

Chitradurga Spintex Limited



Annual Report
2010-11

Board Of Directors

Sri S. Rajasekharappa
Sri S. Vishwanath
Sri S. Chandrashekar
Sri S.T. Thippeswamy
Sri S. Prasannakumar
Sri S. Thippeswamy

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

ICICI Bank

Share Transfer Agents

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

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NOTICE

Notice is hereby given that the 20th Annual General Meeting of the Company will be held at the Registered Office at Bangalore Road, Siddapura Village, Challakere-577522, Chitradurga Dist. Karnataka, on 29th September 2011 at 11.00 a.m. to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance sheet as on 31st March 2011 and the Profit and Loss Account for the year ending 31st March 2011 together with the reports of the Auditors and Directors thereon.
- 2.. To appoint Auditors and fix their remuneration.

By order of the Board

Challakere, 27th August 2011

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 24.09.2011 to 29.09.2011 (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 Twentieth Annual Report of the Company together with audited financial statements and accounts for the year ended March 31, 2011.

Financial Highlights

Particulars	(Rupees in Lakhs)	
	2010-11	2009-10
Gross Revenue	5.78	9.73
PBITD	0.85	(83.66)
Cash Profit from operations	0.84	(89.74)
Net Profit/(-)Loss	0.84	(89.74)

Operations:

Due to the reasons beyond the control of your directors your company has not undertaken any business, but with a view to curtail the mounting losses the Company has leased the godown facilities on rent basis to State and Central Warehouse Corporations. The directors are under the process of exploring other avenues of diversifying into new areas of business

All remaining assets and liabilities are valued on a "Going Concern" basis. Though there is no business is undertaken, its net worth remains positive and considering the fact that the company has adequate resources to continue in operational existence for the foreseeable future and taking into account the management assessment of improvement in the economic condition in general they continue to adopt the going concern basis in preparing the annual report and accounts.

Dividend

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

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 his willingness and eligibility for re-appointment and has also confirmed that his re-appointment, if made, will be within the limits under Section 224(1B) of the Companies Act, 1956.

Auditors' Report:

The Board has duly examined the statutory auditors' report to accounts which is self explanatory and clarifications wherever necessary, have been included in the Notes to Accounts section of the Annual Report. Regarding Auditors comment on 'on going concern' the Director contend that the Company will be able to continue as going concern, though the company has not undertaken any business activity, its net worth remains positive and considering the fact that the company has adequate resources to continue in operational existence for the foreseeable future and taking into account the management assessment

of improvement in the economic condition in general and as borne out by AAS16 issued by the council of the ICAI, they continue to adopt the going concern basis in preparing the annual report and accounts.

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, Technology Absorption, Foreign Exchange Earnings and Outgo are Nil during the year.

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, 2011, 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, 2011 and of the profit 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, 2011 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 made by the employees of the Company.

Challakere, 27th August 2011

On behalf of the Board of Directors
S. Rajasekharappa
Chairman

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. 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
Sri S. Vishwanath	Executive –Promoter	-	-	-	5	Yes
Sri S. Rajasekharappa	Executive –Promoter	-	-	-	5	Yes
Sri S.Chandrasekhar	Non-Executive Promoter	-	1	2	5	Yes
Sri S.T. Thippeswamy	Non-Executive Independent	-	-	2	5	Yes
Sri S. Prasannakumar	Non-Executive Independent	-	1	2	5	Yes
Sri S.Thippeswamy	Non-Executive Independent	-	-	-	5	Yes

During the Financial Year 2010-2011, the Board of Directors met five times. The dates of the meetings were 29.04.2010, 29.07.2010, 27.08.2010, 29.10.2010 and 28.01.2011. 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 (47) is a BE graduate in electronics has got over 20 years of experience in Textile industry and Edible Oil Industry. He is currently the Managing Director of the Company. He holds 316700 shares in the Company as on 31.03.2011

S. Rajasekharappa (61) is a BE graduate in Metallurgy and has over 20 years of experience in textile industry and Edible Oil 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 31.03.2011

S. Chandrashekar (64) is a graduate in science and has over 39 years of experience in Textile & Edible Oil Industry. Currently is chairman of the shareholders / investors grievances committee. He holds 161000 shares in the Company as on 31.03.2011

S.T. Thippeswamy (70) is a graduate and has over 34 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 31.03.2011.

