

**ENGLISH SECTION****BOARD OF DIRECTORS AS ON 29-09-2015**

01.	Sri Rajeev Chawla	IAS.,	Chairman
02.	Sri G. Satish	IFS.,	Managing Director and Director
03.	Dr. R. Raju	IFS.,	Director
04.	Kum Sindhu B.	IAS.,	Director



BRANCHES	Phone No. (STD)
1. Purchase Department (Direct)	(080) 2221 9051
2. Quality Control	(080) 2222 0410
3. Central Stores	(080) 2221 6316
4. Twisting Section Hamid Shah Resham Mahal Cubbonpet Main Road, <b>Bangalore - 560 002</b>	(080) 2222 0410
<b>PURCHASE UNITS :</b>	
5. Silk Exchange, Dr. Raja Rao Street Government Grainage Centre Building Pipe Line Road, <b>Kanakapura - 562 117</b>	Mob : 80509 18700
6. No. 26/555, Agrahara Layout <b>Ramanagaram - 571 511</b>	(080) 2727 4174
7. Silk Twisting Branch Main Road, <b>Magadi - 562 120</b> Ramanagaram Dist.	(080) 2774 6275
8. Silk Twisting Branch No. 3303 J. P. Layout, Mirza Road Opp. Milk Dairy <b>Anekal - 562 106.</b>	(080) 2784 0097
9. Govt. Model Grainage Building Chintamani Road <b>Siddlaghatta - 562 105</b> Kolar dist.	(08158) 256714
10. Silk Farm Compound Deputy Directors Office - Sericulture Near Railway Station, <b>Kolar - 563 101</b>	---
11. Behind O/O Dy. Dir of Sericulture B.R. Hills Road <b>Chamarajanagar - 571 313</b>	Mob : 84533 19187



BRANCHES	Phone No. (STD)
12. Purchase / Sales / Twisting Branch Bhandari Building, Chow Bazar <b>GuledaGudda - 587 203</b> Badami Tq., Bagalkot dist.	94816 30435
13. The Chickballapura Silk Reelers Co-operative Society Ltd., building Opposite Jeeva Vima Nigama Bangalore Road <b>Chickballapura - 562 101</b>	---
14. Sri Channakeswaswamy Temple Road Ward 5, <b>Vijayapura - 562 135</b> , Devenahalli Tq. Bangalore Rural Dist.	81051 44126
<b>MARKETING DEPARTMENT</b>	---
<b>KARNATAKA</b>	
15. Bangalore Sales Branch Hameed Shah Reham Mahal Cubbonpet Main Road <b>Bangalore - 560 002</b>	(080) 2221 0314
16. No. 4406/2A, Opp. Vittal Mandira Old Post Office Building <b>Gadag-Betageri - 582 102</b>	---
17. Purchase/Sales/Twisting Branch Silk Exchange Building Sri Devala Maharshi Circle, Mysore Road <b>Kollegal - 571 440</b> . Chamarajanagar Dist.	(08224) 252 169
18. Ilakal Nekarara Utpadaka Sahakara Sangha Building, Ward No. 6, <b>ILAKAL - 587 125</b> Hunagunda, Bagalkot Dist (Sales Unit)	94493 75922
19. No.784, Tank Road Behind Little Angel School <b>Doddaballapura - 561 203</b> Bangalore Rural District	96325 88848



BRANCHES	Phone No. (STD)
20. Government Cocoon Market Mallamma Nagar <b>Mudhol</b> Bagalkot Dist.	---
<b>TAMIL NADU</b>	
21. No. 59, Big Sayakara Street Kosapalyam, <b>Arni - 632 301</b> Thiruvanna Malai Sambuvaram Dist.	(04173) 226 938
22. No. 119, Muniswamy Mudaliar Avenue <b>Kancheepuram - 631 502</b> Chengalpattu Dist.	(044) 2722 2006
23. No. 34, J.P. Kovil West Street <b>Kumbakonam - 621 001</b>	(0435) 243 1988
24. 182 & 184, Narasingapuram Street Gugai, <b>Salem - 636 006</b>	(0427) 222 4677
<b>ANDHRA PRADESH</b>	
25. 17/152, Railway Station Road <b>Dharmavaram - 515 671</b> Ananthpur Dist.	(08559) 222 316
<b>TELANGANA</b>	
26. No. 5, 5th Main, Bhoodan <b>Pochampally - 508 284</b> Nelagonda Dist.	(08685) 223 327
27. H No. 3-4-13, Nehru Park Road <b>Jangam - 506 167</b> Warangal Dist.	(08716) 222 822



**BANKERS** : 1. State Bank of Mysore  
2. Canara Bank  
3. Karnataka State Co-operative  
Apex Bank Ltd.  
4. State Bank of India

**STATUTORY AUDITORS** : M/s K.G. Acharya & Co  
Chartered Accountants  
Bangalore

**AUDIT COMMITTEE** : In Pursuance of Section 292(A) of the Companies  
Act 1956, an Audit Committee Consisting of the  
following Directors has been constituted :  
1) Commissioner for Sericultural Development  
and Director of Sericulture - Chairman  
2) Commissioner for Textile Development  
and Director of Handloom & Textiles - Member  
3) Deputy Secretary-III, Finance - Member  
4) Managing Director, KSMB Ltd., - Member

**IMPLEMENTATION OF  
RIGHT TO INFORMATION ACT, 2005**

The Right to information has been implemented in  
the organisation effectively. During the year under  
report, 14 applications were received and all the  
applications were disposed off.

**REGISTERED OFFICE** : Mysugar Building, II Floor  
J.C.Road  
Bangalore - 560 002.

Phone : 2223 2560, 2223 5169, 2222 2212  
2223 8107, 2223 5418, 4147 5076

E-MAIL : ksmbt@gmail.com

Web : ksmb.in

FAX 080 : 2223 2560

POST BOX : 6781

**KARNATAKA SILK MARKETING BOARD LTD.**

(Government of Karnataka Enterprise)

Regd. Office : Mysugar Building, J.C. Road, Bangalore - 560 002

**MEETING NOTICE**

To,  
Members,

**NOTICE** is hereby given that the 36th Annual General Meeting of the members of Karnataka Silk Marketing Board Ltd., will be held at the Chambers of the Principal Secretary to Government, Horticulture Department, at Room No. 404, 3rd Gate, M.S. Building, Bangalore - 560 001 on Tuesday the 29th day of September 2015 at 11.00 A.M. to transact the following business.

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Balance Sheet as at 31st March 2015 and Profit and Loss Account for the year ended on that date together with Reports of the Directors, Auditors thereon alongwith the comments of the Comptroller and Auditor General of India thereto.
2. To consider and fix the remuneration of the Statutory Auditors for the year 2015-2016.

By Order of the Board of Directors

Sd/-

(G. Satish)

Managing Director

Date : 24th September 2015

**NOTE :**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. The instrument of proxy should reach the Registered Office atleast 48 hours before the time fixed for the meeting.
2. Proxy forms are enclosed for the convenience of the members.
3. As the Company is a Government company, the Comptroller and Auditor General of India will appoint the Statutory Auditors to audit the accounts for the year 2015-16 as provided under Section 139(5) of the Companies Act 2013.

## DIRECTORS' REPORT

To,  
**THE SHAREHOLDERS OF**  
**KARNATAKA SILK MARKETING BOARD LTD.,**  
Mysugar Building  
J.C. Road  
Bangalore - 560 002.

Your Directors hereby present the 36th Annual Report of the Company together with the Audited Balance Sheet as at 31st March 2015 and Profit and Loss Account for the year ended on that date along with the Review and Comments of the Comptroller and Auditor General of India as required under Section 619(4) of the Companies Act. 1956

### 1.1 OPERATIONS :

During the year 2014-15 the monthly average price of cocoon was ranging from Rs.223/- to Rs.330/- per Kg when compared to the average price of cocoon for the last year (2013-2014) which was Rs.298 to Rs.371 per kg. The prices which were ruling Rs.353/- per Kg during April 2014 was decreased to Rs.262/- per Kg during the month of Oct- 2014 and thereafter reached Rs.285 per Kg during Mar-2015.

Transactions of cocoon from 2005-06 to 2014-15 (Qty. in tons) is given below.

Year	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14	14-15
Qty	49951	62805	57900	50611	51697	50039	55031	48851	51004	53525

The average price of cocoon for the last three years is as follows:

Year	Rs. Per Kg.
2012-13	260.25
2013-14	336.71
2014-15	294.50

### 1.2 Transactions of silk yarn at Silk Exchanges and average prices

Year	Quantity in tons	Average Prices Rs per Kg.	
		Filature	Charaka
2012-13	1238	2236	2180
2013-14	1358	2898	2704
2014-15	2057	2539	2249

The transaction at Silk Exchanges have increased by 51.4% and the average prices of filature silk decreased by 14.00% and Charaka silk by 20.00% when compared to prices of 2013-14. In the beginning of the year 2014-15 the Board was holding a stock of 23.70 tons valued Rs.6.92 crores. During the year 66 tons of silk was purchased and sold 80 tons and the closing stock at the end of the year was 10 tons valued Rs.2.36 crores.

- 1.3** Particulars of Purchase & Sales and Profit/Loss from 2006-07 to 2014-15 are given in the table below.

Quantity in tons and value in Lakhs.

Year	Purchase		Sales		(+ Profit (-) Loss Rs.	Accumulated Loss Rs.(-)
	Quantity	Value Rs.	Quantity	Value Rs.		
2006-07	105	1215	95	1165	(-) 316.65	1413.87
2007-08	87	959	113	1324	(-) 405.86	1819.73
2008-09	127	1569	147	1898	(-) 361.88	2181.61
2009-10	171	2661	163	2653	(-) 258.79	2440.40
2010-11	201	4179	161	3444	(-) 399.63	2840.04
2011-12	270	5008	215	4320	(-) 368.70	3208.74
2012-13	118	2683	209	4648	(-) 154.47	3363.21
2013-14	132	3889	129	3866	(-) 541.82	3905.03
2014-15	66	1815	80	2313	(-) 439.44	4347.84

- 1.4** During the year 2014-15 the prices of imported silk in the domestic market were higher than that of domestic silk. The average prices of domestic filature silk which was ruling Rs.2996/- per Kg during April -2014 decreased to Rs.2288/-



Per Kg during Feb- 2015 and similar prices were continued till March-2015. Due to non availability of funds the company was unable to increase its transactions.

