, excise duty, cess and other material statutory dues applicable to it.  
(b) According to the information and explanation given to us, there are no undisputed amounts payable in respect of income tax, Sales tax, Wealth tax, Customs duty, Excise duty and Cess outstanding as at the year end, for a period of more than six months from the date they become payable.  
(c) According to the information and explanation given to us, there are no dues of Sales tax, Income tax, Custom duty, Wealth tax, Excise duty of Cess outstanding on account on any dispute except purchase tax amounting to Rs. 21.76 Lakhs for the assessment years 1993-94 to 1996-97 and Entry Tax of Rs.3.91 Lakhs for the year 1992 -93.
10. The Company has accumulated losses of Rs. 294.53 Lakhs at the end of the financial year and it has incurred a cash loss of Rs. 122.39 Lakhs in the current year and Rs. Nil immediately preceding the financial year.
11. According to information and explanation given to us and the records examined by us, the Company has not defaulted in repayment of dues to financial institutions.
12. In our opinion and according to information and explanation given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanation given to us, the nature of the activities of the Company does not attract any special statute applicable to chit fund and nidhi /mutual benefit fund/societies.
14. The Company does not deal or trade in shares, securities, debentures and other investments.

15. According to the information and explanations given to us and the records examined by us, the Company has not given any guarantees for loans taken by others from banks or financial institutions, the terms and conditions whereof are prima facie prejudicial to the interest of the Company.
16. As informed to us, the term loans were applied by the Company for the purpose for which they were obtained.
17. On the basis of an overall examination of the balance sheet and cash flows of the Company and the information and explanation given to us, we report that the Company has not utilized funds raised on short term basis for long term investments and vice versa.
18. The Company has not made any preferential allotment of shares to parties or companies covered under section 301 of the Act.
19. The company has not issued any debentures.
20. The Company has not raised any money through a public issue during the year.
21. In our opinion and according to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year, that causes the financial statements to be materially misstated.

**For H.M.V.MURTHY & CO.,  
CHARTERED ACCOUNTANTS**

(H. M. Vrushabhendra Murthy)  
Proprietor  
M.No.26432  
Bangalore, 3rd September 2009

BALANCE SHEET AS AT 31.03.2009

Particulars	Schedule No.	As At 31.03.2009 Rs.	As At 31.03.2008 Rs.
<b>SOURCES OF FUNDS:</b>			
<b>1. Shareholders Funds:</b>			
Share Capital	1	46,103,000	46,103,000
Reserves & Surplus	2	2,000,000	2,000,000
<b>2. Loan Funds:</b>			
Secured Loans	3	9,984,665	10,139,758
Un-Secured Loans	4	58,444	83,243
Total		58,146,109	58,326,001
<b>APPLICATION OF FUNDS:</b>			
<b>1. Fixed Assets</b>			
Gross Block	5	44,481,729	45,753,675
Depreciation		31,861,094	30,995,653
Net Block		12,620,635	14,758,022
<b>2. Investments</b>			
	6	11,000	16,000
<b>3. Current Assets, Loans &amp; Advances:</b>			
Inventories	7	5,917,833	12,160,830
Sundry Debtors	8	4,987,942	7,265,525
Cash & Bank Balances	9	393,722	907,523
Loans & Advances	10	6,338,130	9,446,285
Total		17,637,627	29,780,163
Less Current Liabilities & Provisions	11	1,576,869	1,857,722
Net Current Assets		16,060,758	27,922,441
<b>4. Miscellaneous Expenditure</b>			
(to the extent not written off or adjusted)	12	29,453,716	15,629,538
Total		58,146,109	58,326,001
Notes on accounts	17	-	-