S. Prasannakumar (51) is a graduate and professionally he is businessman and has over 21 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 31.03.2011. He is chairman of the audit committee.

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S. Thippeswamy (50) is a graduate and professionally he is businessman and has over 16 years of experience in trading activity. He does not hold any shares in the Company as of 31.03.2011.

Audit Committee

The Audit Committee comprises of three members, all of whom are non-executive. The Chairman of the Audit Committee, Mr. S. Prasannakumar 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 2010-2011, the audit committee met five times i.e., on 29.04.2010, 29.07.2010, 27.08.2010, 29.10.2010 and 28.01.2011. The composition of Audit Committee and attendance of members is as follows.

Name	Category	Number of meetings attended
S. Prasannakumar-Chairman	Independent director	5
S. Chandrasekhar	Independent director	5
S.T. 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 26.08.2010 & 27.01.2011. The composition of the committee and attendance of members at the meetings held during the financial year 2010-2011 are given below.

Name	Category	Number of meetings attended
S. Chandrasekhar - Chairman	Non-executive director	2
S. T. Thippeswamy	Independent director	2
S. Prasannakumar	Independent director	2

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Nature of complaints and redressal status

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

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	30.09.2008 at 11.00 a.m	None
2008-2009	Registered Office	30.09.2009 at 11.00 a.m..	None
2009-2010	Registered Office	30.09.2010 at 11.00 a.m	None

Postal ballot

No special resolutions were put through postal ballot during the year as there were no resolutions which were required to be passed through postal ballot.

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 not entered into any related party transactions during the year.

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 (i.e., 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 2010-11."

S. Vishwanath
Managing Director

Chitradurga Spintex Limited

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

20th Annual General Meeting

Date & Time: 29.09.2011 at 11.00 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 2011, Second Quarter - October 2011, Third Quarter - January 2012, Fourth Quarter- April 2012

Stock market data for the period April 1, 2010 to March 31, 2011

Month	High	Low	Volume (Nos)
April 2010	3.27	2.56	10689
May 2010	3.20	2.40	11192
June 2010	3.80	1.95	9567
July 2010	4.71	1.94	217769
August 2010	5.74	3.50	303658
September 2010	10.16	5.21	244548
October 2010	7.52	6.47	194570
November 2010	7.14	6.18	31262
December 2010	6.38	5.71	26204
January 2011	5.99	4.66	6525
February 2011	5.25	4.00	12365
March 2011	7.05	4.52	2619

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

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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 31.03.2011

Sl No.	Category	No. of shares	% age of holding
1	Indian promoters and promoters group	1909500	41.42
2	Mutual Funds	90900	1.97
3	Bodies Corporate	174979	3.80
4	NRIs/OCBs	384245	8.33
5	Indian public and others	2050676	44.48
Total shareholding		4610300	100

Outstanding GDRs/ADRs/warrants/options

There are 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, 1st Floor, 2nd Main, Sampige Road, (Near 14th Cross), Malleswaram, Bangalore-560001

Any other Correspondence:

Chitradurga Spintex Limited,

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

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

Auditors' Certificate to the members of Chitradurga Spintex Limited, on compliance of the conditions of corporate governance for the year ended 31st March 2011 under clause 49 of the listing agreement with stock exchange.

We have examined the compliance of conditions of corporate governance by M/s. Chitradurga Spintex Ltd., for the year ended on 31st March 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us, and the representation made by the directors and management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement.