- 1.5** The Company has consistently purchased the silk throughout the year by offering the prices prevailed on day to day basis. During the year 2014-15, the Company has purchased 66 tons and sold 80 tons of silk. At the end of the year, the loss incurred was Rs.4.39 crores against the loss of Rs.5.42 crores incurred in the previous year.
- 1.6** The Company has made purchases/sales throughout the year 2014-15.
- 1.7** The comparative table showing the figures of Karnataka State production of silk yarn and the import of silk yarn into India for the last eleven years are given below.

Year	Karnataka Silk Production (in tons)	Import of Silk Yarn to India (in tons)*
2004 - 2005	7302	7185
2005 - 2006	7471	8334
2006 - 2007	7883	5567
2007 - 2008	8240	7921
2008 - 2009	7238	8392
2009 - 2010	7360	7341
2010 - 2011	7338	5820
2011 - 2012	7796	5685
2012 - 2013	7063	4960
2013 - 2014	8574	3259
2014 - 2015	9544	3489

\* Source : Central Silk Board.

## 2.1 FINANCIAL RESULTS

The Financial Results of the Company are as under (Rs. in Lakhs)

Particulars	2014-15	2013-14
Turnover including other income	<b>2,360.75</b>	3,950.04

Profit (+) Loss (-)	(-) 439.44	(-) 541.82
Appropriation Loss transfered to Balance Sheet	(-) 439.44	(-)541.82

**2.2** The Government of Karnataka has extended the following timely financial assistance to the company.

The department of sericulture provided a loan of Rs.50 lacs for purchase of silk yarn during the year 2014-15.

The Directors thanks the Government of Karnataka for its timely intervene and extending financial support to the Company.

**2.3** The Company is primarily discharging the function of Price Stabilization of silk yarn which is generally a non-profitable proposition. The Company is expected to protect the interest of reelers and farmers by continuously purchasing silk in all Silk Exchanges in Karnataka. The Company being the biggest Government licensed buyer of silk at Silk Exchanges of Karnataka State has to strive to maintain price stability and to prevent formation of groups and cartels among traders and merchants, thereby to protect the interest of reelers. Company has to maintain sufficient buffer stock to meet the daily requirement of consumers spread over the states of Karnataka, Tamilnadu, Telangana and Andhra Pradesh and also sells silk to artisans i.e. weavers. When the prices are continuously stable, the intervention of KSMB in the market may not be necessary. This is in fact the role of any Price Stabilization Agency and KSMB is one among them.

**2.4 DEFERRED TAX :**

As per the Accounting Standard (AS) 22, deferred Tax asset (net) as on 31.03.2015 is not accounted as a measure of prudence. Further taxable income available against which such deferred tax asset can be realized is not possible to estimate at this stage, as the silk yarn prices are prone to wide fluctuations.

**2.5 REVENUE TO GOVERNMENT OF KARNATAKA :**

Operations during the year resulted in contribution of Rs.8.96 Lakhs (Previous year Rs.19.45 lakhs) as the revenue to Government of Karnataka as Market Fee. The Market Fee has been reduced from 2% to 0.5% with effect from 25.07.2007.



## 2.6 DIVIDEND :

Your Directors are unable to recommend dividend for the Financial Year 2014-15 as the Company has suffered loss during the year.

## 3.0 PUBLIC DEPOSITS :

The Company has not invited / accepted deposits from the public and hence no claim for refund of outstanding deposit arises.

## 4.0 DIRECTORS :

The Present Board consists of the following Directors:

- |                            |                              |
|----------------------------|------------------------------|
| 1. Sri. Rajeev Chawla, IAS | Chairman                     |
| 2. Sri. G. Satish, IFS     | Managing Director & Director |
| 3. Dr. R. Raju, IFS        | Director                     |
| 4. Kum. Sindhu.B, IAS      | Director                     |

During the financial year 2014-15, the following Directors were on the Board for part of the year.

- |                                     |                   |
|-------------------------------------|-------------------|
| 1. Sri. Bharat Lal Meena, IAS       | Chairman          |
| 2. Sri. S.A Jeelani, IAS            | Managing Director |
| 3. Sri. B.F.Patil, IAS              | Director          |
| 4. Smt. Deepthi Adithya Kanade, IAS | Director          |
| 5. Sri. N.M.Panali, IAS             | Managing Director |

Your Directors wish to place on record their appreciation for the valuable services rendered by outgoing Directors.

## 5.0 PARTICULARS OF EMPLOYEES :

The relationship between the Management and the Staff during the year 2014-15 continued to be cordial. As on 31st March 2015, the number of employees in the Company was 73 out of which, number of employees belonging to SC/ST category was 15.



## **6.0 AUDITORS :**

The Comptroller and Auditor General of India, New Delhi, have appointed M/s. K.G.Acharya & Co, No-14, Girls School Street, Kumara Park, Bangalore – 560 020 as Statutory Auditors of the Company for the year 2014-15.

## **7.0 IMPLEMENTATION OF RTI 2005.**

The Right to Information Act 2005 has been implemented in the organization. During the year under report the Company had received 14 applications and all the applications have been disposed off.

## **8.0 DIRECTORS RESPONSIBILITY, CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS / OUTGO:**

### **a) DIRECTORS' RESPONSIBILITY :**

Pursuant to Section 217 (2AA) of the Companies Act, the Directors confirm that:

i) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.

ii) That the Directors had 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 on March 31, 2015 and Profit or Loss of the company for that period.

iii) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv) That the Directors had prepared the Annual Accounts on an ongoing concern basis.

### **b) CONSERVATION OF ENERGY :**

There is no significant scope for conservation of energy since the Company is not carrying on any manufacturing activity.

**c) TECHNOLOGY ABSORPTION :**

The Company is discharging the function of price stabilization of silk yarn and related marketing activities. Hence there is no reporting involved in regard to technology absorption as required under Rules.

**d) FOREIGN EXCHANGE EARNINGS AND OUTGO :**

There is no export activity involved, hence there is no reporting in respect of export market and foreign exchange outgo etc., as required under the Rules.

e) None of the employees received remuneration exceeding Rs. 60,00,000/- per annum or Rs.5,00,000/- per month if employed for part of the year.

**9.0 With reference to Auditors qualification in their report the following information is given.**

(a) The Company has created liability for encashment of un-availed leave on the basis of the projected Unit Credit Method (PUCM) as specified in Accounting Standard-15 and employee benefits provided in the books of accounts.

(b) Trade Receivables includes Rs.26.78 lakhs which are due for more than 3 Years. This is pertaining to few debtors who have given property documents as security. As these cases are under litigation, the property is not auctioned. However efforts are being made to recover these dues as per the new Samadhana Scheme. The detail note is also given in note 21.10(b)

(c) Confirmation of balance has been obtained from all the regular debtors . In cases where amounts are under litigations , confirmations are not received, efforts will be made to obtain confirmation for trade payable, trade advance and Security Deposits in the next financial year 2015-16.

**10.0 ACKNOWLEDGEMENT :**

Your Directors wish to place on record their sincere appreciation for their whole hearted support, co-operation of timely assistance extended by various departments of Government of Karnataka, in particular Horticulture Department, Department of Sericulture, Finance Department, Department of Public Enterprises,



Central Silk Board, Canara Bank and Accountant General, Karnataka, for their valuable co-operation. Your Directors also wish to thank the Company's valued customers, Reelers, Twisters and Weavers all over India. The Directors wish to place on record their appreciation for the valuable services rendered by the executives and other employees of the Company at all levels.

(ON BEHALF OF THE BOARD OF DIRECTORS)

sd/-

**(RAJEEV CHAWLA)**  
CHAIRMAN

Bangalore.

Date: 07-09-2015



## **INDEPENDENT AUDITORS' REPORT**

To the members of M/S Karnataka Silk Marketing Board Limited.

### **Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of Karnataka Silk Marketing Board Ltd ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position and financial performance of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rule, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit.



We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our Qualified Audit Opinion on the standalone financial statements.

#### **Basis for Qualified Opinion**

- a. Note No. 21.10(b) - Due to classification of certain Trade Receivables, amounting to Rs. 26.78 Lacs (Previous year – Rs. 24.39 Lacs) outstanding for more than 3 years as good and for reasons stated therein, we are unable to express any opinion on its realization to this extent.





- b. Note No. 21.17 - Due to non-receipt of confirmation of balances in the case of Trade payables, Trade Advances, Security Deposits, Trade Receivables and Loans & Advances, we are unable to ascertain its impact on the accounts.

### **Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, except for the effects/possible effects of the matter described in the Basis for Qualified Opinion paragraph, the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, and its Loss and its cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.
2. As required by Section 143(3) of the Act we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the standalone financial statements comply with the Accounting Standards referred to in Section 133 of the Act, read with



Rule 7 of the Companies (Accounts) Rules, 2014.

- e) In terms of Notification No. G.S.R.463 (E) dated 05-06-2015 issued by Ministry of Corporate Affairs, Govt. of India, the provisions of sub-section (2) of Section 164 of the Companies Act 2013 regarding disqualification of directors is not applicable to the company.
- f) The qualification relating to the maintenance of accounts and other matters connected there with are as stated in the Basis for Qualified Opinion paragraph above.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us.
- i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 21.18 to the financial statements.
- ii) The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

For M/s. K.G. Acharya & Co  
Chartered Accountants

FRN 008019S

sd/-

**(H. Vinay Kumar)**

Partner

Membership No. 212816

Place : Bangalore

Dated : 07-09-2015

## KARNATAKA SILK MARKETING BOARD LIMITED

### *Annexure to the auditors' report*

The annexure referred to in the Auditors' report to the members of **Karnataka Silk Marketing Board Limited** ("the Company") for the year ended 31st March 2015. We report that,

1. a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
b) According to the information and explanations given to us, the fixed assets have been physically verified by the management during the year which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
2. a) As explained to us, the inventories have been physically verified by the management at reasonable intervals during the year. The stocks with twistors have been taken as per the records of the company as indicated in Note No. 21.15. In our opinion, the frequency of such verification is reasonable.  
b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
c) On the basis of our examination of the inventory records, in our opinion, the company has maintained proper records of inventory. The differences noticed on physical verification of inventory as compared to book records aggregating to Rs. 7,96,118/- as indicated in Note no – 21.20 have been properly adjusted in the books of accounts.
3. The company has not granted loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act.