For and on behalf of the Board

Read with our Report

**S. Vishwanath**  
Managing Director

**for H.M.V. Murthy & Co.,**  
Chartered Accountants

**S. Rajasekharappa**  
Chairman

**H.M. Vrushabhendra Murthy**  
Proprietor

Challakere, August 28, 2008

Bangalore, 3rd September 2009



PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31.03.2009

Particulars	Schedule No.	As At 31.03.2009 Rs.	As At 31.03.2008 Rs.
<b>INCOME</b>			
Sales	13	16,639,505	39,679,076
Other Income	14	120,274	41,736
<b>Total</b>		<b>16,759,779</b>	<b>39,720,812</b>
<b>EXPENDITURE</b>			
Manufacturing, Administrative, & Selling Expenses	15	24,978,575	35,303,322
Financial Expenses	16	4,020,054	1,531,022
Depreciation		1,557,649	2,090,379
<b>Total</b>		<b>30,556,278</b>	<b>38,924,723</b>
Profit for the year		(13,796,499)	796,089
Provision for Income Tax			
Current Year Tax			-
Fringe Benefit Tax			3,110
Balance brought forward		(15,629,538)	(15,909,578)
Prior period adjustment		27,679	512,939
Loss carried to Balance Sheet.		(29,453,716)	(15,629,538)
Notes on accounts	17		
For and on behalf of the Board			Read with our Report
<b>S. Vishwanath</b> Managing Director			<b>for H.M.V. Murthy &amp; Co.,</b> Chartered Accountants
<b>S. Rajasekharappa</b> Chairman			<b>H.M. Vrushabhendra Murthy</b> Proprietor
Challakere, August 28, 2009			Bangalore, 3rd September 2009

## Chitradurga Spintex Limited

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### A. CASH FLOW FROM OPERATING ACTIVITIES

Net profit before tax and extraordinary items	(13,796,499)	796,089
Adjustment for:		
Depreciation	1,557,649	2,090,379
Interest paid	4,020,054	1,531,022
Interest received	(38,826)	(30,736)
Extraordinary items:	(692,208)	-
Operating profit before working capital changes	(8,949,830)	4,386,754
Adjustment for:		
Trade and other receivable	5,385,738	(16,711,810)
Inventories	6,242,997	(12,160,830)
Current Liabilities	(280,853)	1,857,722
Cash generated from operations	2,398,052	(22,628,164)
Interest paid	(4,020,054)	(1,531,022)
Income tax/TDS paid	-	(3,110)
Cash flow before extraordinary items	(1,622,002)	(24,162,296)
Extraordinary items:	(27,879)	(512,939)
Net cash from operating activities (A)	(1,649,681)	(24,675,235)

### B. CASH FLOW FROM INVESTING ACTIVITIES:

Interest received	38,826	30,736
Sale of Fixed Assets	1,271,946	-
Cash from NSC	5,000	
Net cash used in investing activities (B)	1,315,772	30,736

### C. CASH FLOW FROM FINANCING ACTIVITIES:

Proceeds from long term borrowings	(24,799)	83,243
Net cash used in financing activities (C )	(24,799)	83,243
Net increase/decrease in cash and cash equivalents(A+B+C)	(358,708)	(24,561,256)
Cash and Cash equivalents as at 31.03.2008	9,590,943	9,232,235
Cash and Cash equivalents as at 31.03.2009	9,232,235	-

#### Notes:

1. Above statement has been prepared following the indirect method except in interest received/paid
2. Proceeds from long term borrowings are shown net off repayment
3. Cash and cash equivalents represent cash and bank balances

For and on behalf of the Board

Read with our Report

**S. Vishwanath**  
Managing Director

**for H.M.V. Murthy & Co.,**  
Chartered Accountants

**S. Rajasekharappa**  
Chairman

**H.M. Vrushabhendra Murthy**  
Proprietor

Challakere, 28.08.2009

Bangalore, 3rd September 2009

# Chitradurga Spintex Limited

## SCHEDULE FORMING PART OF THE BALANCE SHEET

SCHEDULE NO.1	As At	As At
<b>SHARE CAPITAL:</b>	31.03.2009	31.03.2008
Authorised:	Rs.	Rs.
5000000 Equity shares of Rs.10/- each	50,000,000	50,000,000
Issued, Subscribed & Paid up		
4610300 Equity Shares of Rs.10/- each	46,103,000	46,103,000
<b>TOTAL</b>	<b>46,103,000</b>	<b>46,103,000</b>