As required by the guidance note by the Institute of Chartered Accountants of India, we state that, as on 31st March 2011 there were no Investor grievances remaining unattended/pending for a period exceeding one month, and as explained to us by the management, the Compliance Officer has reported to the shareholders/Investors Grievance Committee regularly on the status of such grievances.

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

For H.M.V.MURTHY & CO.,
Chartered Accountants,

[H.M.Vrushabhendramurthy]
Proprietor.

BANGALORE, 27th August 2011

Management Discussion and Analysis Report

Overview

Due to the reasons beyond the control of the directors the company has not undertaken any business, but with a view to curtail the mounting losses the Company has leased the godown facilities on rent basis to State and Central Warehouse Corporations. However the directors are under the process of exploring other avenues for diversifying into new areas of business to continue in operational existence.

Financial performance & review

The company has made a profit of Rs.0.84 lakhs during current financial year as against Loss of Rs.89.74 lakhs during previous year.

Segment wise performance

As there is no particular operational activity segment wise performance is not applicable.

Outlook

Due to change in the business activity from spinning to other activity forecasting outlook is not wise since any particular business not yet started. The directors are under the process of exploring other avenues of diversifying into new areas of business

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.

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 2011 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 shows 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. 6. of schedule 14, 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 fact that company is having a Accumulated loss incurred up to the year ended 31.03.2011 amounting to Rs.407.88 Lakhs and not yet started any particular business as stated in postal ballot on 30.10.2008 and as the company has sold substantial portion of the plant and machinery, 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. 14 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 2011, 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

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

Place:Bangalore
Date: 27th August, 2011

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 substantial disposal of fixed assets during the year to have an impact on the operations of the company or affects its going concern.
- (2) As the Company does not hold any inventories for the year, the paragraph 4(i) and 4(ii) of the Companies (Auditor's Report) Order, (as amended) is not applicable to the Company.
- (3) (a) The company has not granted any loans, secured or unsecured to companies, firm or other parties covered in the register maintained under section 301 of the Act.
(b) 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) During the year company has not made any transactions 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.
- (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) (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 Entry Tax of Rs.3.91 Lakhs for the year 1992 -93.
- (9) The Company has accumulated losses of Rs.407.88 Lakhs at the end of the financial year and it has not incurred cash loss in the current year and incurred a cash loss of Rs.89.74 lakhs immediately preceeding the financial year.
- (10) 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.

- (11) 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.
- (12) 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.
- (13) The Company does not deal or trade in shares, securities, debentures and other investments.
- (14) 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.
- (15) As informed to us, the term loans were applied by the Company for the purpose for which they were obtained.
- (16) 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.
- (17) The Company has not made any preferential allotment of shares to parties or companies covered under section 301 of the Act.
- (18) The company has not issued any debentures.
- (19) The Company has not raised any money through a public issue during the year.
- (20) 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

Place:Bangalore
Date: 27th August, 2011

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

BALANCE SHEET AS AT 31.03.2011

Particulars	Schedule No.	As At 31.03.2011 Rs.	As At 31.03.2010 Rs.
SOURCES OF FUNDS:			
1. Shareholders Funds:			
Share Capital	1	46,103,000	46,103,000
Reserves & Surplus	2	2,000,000	2,000,000
Total		48,103,000	48,103,000
APPLICATION OF FUNDS:			
1. Fixed Assets			
Gross Block	3	15,370,308	17,853,679
Depreciation		8,801,675	10,758,528
Net Block		6,568,633	7,095,151
2. Investments	4	11,000	11,000
3. Current Assets, Loans & Advances:			
Sundry Debtors	5	44,802	426,872
Cash & Bank Balances	6	664,305	521,782
Loans & Advances	7	166,815	146,085
Total		875,922	1,094,739
Less Current Liabilities & Provisions	8	140,849	967,072
Net Current Assets		735,073	127,667
4. Miscellaneous Expenditure (to the extent not written off or adjusted)	9	40,788,294	40,869,182
Total		48,103,000	48,103,000