4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for purchase of fixed assets and purchase of inventory. The internal control procedures with regard to sale of goods needs to be further strengthened, to make the same commensurate with the size of the company and the nature of its business. As informed to us, the company has initiated steps to ensure strengthening such control system.
5. The company has not accepted any deposits to which the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under and the directions issued by the RBI are applicable. Hence paragraph 3 (5) of CARO is not applicable to the company.
6. The central government has not prescribed maintenance of cost records under section 148(1) of the companies Act for any of the services rendered by the company. Thus paragraph 3(6) of CARO is not applicable to the company.
7. (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March 2015 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of income tax, wealth tax, service tax, sales tax, customs duty and excise duty and cess which have not been deposited on account of any dispute.
- (c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.



8. In our opinion the accumulated losses exceeds the net worth of the company by more than 50% as at the end of the year. The company has incurred cash loss of Rs. 4,31,84,048/- during the financial year covered by our audit and Rs. 5,38,37,260/- during the immediate previous year.
9. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to its bank.
10. The company has not given any guarantee for loans availed by others Hence the requirements of paragraph 3(10) of CARO is not applicable to the company.
11. The term loans have been applied for the purpose for which they were raised.
12. According to the information and explanations given to us, a fraud of Rs. 58,34,589/-, by way of raising fictitious invoices and misappropriation of inventory, by an employee of the company has been noticed during the year. This amount is pending recovery and the employee has been suspended and departmental enquiry and criminal proceedings are in progress. The Company has made full provision for the amount in the Statement of Profit & Loss.

To the best of our knowledge and according to the information and explanations given to us, no fraud by the company has been noticed as reported during the course of our audit.

For M/s. K.G. Acharya & Co  
Chartered Accountants  
FRN 008019S

sd/-

**(H. Vinay Kumar)**

Partner

Membership No. 212816

Place : Bangalore

Dated : 07-09-2015

**KARNATAKA SILK MARKETING BOARD LIMITED.,**

**ANNEXURE TO THE AUDITORS REPORT:**

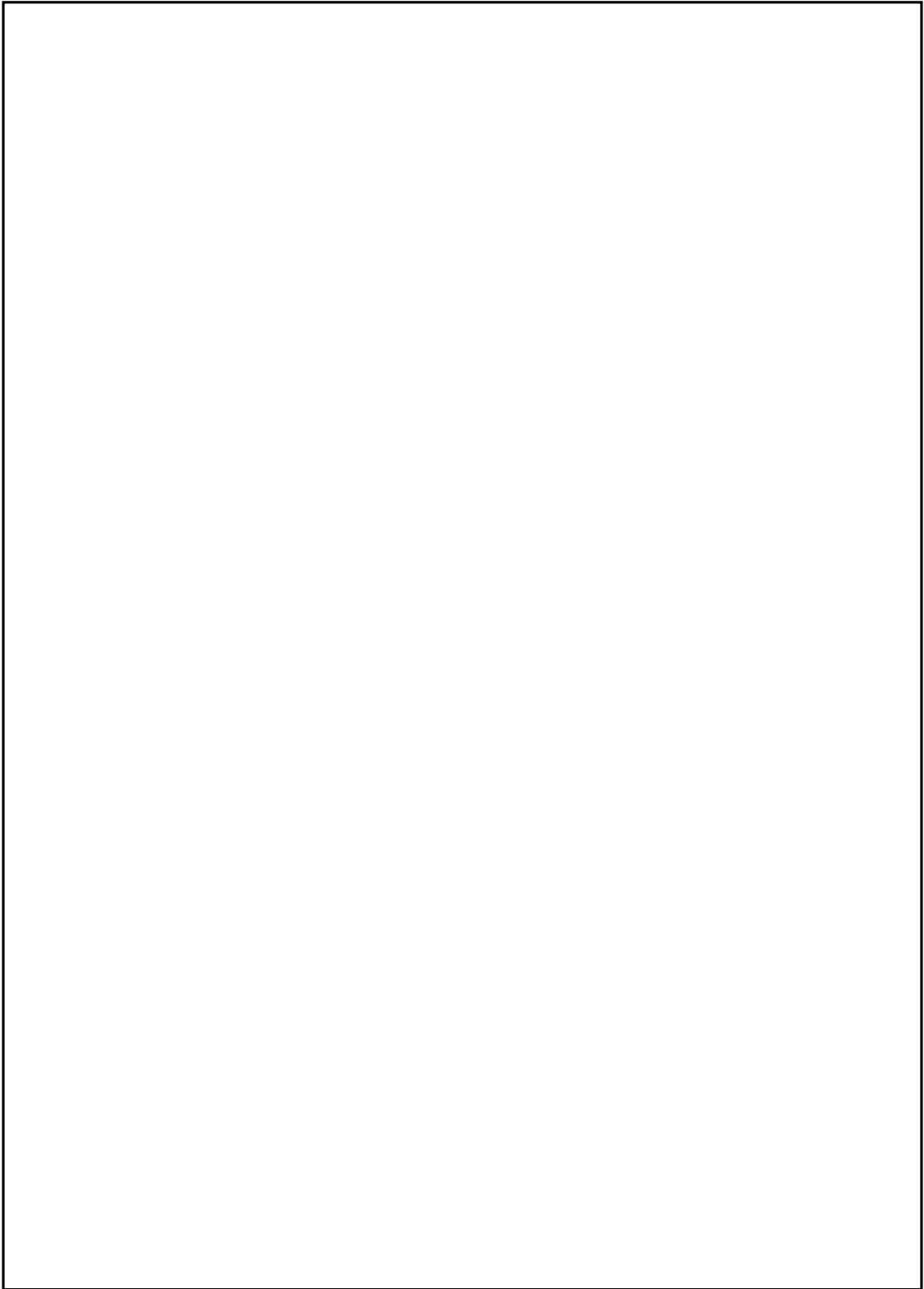
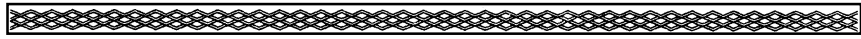
**Annexure- I**

**Report under section 143(5) of Companies Act -2013**

Sl.No	Directions	Response to Directions						
1	If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including committed & General Reserves) may be examined including the more and present state of disinvestment process.	The Company is not selected for disinvestment during F.Y. 2014-15.						
2	Please report whether there are any cases of waiver/write off of debts/loans /interest etc., if yes, the reasons there for and the amount involved.	Yes, Waiver of Interest/Penal Interest of Rs.6,45,404/- under One time Settlement Scheme adopted by Board.						
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.	Not Applicable Except Silk Yarn issued for job work twisting, which is monitored and maintained properly.						
4	A report on age- wise analysis of pending legal/arbitration case including the reasons of pendency and existence/ effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local may be given.	<p>There are 17 cases pending for recovery, Recovery action is in progress. Action has been initiated against the default customers under Public Money Recovery Act, Indian Revenue Recovery Act and the Company has also filed civil and criminal cases against the default customers.</p> <p>Number of pending cases year wise:</p> <table style="margin-left: 40px;"> <tr> <td>1) 1981-1990</td> <td>10 cases</td> </tr> <tr> <td>2) 1991-2000</td> <td>05 cases</td> </tr> <tr> <td>3) 2001-2015</td> <td>02 cases</td> </tr> </table> <p>For recovery work a Tahasildar from the Government is working as a Recovery Officer. A panel of Advocates has been appointed to look after the legal work.</p> <p>The company has a monitoring mechanism on the expenditure incurred on such legal cases and the related legal expenditure incurred on recovery work are being debited to the party account.</p>	1) 1981-1990	10 cases	2) 1991-2000	05 cases	3) 2001-2015	02 cases
1) 1981-1990	10 cases							
2) 1991-2000	05 cases							
3) 2001-2015	02 cases							



<b>Additional Company Specific Directions:</b>		
Sl.No.	Additional Directions	Response to Additional Directions
1	Report on the cases of discounts/ commission in regard to debtors and creditors where the company has deviated from its laid down policy. Examine the cases deviation from the prescribed credit policy.	The Company has not deviated from its laid down policy.
2	Examine the system of effective utilization Loans/ Grant –in Aid/ Subsidy. List the cases of diversion of funds.	The Utilisation of the Grant/Loan has been for the purposes for which they were made. There has been no cases of diversion of funds.
3	If the audited entity has computerized its operations or part of it, assess and report, how much of the data in the company is in electronic format, which of the area such as accounting, sales personnel information, pay roll, inventory etc., have been computerized and the company has evolved proper security policy for data /software/hardware?	<p>Payroll and Inventory are prepared using Fox-Pro software. The general and application control is exercised by the concerned Officers in the absence of system administrator etc., In our opinion the computerization should be extended to other areas of the Company including branches.</p> <p>The Company does not have any proper Security Policy for protection of data except the installation of antivirus software for protection of data.</p> <p>There is not data backup Policy maintained and followed by the Company, but the Company keeps the backup of the data on an external drive which is vulnerable to risks.</p>





**COMMENTS OF THE COMPTROLLER AND AUDITOR  
GENERAL OF INDIA UNDER SECTION 143(6)(B) OF THE  
COMPANIES ACT, 2013 ON THE ACCOUNTS OF  
KARNATAKA SILK MARKETING BOARD LIMITED,  
BANGALORE FOR THE YEAR ENDED 31ST MARCH 2015**



The preparation of financial statements of **Karnataka Silk Marketing Board Limited., Bangalore** for the year ended **31st March 2015** in accordance with the financial reporting framework prescribed under the Companies Act., 2013 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated **07th September 2015**.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of **Karnataka Silk Marketing Board Limited, Bangalore** for the year ended **31st March 2015** and as such have no comments to make under section 143(6) (b) of the Act.

For and on behalf of the  
Comptroller and Auditor General Of India  
Sd/-  
**(BIJIT KUMAR MUKHERJEE)**  
ACCOUNTANT GENERAL  
(ECONOMIC & REVENUE SECTOR AUDIT)  
KARNATAKA, BANGALORE.

BANGALORE.  
DATE: 24th SEPTEMBER 2015.