## SCHEDULE NO.2.

### RESERVES & SURPLUS:

State Subsidy	2,000,000	2,000,000
<b>TOTAL</b>	<b>2,000,000</b>	<b>2,000,000</b>

## SCHEDULE NO.3.

### SECURED LOANS:

SBM-Cash Credit	9,984,665	10,139,758
<b>TOTAL</b>	<b>9,984,665</b>	<b>10,139,758</b>

### Notes:

Working capital loan from State Bank of Mysore, (SBM), Challakere branch, secured by hypothecation of current assets consisting of inventories and sundry debtors and first charge over the entire fixed assets of the Company and personal guarantee of promoters

## SCHEDULE NO.4.

### UNSECURED LOANS

Current Account Credit Balance	58,444	83,243
<b>TOTAL</b>	<b>58,444</b>	<b>83,243</b>

## HEDULE NO.5

### FIXED ASSETS

Particulars	Gross Block		Depreciation			Net Block	
	As at 01.04.2008 Rs.	Deletion	As at 31.03.2009 Rs.	For the Year Rs.	Deletion Rs.	As at 31.03.2009 Rs.	As at 31.03.2009 Rs.
Free hold Land	125,375		125,375	-	-	125,375	125,375
Building	10,891,495		10,891,495	274,078	5,209,393	5,682,102	5,956,180
Plant & Machinery	34,265,316	838,469	33,426,847	1,281,758	258,731	26,615,632	6,811,215
Vehicles	433,477	433,477	0	0	433,477	0	-
Furniture & Fittings	38,012		38,012	1,813	36,069	1,943	3,755
<b>Total</b>	<b>45,753,675</b>	<b>1,271,946</b>	<b>44,481,729</b>	<b>1,557,649</b>	<b>692,208</b>	<b>31,861,094</b>	<b>12,620,635</b>
Previous year	45,753,675		44,481,729	2,090,379	28,905,274	16,848,401	16,848,401

## SCHEDULE 6

### INVESTMENTS:

National Saving Certificate	3,000	8,000
Paid up Quoted 800 Equity Shares of Rs.10/- each	8,000	8,000
<b>TOTAL</b>	<b>11,000</b>	<b>16,000</b>

## Chitradurga Spintex Limited

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### SCHEDULE NO.7.

#### INVENTORIES:

(As per the inventory taken, valued and certified by the management)

Raw Materials (at cost)	4,156,315	5,908,531
Finished Goods (at cost or net realisable value which ever is lower)	23,553	468,875
Semi Finished Goods (at raw material cost)	1,728,630	3,955,433
Work-in-process	9,335	457,557
Stores & Spares (at cost)	0	1,370,434
TOTAL	5,917,833	12,160,830

### SCHEDULE NO.8

#### SUNDRY DEBTORS:

(Unsecured considered good)

Over six months	4,987,942	6,032,375
Others	0	1,233,150
TOTAL	4,987,942	7,265,525

### SCHEDULE NO.9.

#### CASH & BANK BALANCES:

Cash in hand	386,607	845,642
Balance with scheduled Banks:		
On Current Account	7,115	15,202
On Refund Account	0	46,679
TOTAL	393,722	907,523

### SCHEDULE NO.10.

#### LOANS AND ADVANCES:

(Unsecured considered good)

Advances recoverable in cash or in kind or value to be received	5,573,394	8,666,512
Others Deposits	708,493	706,493
Income Tax Deducted at Source	56,243	73,280
TOTAL	6,338,130	9,446,285

(Includes an amount of Rs.40.00 lacs (net of deposit of Rs.20.00 lacs received against one time settlement) due from a Company in which directors are interested (peviou year Rs.66.95 lacs (net of deposit of Rs.20.00 lacs received against one time settlement))

### SCHEDULE NO.11.

#### CURRENT LIABILITIES & PROVISIONS:

A. Sundry Creditors for supplies and others	1,550,423	1,686,010
Advance against Supplies	0	13,909
Provisions for Expenses	26,446	122,929
Refund amount payable	0	31,764
TOTAL	1,576,869	1,854,612

### SCHEDULE NO.12.

#### MISCELLANEOUS EXPENDITURE

(to the extent not written off or adjusted)

Surplus in Profit & Loss account.	29,453,716	15,629,538
TOTAL	29,453,716	15,629,538

## Chitradurga Spintex Limited

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### SCHEDULE NO.13.