Notes on accounts

14

For and on behalf of the Board

Read with 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, 27th August, 2011

Bangalore, 27th August, 2011

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31.03.2011

Particulars	Schedule No.	As At 31.03.2011 Rs.	As At 31.03.2010 Rs.
INCOME			
Sales	10	-	795,039
Other Income	11	578,210	178,301
Total		578,210	973,340
EXPENDITURE			
Manufacturing, Administrative, & Selling Expenses	12	493,529	9,339,804
Financial Expenses	13	772	607,918
Total		494,301	9,947,722
Profit for the year		83,909	-8,974,382
Provision for Income Tax			
Current Year Tax		0	0
Fringe Benefit Tax		0	0
Balance brought forward		-40,869,182	-29,453,716
Prior period adjustment		3,021	2,441,084
Loss carried to Balance Sheet.		-40,788,294	-40,869,182
Notes on accounts	14		
For and on behalf of the Board			Read with 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
Chailakere, 27th August, 2011			Bangalore, 27th August, 2011

CASH FLOW STATEMENT FOR MARCH 2011

	Mar' 2011	Mar' 2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax and extraordinary items	83,909	-8,974,382
Adjustment for:		
Interest paid	772	607,918
Interest received	-51,227	-83,415
Extraordinary items:	-1,956,853	-21,102,566
Operating profit before working capital changes	-1,923,399	-29,552,445
Adjustment for:		
Trade and other receivable	361,340	10,753,115
Inventories	-	5,917,833
Current Liabilities	-826,223	-609,797
Cash generated from operations	-2,388,282	-13,491,294
Interest paid	-772	-607,918
Income tax/TDS paid	-	-
Cash flow before extraordinary items	-2,389,054	-14,099,212
Extraordinary items:	-3,021	-2,441,084
Net cash from operating activities (A)	-2,392,075	-16,540,296
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Interest received	51,227	83,415
Sale of Fixed Assets	2,483,371	26,628,050
Net cash used in investing activities (B)	2,534,598	26,711,465
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from long term borrowings	0	-58,444
Net cash used in financing activities (C)	0	-58,444
Net increase/decrease in cash and cash equivalents(A+B+C)	142,523	10,112,725
Cash and Cash equivalents as at 31.03.2010	521,782	-521,782
Cash and Cash equivalents as at 31.03.2011	664,305	9,590,943

Notes:

1. Above statement has been prepared following the indirect method except 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 of even date

S. Vishwanath
Managing Director

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

S. Rajasekharappa
Chairman

H.M. Vrushabhendra Murthy
Proprietor

Challakere, 27th August, 2011

Bangalore, 27th August, 2011

Chitradurga Spintex Limited

SCHEDULE FORMING PART OF THE BALANCE SHEET

SCHEDULE NO.1

	As At	As At
	31.03.2011	31.03.2010
	Rs.	Rs.
SHARE CAPITAL:		
Authorised:		
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
TOTAL	46,103,000	46,103,000

SCHEDULE NO.2.

RESERVES & SURPLUS:

State Subsidy	2,000,000	2,000,000
TOTAL	2,000,000	2,000,000

SCHEDULE NO.3

FIXED ASSETS

Particulars	Gross Block		Depreciation Block		Net Block		
	As at	Deletion	As at	Deletion	As at	As at	
	01.04.2010		31.03.2011		31.03.2011	31.03.2011	
	Rs.		Rs.	Rs.	Rs.	Rs.	
Free hold Land	125,375		125,375		-	125,375	125,375
Building	10,891,495		10,891,495		5,209,393	5,682,102	5,682,102
Plant & Machinery	6,798,797	2,483,371	4,315,426	1,956,853	3,556,213	759,213	1,285,731
Furniture & Fittings	38,012		38,012		36,069	1,943	1,943
Total	17,853,679	2,483,371	15,370,308	1,956,853	8,801,675	6,568,633	7,095,151
Previous year	44,481,729	26,628,050	17,853,679	21,102,566	10,758,528	7,095,151	12,620,635

SCHEDULE 4

INVESTMENTS:

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

SCHEDULE NO.5

SUNDRY DEBTORS:

(Unsecured considered good)

Over six months	5,000	426,872
Others	39,802	-
TOTAL	44,802	426,872

SCHEDULE NO.6.