<b>BALANCE SHEET AS AT 31-03-2015</b>		<b>(Amount in Rs.)</b>	
PARTICULARS	NOTE No.	Figures as at the end of	
		Current Reporting Period 31-03-2015	Previous Reporting Period 31-03-2014
<b>I. EQUITY &amp; LIABILITIES</b>			
<b>1. SHARE HOLDERS' FUNDS</b>			
(a) Share Capital	1	31,45,00,000	31,45,00,000
(b) Reserves & Surplus	2	(-) 43,47,84,136	(-) 39,05,03,310
		<b>(-) 12,02,84,136</b>	<b>(-)7,60,03,310</b>
<b>2. NON CURRENT LIABILITIES</b>			
(a) Long Term Borrowing	3	4,75,00,000	8,25,00,000
(b) Long Term Provisions	4	1,61,04,692	1,99,46,725
		<b>6,36,04,692</b>	<b>10,24,46,725</b>
<b>3. CURRENT LIABILITIES</b>			
(a) Short Term Borrowing	5	2,42,11,049	5,18,70,335
(b) Trade Payables		6,66,971	1,27,649
(c) Other Current Liabilities	6	8,30,33,641	4,36,88,006
(d) Short-term provisions	7	16,08,249	81,31,289
		<b>10,95,19,910</b>	<b>10,38,17,278</b>
<b>Total</b>		<b>5,28,40,466</b>	<b>13,02,60,693</b>
<b>II. ASSETS</b>			
<b>1. NON CURRENT ASSETS</b>			
(a) Fixed Assets			
<i>Tangible Assets</i>	8	30,00,500	38,16,494
(b) Other Non-Current Assets	9	17,71,565	21,45,588
		<b>47,72,065</b>	<b>59,62,082</b>
<b>2. CURRENT ASSETS</b>			
(a) Inventories	10	2,36,25,153	6,91,57,900
(b) Trade receivables	11	1,31,75,878	3,78,74,708
(c) Cash & Bank Balance	12	20,84,720	1,17,45,565
(d) Short-term loans and advances	13	19,95,243	55,20,439
(e) Other Current Assets	14	71,87,407	--
		<b>4,80,68,401</b>	<b>12,42,98,612</b>
<b>Total</b>		<b>5,28,40,466</b>	<b>13,02,60,693</b>
Significant Accounting Policies & other explanatory information forming part of the final accounts <span style="float: right; border: 1px solid black; padding: 2px;">21</span>			
<b>Subject to our report of even Date</b>			
For M/s. K.G. Acharya & Co Chartered Accountants FRN : 008019S Sd/- <b>(H. VINAY KUMAR)</b> Partner M. No. 212816 Bangalore Date : 07-09-2015		For and on behalf of Board of Directors  Sd/- <b>(G. SATISH)</b> Managing Director	
		Sd/- <b>(R. RAJU)</b> Director	



<b>PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING 31ST MARCH 2015</b> (Amount in Rs.)			
PARTICULARS	NOTE No.	Figures as at the end of	
		Current Reporting Period 31-03-2015	Previous Reporting Period 31-03-2014
I. Revenue from operations	15	23,12,95,842	38,81,09,837
II. Other Income	16	47,79,655	68,94,891
<b>III. Total Revenue (I+II)</b>		<b>23,60,75,497</b>	<b>39,50,04,728</b>
<b>IV. Expenses:</b>			
Purchase of Stock in Trade		18,15,45,029	39,32,84,534
Changes in inventories of Stock-in-Trade	17	4,55,32,747	(-) 1,93,22,900
Employee Benefits Expense	18	3,59,26,242	5,64,59,584
Finance Costs	19	3,74,024	13,32,868
Depreciation	8	7,59,683	3,44,953
Other expenses	20	1,16,09,992	1,70,87,902
		<b>27,57,47,716</b>	<b>44,91,86,941</b>
<b>V. Profit/(Loss) Before Tax exceptional items</b>		<b>(-) 3,96,72,219</b>	<b>(-) 5,41,82,213</b>
<b>VI. Exceptional items</b> (Refer Note No. 21.20)		<b>42,71,512</b>	<b>--</b>
<b>VII. Profit/(Loss) Before Tax (V-VI)</b>		<b>(-) 4,39,43,731</b>	<b>(-) 5,41,82,213</b>
<b>VIII. Tax Expense:</b>			
(1) Current tax		--	--
(2) Deferred Tax		--	--
<b>IX. Profit/(Loss) for the year (VII-VIII)</b>		<b>(-) 4,39,43,731</b>	<b>(-) 5,41,82,213</b>
<b>X. Earnings Per Share of Face Value of Rs. 1000 Each (in Rs.)</b>			
Basic		<b>(-) 139.73</b>	<b>(-) 172.28</b>
Diluted		<b>(-) 139.73</b>	<b>(-) 172.28</b>
Significant Accounting Policies & other explanatory information forming part of the final accounts <span style="float: right;">21</span>			
Significant Accounting Policies & other explanatory information forming part of the final accounts			
<b>Subject to our report of even Date</b>		For and on behalf of Board of Directors	
For M/s. K.G. Acharya & Co			
Chartered Accountants			
FRN : 008019S			
Sd/-		Sd/-	Sd/-
<b>(H. VINAY KUMAR)</b>		<b>(G. SATISH)</b>	<b>(R. RAJU)</b>
Partner		Managing Director	Director
M. No. 212816			
Bangalore			
Date : 07-09-2015			


**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015** (Amt in Rs.)

Particulars	As at		As at	
	Current Reporting Period 31-03-2015		Previous Reporting Period 31-03-2014	
<b>A) Cash Flow From Operating Activities</b>				
<b>Net profit before taxation</b>		(-) <b>4,39,43,731</b>		(-) <b>5,41,82,213</b>
Adjusted for-				
Depreciation	7,59,683		3,44,953	
Exceptional items	42,71,512			
Non operating Income	(-) 5,43,027			
Profit on sale of fixed assets	(-)7,657		(-) 2,78,729	
Finance Cost	3,74,024		13,32,868	
Interest Income	(-) 8,51,824			
		<b>40,02,711</b>		<b>13,99,092</b>
<b>Operating profit before working capital changes</b>		(-) <b>3,99,41,020</b>		(-) <b>5,27,83,121</b>
Adjustments for increase/decrease in-				
Trade and other receivables	2,14,10,642		(-)98,02,033	
Inventories	4,55,32,747		(-)1,93,22,900	
Trade payables	6,95,19,885		8,88,74,309	
		<b>13,64,63,274</b>		<b>5,97,49,376</b>
<b>Cash generated from operating</b>		<b>9,65,22,253</b>		<b>69,66,255</b>
Taxes paid (net of refunds)		--		--
<b>Cash flow before Exceptional items</b>		<b>9,65,22,253</b>		<b>69,66,255</b>
Less : Exceptional items		(-)42,71,512		--
<b>Net cash generated from operating activities</b>	<b>A</b>	<b>9,22,50,741</b>		<b>69,66,255</b>
<b>B) Cash Flow From Investing activities</b>				
Purchase of Fixed Assets	(-)3,36,812		(-)23,02,015	
Sale of Fixed Assets of Fixed Assets	63,685		3,45,499	
Investments in Bank Fixed Deposits	(-)16,812		31,58,742	
<b>Net cash applied in investing activities</b>	<b>B</b>	(-) <b>2,89,940</b>		<b>12,02,225</b>
<b>C) Cash Flow From Financing Activities</b>				
Repayment of Borrowings	(-)3,50,00,000		(-)4,00,00,000	
Proceeds from Borrowings	(-)6,76,59,285		1,18,70,335	
Interest Expenses	(-)3,74,024		(-)13,32,868	
Intrest Income	8,51,824		--	
Non Operating Income	5,43,027		--	
<b>Net cash generated from financing activities</b>	<b>C</b>	(-) <b>10,16,38,458</b>		(-) <b>2,94,62,533</b>
<b>D) Net increase in cash and cash equivalents D = A + B + C</b>		(-) <b>96,77,657</b>		(-) <b>2,12,94,052</b>
<b>E) Cash and cash equivalents as at March 31, 2014 E</b>		<b>1,15,16,550</b>		<b>3,28,10,602</b>
<b>F) Cash and cash equivalents as at March 31, 2015 F = D + E</b>		<b>18,38,893</b>		<b>1,15,16,550</b>

Significant Accounting Policies & other explanatory information forming part of the final accounts

21

Subject to our report of even Date

For M/s. K.G. Acharya & Co

Chartered Accountants

FRN : 008019S

Sd/-

(H. VINAY KUMAR)

Partner

M. No. 212816

Bangalore

Date : 07-09-2015

For and on behalf of Board of Directors

Sd/-

(G. SATISH)

Managing Director

Sd/-

(R. RAJU)

Director

**Notes to Cash Flow Statement**

1) Cash and Cash Equivalents consist of cash on hand and balance with banks in current accounts

Particulars	Total As At	
	31-03-2015	31-03-2014
Cash on Hand	<b>95,167</b>	14,28,071
Balances with Bank in Current Account	<b>17,43,726</b>	81,99,991
Cheques on hand	--	18,88,488
<b>Total</b>	<b>18,38,893</b>	1,15,16,550

2) The Cash Flow Statement has been prepared under "Indirect Method" pursuant to the requirements of Accounting Standard 3 - "Cash Flow Statement" as specified under Sec. 133 of the Companies Act 2013



Notes Forming Part of Balance Sheet					(Amount in Rs.)	
Note No.	Particulars		Figures as at the end of		Current Reporting Period 31-03-2015	Previous Reporting Period 31-03-2014
1.	<b>Share Capital</b>					
	<b>Authorized Share Capital</b> 4,00,000 (4,00,000) Equity Shares of Rs. 1000 each				<b>40,00,00,000</b>	40,00,00,000
	<b>Issued, Subscribed and Paid Up Share Capital</b> 3,14,500 (3,14,500) Shares of Rs. 1000 each				<b>31,45,00,000</b>	31,45,00,000
	<b>(A) Reconciliation of number of shares outstanding at beginning and end of reporting period</b>					
	Particulars	01-04-2014	Allotted/buy back during the year			31-03-2015
	<i>Equity Share Capital</i>	3,14,500		--	3,14,500	
		<b>3,14,500</b>		--	3,14,500	
	<b>(B) Shares held by shareholder holding &gt; 5% shares</b> <i>Governor of Karnataka</i>				<b>3,14,494</b>	3,14,494
2.	<b>Reserves &amp; Surplus</b>					
	<b>Surplus (Statement of Profit &amp; Loss)</b>					
	<i>Opening Balance</i>				<b>(-) 39,05,03,310</b>	(-) 33,63,21,097
	<i>Add: Profit / (Loss) for the year</i>				<b>(-) 4,39,43,731</b>	(-) 5,41,82,213
	Less: Transfer to Opening Balance of Retained Earnings with respect to Assets whose Remaining Useful Life as on 01-04-2014 is NIL				<b>(-) 43,44,47,041</b>	(-) 39,05,03,310
					<b>3,37,095</b>	--
					<b>(-) 43,47,84,136</b>	(-) 39,05,03,310
3.	<b>Long Term Borrowing</b>					
	<b>Term Loan From</b>					
	<i>Government of Karnataka (Unsecured)</i> <i>(Refer Note No.21.12a)</i>				<b>4,00,00,000</b>	8,00,00,000
	<i>Government of Karnataka (Unsecured)</i> <i>(Refer Note No.21.12b)</i>				<b>25,00,000</b>	25,00,000