#### SALES:

Sales of Yarn	15,376,106	39,508,819
Sales of Cotton Waste	177,670	279,927
Sale of Rawmaterials	1,297,962	208,730
Sub Total	16,851,738	39,997,476
Less Rebate & Discount	212,233	318,400
TOTAL	16,639,505	39,679,076

### SCHEDULE NO.14.

#### OTHER INCOME:

Interest	38,826	30,736
Miscellaneous Income	23,686	11,000
Profit on sale of Assets	57,762	-
TOTAL	120,274	41,736

### SCHEDULE NO.15.

#### Manufacturing, Administrative & Selling Expenses:

Raw Materials	14,435,461	25,162,858
Consumable Stores	547,445	481,887
Power and Fuel	1,933,515	3,725,809
Salaries and wages	431,739	766,019
Provident Fund	46,886	79,055
ESI Contribution	21,672	34,426
Entry Tax	2,305	10,703
Freight Inward	534,420	1,185,527
Insurance	234,236	216,245
Repair & Maintenance	1,133,417	664,560
Service Tax	17,254	41,435
Advertisement	29,753	21,308
AGM Expenses	38,056	33,256
Cess	0	2,737
Commission & Brokerage	158,703	231,408
Consignment Sales expenses	916	42,085
Filing Fee	2,100	5,000
Folio Maintenance Charges	70,696	66,979
Forwarding Charges	49,188	75,068
Freight outward	29,155	215,491
Legal & Professional Charges	18,075	20,042
Payment to auditors	60,010	54,370
Postage & Telephones	188,150	135,697
Printing and stationery	19,799	36,852
Rates and taxes	71,409	60,654
Sales Tax Paid	226,554	406,667
Staff welfare	24,023	26,817

## Chitradurga Spintex Limited

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Subscription and membership	3,315	6,901
Travelling & Conveyance - Directors	108,430	164,788
Travelling & Conveyance - Others	46,846	80,079
Gratuity	182,774	-
Bad Debts	1,191,926	-
Total	21,858,228	34,054,723
Change in stock		
Opening Stock		
process stock	457,557	635,764
Finished Goods	468,875	1,457,727
Semi Finished Goods	3,955,433	4,036,973
Sub Total	4,881,865	6,130,464
Closing Stock		
process stock	9,335	457,557
Finished Goods	23,553	468,875
Semi Finished Goods	1,728,630	3,955,433
Sub Total	1,761,518	4,881,865
	3,120,347	1,248,599
TOTAL	24,978,575	35,303,322

### SCHEDULE NO.16.

#### FINANCIAL EXPENSES:

Interest on Working Capital	1,306,637	1,500,633
Other charges	18,145	30,389
Interest Waiver	2,695,272	
TOTAL	4,020,054	1,531,022