CASH & BANK BALANCES:

Cash in hand	385,104	457,623
Balance with scheduled Banks on Current Account	279,201	64,159
TOTAL	664,305	521,782

Chitradurga Spintex Limited

SCHEDULE NO.7.

LOANS AND ADVANCES:

(Unsecured considered good)

Advances recoverable in cash or in kind or value to be received	80,104	72,438
Others Deposits	6,900	6,900
Income Tax Deducted at Source	79,811	66,747
TOTAL	166,815	146,085

SCHEDULE NO.8

CURRENT LIABILITIES & PROVISIONS:

A. Sundry Creditors for supplies and others	119,117	121,376
Provisions for Expenses	21,732	845,696
TOTAL	140,849	967,072

SCHEDULE NO.9

MISCELLANEOUS EXPENDITURE

(to the extent not written off or adjusted)

Surplus in Profit & Loss account.	40,788,294	40,869,182
TOTAL	40,788,294	40,869,182

SCHEDULE NO.10

SALES:

Sales of Yarn	-	16,437
Sales of Cotton Waste	-	117,193
Sale of Rawmaterials	-	734,612
Sub Total	-	868,242
Less Rebate & Discount	-	73,203
TOTAL	-	795,039

SCHEDULE NO.11

OTHER INCOME:

Interest	51,227	83,415
Rent Income	526,983	94,886
TOTAL	578,210	178,301

Chitradurga Spintex Limited

SCHEDULE NO.12.

Manufacturing, Administrative & Selling Expenses:

Raw Materials	-	4,156,315
Power and Fuel	-	80,941
Salaries and wages	105,600	110,200
Advertisement	43,908	47,645
AGM Expenses	29,112	34,182
ESI Contribution	5,016	5,235
Filing Fee	2,000	3,150
Folio Maintenance Charges	71,639	70,114
Gratuity	-	84,400
Insurance	4,252	107,148
Legal & Professional Charges	9,000	11,000
Loss on sale of Fixed Assets	26,518	2,635,549
Payment to auditors	56,310	55,385
Postage & Telephones	64,635	60,410
Printing and stationery	199	26,587
Provident Fund	14,388	15,014
Rates and taxes	28,543	32,366
Repair & Maintenance	6,560	7,522
Staff welfare	786	3,089
Subscription and membership	2,250	1,845
Travelling & Conveyance - Directors	6,597	16,244
Travelling & Conveyance - Others	16,216	13,945
Total	493,529	7,578,286
Change in stock		
Opening Stock		
process stock	-	9,335
Finished Goods	-	23,553
Semi Finished Goods	-	1,728,630
Sub Total	-	1,761,518
TOTAL	493,529	9339804

SCHEDULE NO.13

FINANCIAL EXPENSES:

Interest on Working Capital	-	597,913
Other charges	772	10,005
TOTAL	772	607,918

Schedule No.14

Notes Forming Part of The Accounts For The Year Ended 31.03.2011

1. Statement Of Accounting Policies:

1.1 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.

1.2. 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. Investments are stated at cost.

2. Pursuant to approval of the members through postal ballot on 30.10.2008, the Company has amended the main objects of the Company accordingly Company has stopped the spinning activity from 31.12.2008.