<b>Notes Forming Part of Balance Sheet</b>		(Amount in Rs.)	
<b>Note No.</b>	<b>Particulars</b>	<b>Figures as at the end of</b>	
		<b>Current Reporting Period 31-03-2015</b>	<b>Previous Reporting Period 31-03-2014</b>
	<i>Sericulture Department, Govt. of Karnataka (Unsecured) (Refer Note No. 21.12c)</i>	<b>50,00,000</b>	--
		<b>4,75,00,000</b>	8,25,00,000
<b>4.</b>	<b>Long Term Provisions</b> <b>Provision for employee benefits</b> <i>Provision for Leave Encashment</i>	<b>1,61,04,692</b>	1,99,46,725
		<b>1,61,04,692</b>	1,99,46,725
<b>5.</b>	<b>Short Term Borrowing</b> <b>Loans repayable on demand from Banks - Secured</b> <i>Cash Credit - Canara Bank (Refer Note No. 21.2)</i>	<b>2,42,11,049</b>	5,18,70,335
		<b>2,42,11,049</b>	5,18,70,335
<b>6.</b>	<b>Other Current Liabilities</b> a) Current Maturities of Long - Term Debt b) Income received in advance c) Advance for Sale of Fixed Assets (Land) d) Other Payables: - <i>Outstanding Liabilities(Refer Note No. 21.14)</i> - <i>Security Deposit</i>	<b>8,00,00,000</b>	4,00,00,000
		--	2,77,932
		<b>3,46,580</b>	3,46,580
		<b>24,87,785</b>	28,53,750
		<b>1,99,276</b>	2,09,746
		<b>8,30,33,641</b>	4,36,88,008
<b>7.</b>	<b>Short - Term provisions</b> <b>Provision for employee benefits</b> Gratuity Payable Leave Encashment	<b>7,01,916</b>	69,93,593
		<b>9,06,333</b>	11,37,696
		<b>16,08,249</b>	81,31,289



### FIXED ASSETS & DEPRECIATION (Straight Line Method)

#### NOTE NO. 8

SL. No.	PARTICULARS	GROSS CARRYING VALUE					DEPRECIATION					NET CARRYING VALUE		
		COST AS AT 01-04-2014		ADDITIONS		DELETIONS	AS AT 31-03-2015	UPTO 31-03-2014	TRANSFER TO RESEVES	FOR THE YEAR	ADJUSTMENT FOR DELETIONS	TOTAL	AS AT 31-03-2014	AS AT 31-03-2015
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
	<b>Tangible Assets</b>													
1.	Land(*)	3,46,580	--	--	3,46,580	--	--	--	--	--	--	3,46,580	3,46,580	
2.	Plant & Equipment	10,15,488	--	37,399	9,78,089	8,19,615	21,997	39,132	33,941	8,46,803	1,95,873	1,31,286		
3.	Furniture & Fixtures	20,24,924	9,332	1,56,870	18,77,386	18,78,611	38,312	7,838	1,54,417	17,70,345	1,46,313	1,07,041		
4.	Computers	11,96,121	65,190	4,42,532	8,18,779	10,42,278	18,918	36,889	4,20,406	6,77,679	1,53,843	1,41,100		
5.	Office Equipment	22,50,192	2,62,290	4,56,982	20,55,500	17,27,744	2,57,868	92,684	4,36,566	16,41,731	5,22,448	4,13,769		
6.	Vehicles	39,74,261	--	--	39,74,261	15,47,140	--	5,82,061	--	21,29,201	24,27,121	18,45,060		
7.	Partition & Fittings	8,51,121	--	1,51,490	6,99,631	8,26,805	--	1,079	1,43,916	6,83,967	24,316	15,664		
	<b>Total</b>	<b>1,16,58,687</b>	<b>3,36,812</b>	<b>12,45,273</b>	<b>1,07,50,226</b>	<b>78,42,193</b>	<b>3,37,095</b>	<b>7,59,683</b>	<b>11,89,245</b>	<b>77,49,726</b>	<b>38,16,494</b>	<b>30,00,500</b>		
	<b>Previous Reporting Period</b>	<b>1,06,92,057</b>	<b>23,02,016</b>	<b>13,35,386</b>	<b>1,16,58,687</b>	<b>87,65,856</b>	<b>--</b>	<b>3,44,953</b>	<b>12,68,616</b>	<b>78,42,193</b>	<b>19,26,201</b>	<b>38,16,494</b>		

(\*) Acquired in public auction under the Public Money Recovery Act, Property valuing Rs. 3,46,580/-.





<b>Notes Forming Part of Balance Sheet</b>				(Amount in Rs.)
<b>Note No.</b>	<b>Particulars</b>	<b>Figures as at the end of</b>		
		<b>Current Reporting Period 31-03-2015</b>	<b>Previous Reporting Period 31-03-2014</b>	
<b>9.</b>	<b>Other Non-Current Assets</b>			
a)	Deposits	<b>3,14,328</b>	3,14,328	
b)	Balance With Revenue Authorities	<b>5,87,588</b>	5,87,588	
c)	Advance Guarantee Commission - Government of Karnataka (Refer Note No. 21.6)	<b>8,69,649</b>	12,43,672	
d)	Advances - Others			
	Less : Provision for loss due to misappropriation (Under Process of recovery Refer Note No. 21.20)	58,34,589	--	
		58,34,589	--	
		<b>17,71,565</b>	21,45,588	
<b>10.</b>	<b>Inventories</b>			
	Stock-in-Trade (Refer Note No. 21.15)	<b>2,36,25,153</b>	6,91,57,900	
		<b>2,36,25,153</b>	6,91,57,900	
<b>11.</b>	<b>Trade Receivables (Refer Note No. 21.10)</b>			
(a)	Secured, considered good	<b>47,30,389</b>	77,79,654	
(b)	Unsecured, considered good	<b>84,45,489</b>	3,00,95,054	
(i)		<b>1,31,75,878</b>	3,78,74,708	
(c)	Doubtful	<b>94,42,832</b>	94,42,413	
	Less: Provision for Doubtful debts	<b>94,42,832</b>	94,42,413	
(ii)		--	--	
	(Out of the above, an aggregate amount of Rs. 1,31,24,650/- (Rs. 1,61,61,645/-) is outstanding for a period exceeding 6 months from the date they are due for payment)			
	(i) + (ii)	<b>1,31,75,878</b>	3,78,74,708	
<b>12.</b>	<b>Cash &amp; Bank Balances</b>			
a)	Cash & Cash Equivalent			
	Balance with Banks	<b>17,43,726</b>	81,99,991	
	Cash in hand	<b>95,167</b>	14,28,071	
	Cheques on Hand	--	18,88,488	
b)	Balances with banks - held as margin money or security deposits against guarantee / Other commitments	<b>2,45,827</b>	2,29,015	
		<b>20,84,720</b>	1,17,45,565	



Notes Forming Part of Balance Sheet		(Amount in Rs.)	
Note No.	Particulars	Figures as at the end of	
		Current Reporting Period 31-03-2015	Previous Reporting Period 31-03-2014
13.	<b>Short-Term Loans and Advances</b>		
	<b>Others (Unsecured, Considered Good)</b>		
	Prepaid Expenses	3,49,047	3,24,074
	Advances - General(Refer Note No. 21.14)	16,46,196	51,96,365
		<b>19,95,243</b>	55,20,439
14.	<b>Other Current Assets</b>		
	Grant receivable from Government of Karnataka (Refer Note No. 21.13)	71,87,407	--
		<b>71,87,407</b>	--
15.	<b>Revenue from Operations</b>		
	<b>Sale of Products</b>		
	Sale of Silk	23,17,29,579	
	Less: Loss on raising of Fictitious sale invoices (Ref Note No. 21.20)	7,66,959	
		<b>23,09,62,620</b>	38,54,84,657
	<b>Other Operating Revenues</b>		
	Recovery from twisters towards wastage , shortage of silk and provision no longer required	3,33,222	26,25,180
		<b>23,12,95,842</b>	38,81,09,837
16.	<b>Other Income</b>		
	Interest income	8,51,824	50,94,863
	Bank Interest Refunded - Government of Karnataka (Refer Note No. 21.13)	19,04,984	--
	Provision of EL Encashment reversed	14,87,478	--
	Other Non-operating income	5,35,369	4,37,457
	Guarantee Commission - Government of Karnataka (Excess Reversed now) (Refer Note No. 21.6)	--	13,62,571
		<b>47,79,655</b>	68,94,891
17.	<b>Changes in inventories of Stock-in-Trade</b>		
	<b>Accretion/Decretion to Stock</b>		
	Opening Stock in Trade	6,91,57,900	4,98,35,000
	Less: Closing Stock in Trade (Closing Stock considered above is net off Loss on Misappropriation of Stock amounting to (Rs. 7,96,118/- Refer Note No. 21.20)	2,36,25,153	6,91,57,900
		<b>4,55,32,747</b>	(-)1,93,22,900