## Schedule No.17

### Notes Forming Part Of The Accounts For The Year Ended 31.03.2009

#### 1. Statement Of Accounting Policies:

- 1.1 (a) The accounts are prepared in accordance with the historical cost convention, income and expenditure are accounted on accrual basis except gratuity which will be accounted on payment basis.
- 1.1 (b) Sales includes amounts recovered towards Sales Tax.
- 1.2. Fixed Assets: Fixed assets are stated at cost less Depreciation. Depreciation is being provided at revised rates specified as per schedule XIV to the Companies Act 1956 on Straight-Line method on prorata basis up to 31.12.2008 being on which date the spinning activity was stopped.
- 1.3. Inventories: Raw materials, stores, spares and consumables are valued at cost. Finished Goods and work in process valued at cost or net realizable value whichever is lower.
- 1.4. Investments are stated at cost.
2. "Loans and advances" includes inter corporate loan of Rs.40 lacs (net of deposit of Rs.20.00 lacs against one time settlement) (Previous year Rs.66.95 lacs (net of deposit of Rs.20.00 lacs against one time settlement)) made to a Company in which the relatives of directors of the Company are interested. Pursuant to the approval of the members of the Company through postal ballot notice dt.28.08.2008, one time settlement to the borrower at Rs.60.00 lacs has been sanctioned against receivable amount of Rs.86.95 lacs, including ascertained interest receivable amount of Rs.26.95 lacs upto 31.03.1999 by waiving unascertained interest from 01.04.1999 which was not recognized/received due to uncertainty.
3. Pursuant to approval of the members through postal ballot notice dt.28.08.2008, the Company has amended the main objects of the Company, accordingly Company has taken all necessary steps to stop the spinning activity and stopped the spinning activity from 31.12.2008, settled dues of employees by relieving from service and sold some of the assets during the year.
4. Due to slow down of operation, high cost of raw materials, deterioration of stocks, waiver of interest to recover the inter corporate deposit as per the approval of members and written off of bad debts, your Company has incurred huge loss of Rs.137.96 lakhs.
5. Contingent Liabilities:
- 3 (a) The Company has received a demand notice for Rs.21.76 lacs in respect of purchase tax Liability from the Deputy Commissioner of Commercial Taxes (Transition), Chitradurga, for the Assessment Years 93-94 to 96-97. However the Company is expecting exemption of the same as per the Textile Policy 1993 of Government of Karnataka, hence no provision has been made.
- 3 (b) The Company has received a suo moto notice under KTEG Act from Commissioner of Commercial Taxes, Bangalore, in respect of assessment year 92-93, demanding to pay tax on plant and machinery which company has bought during the AY 92-93. However Company has filed objections/application to rectify the order which is due consideration with the said authority
6. The Company has not yet appointed Company Secretary in terms of section 383A of the Companies Act of 1956.
7. Sundry Creditors, Debtors, Deposits, Secured Loans, Loans & Advances recoverable on cash or in kind are subject to confirmation.
8. The company has been accounting gratuity on cash basis instead of accrual basis to maintain consistency in accounting method followed by the Company.
9. Payment To Auditors:
- |                           | 2009   | 2008   |
|---------------------------|--------|--------|
| A. As Auditors            | 22,472 | 22,472 |
| B. Taxation Matter        | 12,360 | 12,360 |
| C Certification Charges   | 17,978 | 17,978 |
| C. Out of packet expenses | 7,200  | 1,560  |
| Total                     | 60,010 | 54,370 |

10. Previous figures have been re-grouped and/or re-classified wherever necessary in order to be in conformity with current years presentation.
11. As the Company has no taxable income for the A.Y. 2009-2010, no tax provision is made. Taking into account the consideration of prudence, no asset or liability is anticipated on account of deferred tax.
12. **AS-18 : Related Party Transactions**

**Name of the related parties and description of the related parties:**

Sri S. Vishwanath	Executive Director
Sri S. Rajasekharappa	Executive Director
Sri S. Chandrashekar	Non Executive Director
M/s.Chitradurga Sunflower Oil Complex Ltd.	The Company in which the relatives of key management personnel's are interested

**Transactions during the year**

<b>Nature of Relationship</b>	<b>Nature of Transaction</b>	<b>Amount in lacs</b>
The Company in which the relatives of key management personnel's are interested.	Interest due was waived	26.95

13. **AS-20 : Earning Per Share**

a. Loss for the year	Rs.137.97 lacs
b. Shares outstanding	4610300 shares
c. Basic & Diluted EPS	Rs. (2.99) per share

14. Figures have been rounded off to the nearest rupees value.

For and on behalf of Board

As Per our Report of even date

**S.Vishwanath**  
Managing Director

**For H. M. V. Murthy & Co**  
Chartered Accountants

**S.Rajasekharappa**  
Chairman

**H. M. Vrushabhendra Murthy**  
Proprietor

Challakere, 28th August, 2009

Bangalore, 3<sup>rd</sup> September, 2009



ANNEXURE-A

I) CAPACITY

Licensed :1000 Rotors for Manufacture of Cotton Yarn  
 Installed : 768 Rotors

Production:	2009	2008
	In kgs	In kgs
Yarn	226833	691040
Cotton Waste	144474	259384

II) RAW MATERIAL CONSUMPTION:

	<u>2008-2009</u>		<u>2007-2008</u>	
	Quantity (in kgs)	Value In Rs.	Quantity (in kgs)	Value In Rs.
Opening Stock	133165	5908531	201240	7013214
Purchase	404431	12683245	929057	24058175
Total	537596	18591776	1130297	31071389
Closing Stock	93674	4156315	133165	5908531
Consumption	443922	14435461	997132	25162858

iii) TURNOVER PARTICULARS

Yarn	234784	42193760	711515	39508819
Cotton Waste	183305	435601	225637	279927

iv) OPENING STOCK OF FINISHED GOODS

Yarn	8150	428364	28625	1450429
Cotton Waste	45518	40511	11,771	7,298
Semi Finished Goods	94065	3955433	99580	4036973

V) CLOSING STOCK OF FINISHED GOODS

* Yarn	199	12853	8150	428364
Cotton Waste	6687	10699	45518	40511
Semi Finished Goods	57621	1727630	94065	3955433

VI) VALUE OF IMPORTS (CIF VALUE) NIL (Previous year Nil)

VII) VALUE OF EXPORTS (FOB VALUE) Rs.Nil (Previous year :Rs.26.06 lacs)

\* Included stock with agent Nil kgs (previous year 9748 kgs )

S.RAJASEKHARAPPA  
 CHAIRMAN

S.VISHWANATH  
 MANAGING DIRECTOR

**Annexure-B**

(as per notification 15.05.1995 issued by department of Company Affairs, the additional information under para iv is as under

**Balance Sheet abstract and Company's general business profile**

**Registration details**

Registration No.	0811467	State Code	08
	Date	Month	Year
Balance Sheet date	31	March	2009

**Capital raised during the year (Amount in Rs.)**

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

**Position of mobilisation and deployment of funds (Amount in Rs.)**

Sources of Funds	Total Liabilities	59,722,978	Total Assets	59,722,978
	Paid up capital	46,103,000	Reserves & Surplus	2,000,000
	Secured Loans	9,984,665	Unsecured Loans	58,444
Application of Funds	Net Fixed Assets	12,620,635	Investments	11,000
	Net Current Assets	16,060,758	Miscellaneous Expenditure	29,453,716

**Performance of Company (Amount in Rs.)**

Turnover	16,759,779	Total Expenditure	30,556,278
Profit before Tax	(13,796,499)	Profit after Tax	(13,796,499)
EPS	-2.99	Dividend Rate %	Nil

**Generic names of three principal products/services of Company (as per monetary terms)**

Item Code No.	52051100
Product description	Cotton Yarn

**Chitradurga Spintex Limited**

Regd.Office:Bangalore Road, Siddapura Village, Challakere-577 522, Karnataka State

**Attendance Slip**

Folio No. \_\_\_\_\_ Name \_\_\_\_\_

Address \_\_\_\_\_  
\_\_\_\_\_

I certify that I am a member/proxy for the member of the Company. I hereby record my presence at the Annual General Meeting at Siddapura Village, Bangalore Road, Challakere-577 522, Chitradurga Dist. Karnataka on 30.09.2009 at 10.00 a.m.

Shareholder's/proxy's Signature \_\_\_\_\_

Proxy's Full Name \_\_\_\_\_

(In Block Capitals)

**NOTES:** Please fill in this Attendance slip and hand it over at the entrance of the Hall

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**Chitradurga Spintex Limited**

Regd.Office:Bangalore Road, Siddapura Village, Challakere-577 522, Karnataka State

**Proxy**

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

being Member/members of Chitradurga Spintex Limited, Karnataka-577522 do hereby \_\_\_\_\_

appoint \_\_\_\_\_  
\_\_\_\_\_

of \_\_\_\_\_ or failing

him/her \_\_\_\_\_

of \_\_\_\_\_

as my/our proxy in my/our absence to attend and vote form/us on my/our behalf at the Annual General Meeting of the Company, to be held at Siddapura Village, Bangalore Road, Challakere, Chitradurga Dist. Karnataka-577 522 on 30.09.2009 at 10.00 a.m. and at any adjournment thereof in witness whereof, I/We have set my/our hand/hands this \_\_\_\_\_ day \_\_\_\_\_ of 2009.

## BOOK POST