3. Contingent Liabilities:

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 of Rs.3.91 Laksh on plant and machinery which were bought by the company during the AY 92-93. However Company has filed objections/application to rectify the order which is due consideration with the said authority

4. The Company has not yet appointed Company Secretary in terms of section 383A of the Companies Act of 1956.

5. Sundry Creditors, Debtors, Deposits, Loans & Advances recoverable on cash or in kind are subject to confirmation.

6. The company has been accounting gratuity on cash basis instead of accrual basis to maintain consistency in accounting method followed by the Company. During the year an amount of Rs.Nil (Previous year Rs.84,400/-) has been made towards Gratuity settlement.

7. Payment To Auditors:

	2011	2010
A. As Auditors	29,781	22,472
B. Taxation Matter	5,515	12,360
C Certification Charges	17,978	17,978
C. Out of packet expenses	3,036	2,575
Total	56,310	55,385

8. Previous figures have been re-grouped and/or re-classified wherever necessary in order to be in conformity with current years presentation.

9. As the Company has no taxable income for the A.Y. 2011-2012, no tax provision is made. Taking into account the consideration of prudence, no asset or liability is anticipated on account of deferred tax.

10. 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 (P) Ltd.,	The company in which the relatives of key management personnel's are interested

Transactions during the year: NIL

11. AS-20 : Earning Per Share	
a. Profit for the year	Rs.0.84 lacs
b. Shares outstanding	4610300 shares
c. Basic & Diluted EPS	Rs. 0.02 per share

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

For and on behalf of Board

S.Vishwanath
Managing Director

S.Rajasekharappa
Chairman

Challakere, 27th August, 2011

As Per our Report of even date

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

H. M. Vrushabhendra Murthy
Proprietor

Bangalore, 27th August, 2011

ANNEXURE-A

I) CAPACITY

Licensed NA

Installed : NA

II) RAW MATERIAL CONSUMPTION:

	2010-2011		2009-2010	
	Quantity (in kgs)	Value In Rs.	Quantity (in kgs)	Value In Rs.
Opening Stock	-	-	93674	4156315
Purchase	-	-	-	-
Total	-	-	93674	4156315
Closing Stock	-	-	-	-
Consumption	-	-	-	-
Sales	-	-	93674	404573
Loss on sales	-	-	-	3751742

iii) TURNOVER PARTICULARS

Yarn	-	-	199	7102
Cotton Waste	-	-	6667	73849
Raw Materials	-	-	93674	404573
Semi Finished Goods	-	-	57621	300180
Work In Process	-	-	309	9335

iv) OPENING STOCK OF FINISHED GOODS

Yarn	-	--	-	-
Cotton Waste	-	--	-	-
Semi Finished Goods	-	--	-	-

V) CLOSING STOCK OF FINISHED GOODS

* Yarn	-	-	-	-
Cotton Waste	-	-	-	-
Semi Finished Goods	-	-	-	-

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

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

For and on behalf of the Board

S.RAJASEKHARAPPA
CHAIRMAN

S.VISHWANATH
MANAGING DIRECTOR

Annexure-B

(as per notification 15.05.1995 issued by department of Company Affairs, the additional

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	2011

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	6,568,633	Total Assets	6,568,633
	Paid up capital	46,103,000	Reserves & Surplus	2,000,000
Application of Funds	Net Fixed Assets	6,568,633	Investments	11,000
	Net Current Assets	735,073	Miscellaneous Expenditure	40,788,294

Performance of Company (Amount in Rs.)

Turnover	578,210	Total Expenditure	494,301
Profit before Tax	83,909	Profit after Tax	83,909
EPS	0.02	Dividend Rate %	Nil

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

Item Code No.	NA
Product description	NA

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 29.09.2011 at 11.00 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

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 29.09.2011 at 11.00 a.m. and at any adjournment thereof in witness whereof, I/We have set my/our hand/hands this _____ day _____ of 2011.

Chitradurga Spintex Ltd.,
P.B.No.9, Bangalore Road,
Challakere-577522
Karnataka.