Notes Forming Part of Profit And Loss Statement				(Amount in Rs.)	
Note No.	Particulars	Figures as at the end of		Current Reporting Period 31-03-2015	Previous Reporting Period 31-03-2014
		2015	2014		
18.	<b>Employee Benefits Expense</b>				
	Salaries & Wages ( <i>Refer Note No.21.11</i> )			3,14,54,865	3,49,66,570
	Contribution to Provident & Other Funds				
	<i>Provident Fund</i>			34,62,420	39,36,080
	<i>Employees State Insurance</i>			24,365	31,803
	<i>Gratuity Trust Fund</i>			6,23,088	69,93,593
	Leave Salary and Pension			1,23,170	1,51,260
	Leave Encashment			--	99,61,952
Staff Welfare expenses			2,38,334	4,18,326	
				<b>3,59,26,242</b>	5,64,59,584
19.	<b>Finance Costs</b>				
	Interest Expense	49,87,478	12,13,970	--	--
	Other Borrowing cost	2,94,945	--		
		52,82,423	12,13,970		
	Less: Refund from Government of Karnataka ( <i>Refer Note No. 21.13</i> )	52,82,423	--	--	12,13,970
	Gurantee Commission to Government of Karnataka ( <i>Refer Note No. 21.6</i> )			<b>3,74,024</b>	1,18,898
			<b>3,74,024</b>	13,32,868	
20.	<b>Other expenses</b>				
	<b>Direct Expenses</b>				
	Processing Expenses - Twisting			45,86,910	70,55,788
	Denier Testing Charges			3,072	3,160
	<b>Repairs &amp; Maintenance</b>				
	General Maintenance			4,60,240	3,70,814
	Vehicle Maintenance			5,59,246	6,59,199
	<b>Selling, General &amp; Administration Expenses</b>				
	Electricity and Water charges			1,66,137	1,58,557
	Bank Charges			78,422	8,60,897
	Printing & Stationery			1,36,055	2,04,988
	Postage, Telephone, Fax charges			3,80,521	4,56,472
	Insurance			3,01,507	3,71,170
	Donations			--	50,000
Rates & Taxes excluding taxes on income			1,38,640	1,29,324	



Notes Forming Part of Profit And Loss Statement		(Amount in Rs.)	
Note No.	Particulars	Figures as at the end of	
		Current Reporting Period 31-03-2015	Previous Reporting Period 31-03-2014
	Security Expenses	52,060	1,60,673
	Books & Periodicals	3,976	6,508
	Meeting Expense and Subscription to seminars	34,604	13,208
	Travelling Expenses ( <i>Refer Note No.21.11</i> )	2,34,464	4,78,644
	Professional & Consultancy Charges	4,15,983	4,72,304
	Payments to the auditor as		
	- Auditor	51,552	40,000
	- Tax Audit Fee U/s 44AB	17,100	10,000
	- Travelling / Out of Pocket Exp.	--	3,862
	Directors' Sitting Fees	9,500	5,500
	Rent	32,57,063	32,44,820
	Freight , Carriage, Packing & Fowarding	55,331	90,101
	Advertisement & Sales Promotion expenses	21,786	43,423
	Waiver of Interest & OTS Scheme	6,45,404	58,69,657
	Provision for Doubtful Debts	419	63,28,834
	Sub Total (a)	1,16,09,992	2,70,87,902
	Less : Grant Received from Government of Karnataka (b)	--	1,00,00,000
	(a) - (b)	1,16,09,992	1,70,87,902

**Note No. 21****Significant Accounting Policies and other Explanatory Information forming part of the Financial Statements for the year ended 31st March 2015 of M/S Karnataka Silk Marketing Board Limited.****21.1 Significant Accounting Policies****a. Basis of preparation of financial statements**

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (Indian GAAP) under the historical cost convention, on accrual basis except for insurance claims, Interest in respect of debts considered doubtful and Interest in respect of dues from Government Companies / Institutions which are on cash basis. GAAP comprises mandatory Accounting Standards as specified under Sec. 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. Accounting policies have been consistently applied except where a newly issued Accounting Standard is initially adopted or a revision to an existing Accounting Standard requires a change in the accounting policy hitherto in use.

**b. Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and reported amounts of income and expenses during the year.

Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Difference, if any, between the actual results and estimates are recognized in the period in which the results are known / materialized.

**c. Inventories**

Inventories are valued at lower of Cost and Net Realizable Value. The cost has been measured on specific cost attributed to identified items of inventory.

The Company has a policy of charging off any packing materials purchased during the year to Statement of Profit & Loss.

**d. Cash Flow statement**

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short term (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**e. Depreciation**

Fixed Assets are depreciated on Straight Line method based on the Useful Lives of the respective assets as prescribed by Schedule II to the Companies Act, 2013.

Depreciation for assets purchased / sold during a period is charged on pro-rata basis.

**f. Revenue recognition**

Revenue is recognized when significant risks and rewards of ownership of goods have passed on to buyer. Revenue is exclusive of VAT and Sales Tax.

Interest is recognized using the time-proportion method, based on rates implicit in the transaction.

**g. Tangible assets**

Tangible assets are stated at cost net of tax/duty credit availed, if any, and accumulated depreciation. Costs include all expenses incurred to bring the assets to its present location and condition. Direct costs are capitalized until fixed assets are ready for use.

**h. Government Grants**

Government Grants are recognized when there is a reasonable assurance that the company will comply with the conditions attached to them and the grants will be received.

The Government Grants received or receivable is recognized by deducting it from the

related expense or the carrying value of the Fixed Asset as the case may be.

**i. Employee Benefits**

**(i) Short Term Employee Benefits**

All employee benefits falling due wholly within 12 months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences, etc. and the expected cost of bonus, ex-gratia and performance incentives, are charged to Statement of Profit & Loss of the year in which the employee renders the related service.

**(ii) Post-employment benefits and Other Long Term Employee benefits**

**(a) Defined Contribution Plans**

These are plans in which the company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contribution to the Employees Provident Fund, ESI and the like. The company's payments to the Defined contribution plans are charged to the Statement of Profit & Loss of the year when the employees renders the related service that the payment covers.

**(b) Defined Benefit Plans**

The Company has set up a Gratuity Trust. As per the Trust rules, all the employees of the Company excluding those on deputation are eligible for gratuity. The trust has taken a Group Gratuity policy with Life Insurance Corporation of India and the premium paid there under is based on actuarial valuation.

The actuarial valuation of the gratuity liability and the funding required is on a group basis and not on individual basis. As this policy is based on cash accumulation scheme, the payment of the premium will vary every year depending upon the retirement / resignation / termination / dismissal / death of the employees.

Provision for Leave Encashment is provided for on the basis of an Actuarial Valuation on projected unit credit method made at the end of financial period according to actuarial valuation.



**j. Borrowing cost**

Borrowing costs that are attributable to the acquisition or construction of a qualifying asset are capitalized as a part of cost of such asset till such time as the asset is ready for its intended use. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to Statement of Profit and Loss.

**k. Earnings per share**

Basic EPS is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the year.

The Diluted EPS is calculated on the same basis as Basic EPS, after adjusting for the effects of all dilutive potential equity shares.

**l. Income Taxes**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognized for all timing differences.

Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognized only if there is virtual certainty that there will be sufficient future taxable income available to realize such assts. Deferred tax assets are recognized for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realized. Deferred tax assets and liabilities are offset if such items relate to taxes on income





levied by the same governing tax laws and the company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

**m. Impairment of Assets**

The Management periodically assesses using, external and internal sources, whether there is an indication that an asset / Cash Generating unit may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the assets' net selling price and value in use.

**n. Provisions and contingent liabilities**

A provision is recognized if, as a result of a past event, Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date.

Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

**o. Sundry Debtors**

The Age-wise classification of Debts has been made according to the age of the principal amount from the date they are due. Interest accrued and other expenses incurred thereon are also classified under the age of Principal amount.

a) Interest in respect of debts considered doubtful and provided for is recognized on actual realization.

b) Interest in respect of dues from Government Companies / Institutions is recognized on actual realization.

## Other Explanatory information

### 21.2 Secured Loans

The Company has a sanctioned cash credit facility of Rs 10,00,00,000/- from M/s. Canara Bank, Town hall Branch, Bangalore.

The above cash credit is secured by Hypothecation of Stocks.

The above loan is collaterally secured by the exclusive charge on the following:

1. Furniture & Fixtures
2. Partition and Fittings.
3. Plant & Machinery
4. Office Equipments

Governments of Karnataka vide G.O NO: Vaakai 03 Revuni 2011 (Part-1) Bangalore dated: 31.03.2011 has given guarantee for the above loan to Canara bank for price stabilization of silk yarn. In Government Order No. HD/09/SIC 2013 dated 31.08.2013, Guarantee period has been extended upto 31.03.2014 and the same is requested for extension up to 31.03.2015 vide request letter dated 18.03.2014 which is under review by Government of Karnataka.

### 21.3

#### a. Details of Opening Stock, Purchase of Goods and Closing Stock under Broad heads are as under :

(Amount in Rs.)

Particulars	Opening Stock	Purchases	Closing Stock
<i>Silk Yarn</i>	6,91,57,900	18,15,45,029	2,36,25,153

b. 100% of the raw materials consumed during the current year and the previous year is out of indigenous source only.

#### c. Expenditure incurred in Foreign Currency :

(Amount in Rs.)

Particulars	2014-2015	2013-2014
a) Value of Imports on CIF Basis	Nil	Nil
b) Other Expenditure in Foreign Currency	Nil	Nil



**d. Earnings in Foreign Currency : (Amount in Rs.)**

Particulars	2014-2015	2013-2014
a) Export of Goods calculated on FOB Basis	Nil	Nil
b) Other Income	Nil	Nil

**21.4 Dues to micro & small enterprises**

As at 31st March 2015 and 31st March 2014, the Company has not received information from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure relating to amounts unpaid as at the year end together with interest paid / payable under this Act has not been given.

**21.5 Employee Benefit as per Accounting Standard 15**

**Gratuity:** The employee gratuity fund is managed by "Karnataka Silk Marketing Board Limited – Group Gratuity Trust Fund". The present value of obligation is determined based on actuarial valuation. The liability is fully funded.

MEMEBERSHIP DATA	2014-15	2013-14
Number of Members	73	77
Average Age	53.97	53.34
Average Monthly Salary	30,019.27	29,314.61
Average Past Service	25.00	24.47
<b>VALUATION METHOD</b>	<b>Projected Unit Credit Method</b>	
<b>ACTURIAL ASSUMPTIONS</b>		
Mortality Rate	LIC (1994-96) ultimate	LIC (1994-96) ultimate
Withdrawal Rate	1% to 3% depending on age	1% to 3% depending on age
Discount Rate	8% p.a.	8% p.a.
Salary Escalation	7%	7%

<b>RESULTS OF VALUATION</b>		
PV of Past Service Benefit	3,29,58,439	3,30,38,332
Current Service Cost	11,77,891	12,06,683
Total Service Gratuity	4,00,20,515	4,13,32,272
Accrued Gratuity	3,40,39,058	3,42,92,258
LIC Premium	73,054	84,629
Service Tax	9,029	10,460
<b>RECOMMENDED CONTRIBUTION RATE</b>		
a. Fund Value as on Renewal Date	3,35,16,497	2,73,47,855
b. Additional Contribution for existing fund	Nil	56,90,477
c. Current Service Cost	6,19,833	12,06,683
<b>Total Amount Payable (b+c)</b>	<b>7,01,916</b>	<b>69,92,249</b>

**Leave Encashment :** The following table sets out the status of Leave Encashment plan as required under AS 15 :

Sl. No.	Particulars	2014-2015	2013-2014
<b>I. Change in Projected Benefit Obligation</b>			
1.	Present Value of Defined Benefit Obligation - Opening Balance	2,10,84,421	1,78,30,662
2.	Service Cost	12,40,367	37,42,085
3.	Interest Cost	15,81,933	14,65,454
4.	Actual Benefit Payments	(-)26,20,523	(-) 35,24,182
5.	Actuarial Losses/ (Gains)	(-)42,75,173	15,70,402
6.	Present Value of Defined Benefit Obligation - Closing Balance	1,70,11,025	2,10,84,421
<b>II. Recognition of Actuarial Gain/Loss</b>			
1.	Actuarial Loss / (Gain) on obligation	(-)42,75,173	15,70,402
2.	Total Loss / (Gain) for the period	(-)42,75,173	15,70,402
3.	Loss / (Gain) recognized during the period	(-)42,75,173	15,70,402



Sl. No.	Particulars	2014-2015	2013-2014
<b>III. Amount Recognized in Balance Sheet</b>			
1.	Present Value of Defined Benefit Obligation	1,70,11,025	2,10,84,421
2.	Funded Status - Surplus / (Deficit)	--	--
3.	Asset / (Liability) recognized in Balance Sheet	1,70,11,025	2,10,84,421
	- Long Term	1,61,04,692	1,99,46,725
	- Short Term	9,06,333	11,37,696
<b>Tables below show the assumptions used in valuations :</b>			
	Discount Rate	8.00%	9.12%
	Salary Escalation Rate	6.00%	6.00%
	Withdrawal Rates	5.00%	5.00%
	Mortality Rates (*)	(*)	(*)
<p><b>(*) IAL : India Assured Lives Mortality (2006-08) Ultimate mortality table.</b></p> <p>The estimates of future salary increases considered in the actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.</p> <p>The above information is actuarially determined based on report from dated 13th July 2015</p> <p><b>21.6</b> As per Karnataka Ceiling on Government Guarantee Act, 1999, the Company is required to pay Guarantee Commission @ 1% p.a. on the outstanding limits for which Government of Karnataka has extended its guarantee. During FY 2012-13, Guarantee Commission was computed @ 1% p.a. of the total sanctioned limits of Rs. 25 Crores as against mentioned outstanding balances. The excess Guarantee Commission of Rs.13,62,571/- has been credited to Statement of Profit &amp; Loss during F.Y. 2013-14. This excess amount is treated as Advance Guarantee Commission paid to Government of Karnataka &amp; accordingly grouped under Other Non-Current Assets (Note No. 9)</p> <p>Guarantee Commission payable for F.Y. 2014-15 of Rs. 3,74,024/- (PY Rs. 1,18,898/-) has been adjusted against the Advance Guarantee Commission - Government of Karnataka.</p>			



### 21.7 Segment reporting

The company does not have multiple segments during the year & hence segment wise disclosures have not been made.

### 21.8 Basic and Diluted Earnings per Share computed in accordance with Accounting Standard 20 – Earnings per Share

*Basic and Diluted EPS computed in accordance with "Accounting Standard 20 - EPS"*

Particulars		2014-2015	2013-2014
Basic			
Profit after tax as per Accounts	A	(-)4,39,43,731	(-) 5,41,82,213
Weighted average number of shares outstanding	B	3,14,500	3,14,500
<b>Basic EPS (Rs.)</b>	<b>A / B</b>	<b>(-) 139.73</b>	<b>(-) 172.28</b>
Diluted			
Profit after tax as per Accounts	C	(-) 4,39,43,731	(-) 5,41,82,213
Weighted average number of shares outstanding	D	3,14,500	3,14,500
Add: Weighted average number of potential equity shares that could arise on conversion of share application money	E	--	--
Weighted average number of shares outstanding	F=D+E	3,14,500	3,14,500
<b>Diluted EPS (RS.)</b>	<b>C/F</b>	<b>(-) 139.73</b>	<b>(-) 172.28</b>

### 21.9 Deferred Tax

The Company would be eligible for creation of Deferred Tax Assets as per AS-22 of Companies (Accounting Standards) Rules, 2006, as amended. The Deferred Tax Assets has not been recognized on exercising prudence as specified in the said Accounting Standard.

### 21.10

a. In terms of Accounting Policy No. 20.1.o (a) no interest has been charged from the year 1998-1999 in respect of debts provided for in the Books of Account from the year in which provision is made. This has no impact on the profits for the year as the Company would have made a provision against such interest also.

b. Sundry Debtors of Rs. 26.78 lacs (Net of provision) (PY Rs.24.39 lacs) outstanding for more than three years, has been classified as good considering securities available, worth of Debtor and / or provisions of Public Money (Recovery of dues) Act for recovery of dues as arrears of Land Revenue.

**21.11** a) The Chairman's remuneration included in Note 18 is as follows:

(Amount in Rs.)

Particulars	2014-2015	2013-2014
Salary	--	13,064
Rent	--	21,774
<b>Total</b>	<b>--</b>	<b>34,838</b>

b) The Managing Director's remuneration included in Note 18 is as follows:

(Amount in Rs.)

Particulars	2014-2015	2013-2014
Salary & Allowences	<b>8,76,705</b>	9,69,056
Leave Salary	<b>41,038</b>	51,996
Pension Contribution	<b>82,132</b>	99,264
Medical Reimbursement (included in staff welfare expenses)	<b>7,782</b>	96,820
Perquisites (included in Repairs & Maintenance-General)	<b>27,000</b>	36,000
<b>Total</b>	<b>10,34,657</b>	<b>12,53,136</b>

c) Travelling Expenses include Rs. 68,815/- (PY Rs. 2,92,075/-) relating to travel of Managing Director.

**21.12**

a) The Government of Karnataka has released Rs.12 crores as loan for purchase of silk during FY 2010-2011, which is accounted and grouped under Term Loans from Other parties - Unsecured loans.

The Government vide Govt. Order No: C&I 52 SIC 2011, Bangalore, dated 22.12.2011 has revised the conditions of repayment of loans by extending 3 years moratorium period and repayment semi-annually over the next 3 years. Further the Company is exempted from payment of interest.

b) The Govt. order confirming Guarantee for the limits sanctioned under OCC limits also specifies payment of Guarantee Commission at the rate of 1% per annum. The Government vide order No. Hort.70 SIC2012, Bangalore dated 30.03.2013 has directed that the Commission payable to the authorities shall be adjusted through book adjustment at A.G office for the year 2012-2013 by treating the entire amount as financial assistance. This amount of Rs. 25,00,000/- has been considered as Unsecured Loan from Govt. of Karnataka during F.Y. 2012-13.

Terms of repayment & interest, if any payable, has not been specified.

c) The Government of Karnataka vide Govt. Order No: Horticulture Dept 30 Silk Industry 2014 (Part-1), Bangalore, dated 28.07.2014 has released Rs.50 lacs as loan for purchase of silk, which is accounted and grouped under Term Loans from Other parties - Unsecured loans.

Terms of repayment & interest, if any payable, has not been specified.

**21.13** During the year, the company was provided with a grant vide order no: Horticulture Dept 04 Silk Industry 2015, Bangalore, dated 21.07.2015 of Rs. 57,15,700/- (Previous year - Nil) from Govt. of Karnataka towards interest and other borrowing cost charged by Canara Bank on Cash Credit Limit sanctioned to the company. This amount includes

a) Rs. 19,04,984/- relating to FY 2013-2014, which is credited to Statement of Profit or Loss.

b) Rs. 38,10,716/- for the period April 2014 to November 2014 which is reduced from the interest and other borrowing cost debited to Statement of Profit or Loss.

Further the company has requested for a grant of Rs. 14,71,707/- representing interest and other borrowing cost relating to the period December 2014 to March 2015. This amount is also reduced from the related expenditure.

The aggregate of the above amount of Rs. 71,87,407/- is classified as Grant receivable from Govt. of Karnataka under Note No. 14 – Other Current Assets.



Further Government has provided grant of Rs. NIL (Previous year Rs. 1 crore) towards various administrative expenses. These amounts have been deducted from the related expenditures.

**21.14** Advance & Deposits under Short Term Loans and Advances include amount deposited with the Special Tahsildar (Recovery). The Special Tahsildar (Recovery), Karnataka Silk Marketing Board Ltd. has accepted the Company's bid for Rs. 5.12 lacs (PY Rs 5.12 lacs) in respect of auction of property of Debtors against outstanding dues of Rs. 43.41 lacs (PY Rs. 41.61 lacs). No adjustment in the account has been made in respect thereof, pending Registration of Sale Certificate / Confirmation of Sale and disposal of appeal of the Debtor against Special Tahsildar's order. The Company's bid amount is included in Advances & Deposits – Short Term (Note No. 13) and Outstanding Liabilities – Other Payables – Other Current Liabilities (Note No. 6).

**21.15 a)** Stock of silk held at year end includes stock held with twistors of Rs. NIL (PY Rs. 29.30 lacs) and stock sent on consignment basis not sold by the consignee amounting to Rs. 4.73 lacs (PY Rs 4.82 lacs)

**b)** Sale of silk yarn includes sales made through consignment valuing Rs. 9,720/- (PY Rs. 15.19 lacs).

**21.16** Due to Hygroscopic nature of product, the stock with the Company undergoes weight changes. The shortage / excess due to such changes have been appropriately dealt in the Accounts.

**21.17** The Confirmations of Debit / Credit Balance in Trade Receivable personal accounts have been received in few cases and other Trade Receivables are subject to confirmation.

The balances shown under Trade Payables, Advances and other personal accounts are subject to confirmation.

**21.18 Contingent Liability not provided for:**

Claims against the Company not acknowledged as debt Rs. 92.59 lacs (PY Rs. 92.59 lacs) Out of the above amount, a sum of Rs. 57.52 lacs (P.Y. 57.52 Lacs) pertains to claim from Employees Provident fund for which the company had contested before the EPFAT, New Delhi, which has in turn ordered that the case be

remanded back to the respondent authority to conduct a fresh enquiry by calling twisters for examination and to ascertain actual status of such twisters as well as the PF liability for them.

**21.19** The Company has carried out a verification of assets and found no material Impairment of Assets as on 31.03.2015. Therefore no provision is made in respect of Impairment of Assets during the year 2014-15.

**21.20** During FY 2014-15, the company has identified an instance of fraud committed by Branch officer of Janagam Branch of the Company. The fraud was committed by raising fictitious invoices amounting to Rs. 50,38,471/-. In addition to the above, there was a shortage of stock to the extent of Rs.7,96,118/- during physical verification of stock conducted by the Company on identifying the fraud.

The Company has created full provision for the above amounts in the Statement of Profit & Loss as under:

Particulars of Loss	Rs.	Treatment in Statement of Profit & Loss
Fictitious invoices raised during previous Financial Years	42,71,512	Provision for Loss due to misappropriation – treated as exceptional item
Fictitious invoices raised during Current Financial Year	7,66,959	Reduced from the sales for the year
Misappropriation of Stock	7,96,118	Closing Stock considered is net off this misappropriation
<b>Total loss due to misappropriation</b>	<b>58,34,589</b>	

**21.21 Rights and Restrictions attached to shares**

The Company has one class of equity shares having a par value of Rs. 1,000 each. Each share holder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

**21.22** Paises have been rounded off to nearest rupee and since this rounding off is



generated by the computer, there might be apparent differences in some of the totals in the final accounts print out which is to be ignored.

**21.23** Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

Significant Accounting Policies &  
other explanatory information  
forming part of the final accounts

**Subject to our report of even Date**

For M/s. K.G. Acharya & Co

Chartered Accountants

FRN : 008019S

Sd/-

**(H. VINAY KUMAR)**

Partner

M. No. 212816

Bangalore

Date : 07-09-2015

For and on behalf of Board of Directors

Sd/-

**(G. SATISH)**

Managing Director

Sd/-

**(R. RAJU)**

Director

**SCHEDULE OF EVENTS**

<b>Sl. No.</b>	<b>Particulars</b>	<b>2014-15</b>	<b>2013-14</b>
1.	Accounts approved in the Board of directors Meeting held on	182nd B.M. 07-09-2015	176th B.M. 03-09-2014
2.	Statutory Auditors Report dated	07-09-2015	04-09-2014
3.	A.G.'s Comments & Review received on	24-09-2015	16-09-2014
4.	AGM held on	36th AGM 29-09-2015	35th AGM 22-09-2014



## FINANCIAL DIGEST

Rs. in Lakhs

Particulars	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
<b>Income :</b>															
Sales	103.90	853.82	1,370.16	1,424.42	1,845.91	2,061.65	2,848.95	2,144.09	2,748.34	3,589.16	3,094.48	4,210.41	5,252.02	3,123.17	2,656.11
Other Income	0.48	8.59	22.83	20.96	29.16	33.73	44.73	26.40	28.25	43.11	35.53	77.00	100.25	135.87	123.07
Provision for Stock Written back	-	-	-	-	-	-	-	-	-	-	-	-	-	56.22	273.88
<b>Total</b>	<b>104.38</b>	<b>862.41</b>	<b>1,392.99</b>	<b>1,445.38</b>	<b>1,875.07</b>	<b>2,095.38</b>	<b>2,893.68</b>	<b>2,170.49</b>	<b>2,776.59</b>	<b>3,632.27</b>	<b>3,130.01</b>	<b>4,287.41</b>	<b>5,352.27</b>	<b>3,315.26</b>	<b>3,053.06</b>
<b>Expenditure :</b>															
Cost of Sales	100.62	821.86	1,325.74	1,365.97	1,770.57	1,995.06	2,752.50	2,062.05	2,600.15	3,404.72	2,968.84	3,941.04	4,942.33	3,170.93	2,923.92
Administrative Expenses	2.58	14.20	23.15	27.62	34.04	46.31	59.49	65.55	67.48	77.45	79.19	93.09	113.56	127.78	143.21
Selling and Distribution Expenses	0.22	7.03	3.94	7.25	14.53	19.50	25.31	24.08	24.55	27.16	14.85	101.19	19.92	13.05	12.52
Bad Debts	-	-	-	-	-	-	1.90	2.40	8.19	-	5.61	11.42	30.95	-	-
Provision for Bad & doubtful debts	-	1.82	-	0.47	0.05	-	2.27	2.27	4.38	1.31	3.28	1.32	6.94	4.61	0.82
Contribution to DRDS/Scientific & Research Institution/Donations	-	-	3.00	10.00	10.00	-	-	-	-	0.50	-	5.00	-	-	-
Provision Stock	-	-	-	-	-	-	-	-	-	-	-	-	56.22	273.88	0.38
<b>Total</b>	<b>103.42</b>	<b>844.91</b>	<b>1,355.83</b>	<b>1,411.31</b>	<b>1,829.19</b>	<b>2,060.87</b>	<b>2,841.47</b>	<b>2,156.35</b>	<b>2,704.75</b>	<b>3,511.14</b>	<b>3,071.77</b>	<b>4,153.06</b>	<b>5,169.92</b>	<b>3,590.25</b>	<b>3,080.85</b>
<b>Profit before Interest &amp; Depreciation</b>															
	0.96	17.50	37.16	34.07	45.88	34.51	52.21	14.14	71.84	121.13	58.24	134.35	182.35	(-274.99)	(-27.79)
Interest	3.57	13.65	31.62	13.84	11.42	32.46	42.23	35.45	14.32	26.43	39.43	110.57	91.54	197.02	100.19
Depreciation	0.33	0.61	0.44	0.69	0.78	1.54	1.71	1.61	1.48	1.44	2.39	3.15	3.34	4.11	4.40
<b>Profit</b>	<b>(-) 2.94</b>	<b>3.24</b>	<b>5.10</b>	<b>19.54</b>	<b>33.68</b>	<b>0.51</b>	<b>8.27</b>	<b>(-) 22.92</b>	<b>56.04</b>	<b>93.26</b>	<b>16.42</b>	<b>20.63</b>	<b>87.47</b>	<b>(-) 476.12</b>	<b>(-) 132.38</b>
Previous Year adjustment (Net)	(-)0.07	(-)0.10	(-)0.67	(-)0.40	(-)0.02	(+)4.99	(+)1.70	(+)0.77	(-)3.23	(+)0.12	(-)3.62	(+)0.70	(+)7.42	(-)2.11	(+)0.10
Profit before tax	(-)3.01	3.14	4.43	19.94	33.65	5.50	9.97	(-)22.15	52.81	93.38	12.80	21.33	94.89	(-)478.23	(-)132.28
Provision for tax	-	0.35	2.51	10.64	20.05	2.70	6.05	-	18.15	48.21	9.30	9.00	80.00	-	-
Profit after tax	(-)3.01	2.79	1.92	9.30	13.60	2.80	3.92	(-)22.15	34.66	45.17	3.50	12.33	14.89	(-)478.23	(-)132.28
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	5.80	5.80	-	-
Provision for I.Tax of earlier year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Op. Bal. in P & L.A/c.	-	(-)3.01	(-)0.22	1.70	1.00	0.60	0.40	0.32	-	-	-	-	-	-	(-)370.11
<b>Reserves and Surplus</b>	<b>(-)3.01</b>	<b>(-)0.22</b>	<b>1.70</b>	<b>11.00</b>	<b>14.60</b>	<b>3.40</b>	<b>4.32</b>	<b>(-)21.83</b>	<b>34.66</b>	<b>45.17</b>	<b>3.50</b>	<b>6.53</b>	<b>9.09</b>	<b>-</b>	<b>-</b>
Opening Balance of General Reserve	-	-	-	-	10.00	24.00	27.00	31.00	9.17	43.83	89.00	92.50	99.03	108.12	-
<b>Total Reserves &amp; Surplus</b>	<b>(-)3.01</b>	<b>(-)0.22</b>	<b>1.70</b>	<b>11.00</b>	<b>24.60</b>	<b>27.40</b>	<b>31.32</b>	<b>9.17</b>	<b>43.83</b>	<b>89.00</b>	<b>92.50</b>	<b>99.03</b>	<b>108.12</b>	<b>(-)370.11</b>	<b>(-)502.39</b>
Purchase - Yam (Tonnes)	172	194	327	374	429	479	587	394	424	471	409	558	408	318	221
Sales - Yam (Tonnes)	34	286	332	339	436	451	566	421	455	475	384	511	434	295	304
Closing Stock - Yam(Tonnes)	138	47	42	77	70	97	118	89	59	54	79	127	102	125	43



Rs. in Lakhs																
1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
3,432.35	4,176.39	4,587.13	4,604.32	4,117.83	2,755.76	3,181.66	3,070.74	1,657.53	2,039.20	1,100.37	1,218.75	1,164.97	1,316.69	1,889.69	2,644.55	3,435.04
119.18	123.26	184.91	190.78	274.10	241.19	200.00	191.40	72.27	113.34	119.47	122.97	158.46	93.43	130.55	97.22	43.00
0.38	0.63	29.62	-	0.17	-	-	-	-	-	-	-	-	-	-	-	-
<b>3,551.91</b>	<b>4,300.28</b>	<b>4,801.66</b>	<b>4,795.10</b>	<b>4,392.10</b>	<b>2,996.95</b>	<b>3,381.66</b>	<b>3,262.14</b>	<b>1,729.80</b>	<b>2,152.54</b>	<b>1,219.84</b>	<b>1,341.72</b>	<b>1,323.43</b>	<b>1,410.12</b>	<b>2,020.24</b>	<b>2,741.77</b>	<b>3,478.04</b>
3,191.23	3,953.60	4,382.49	4,374.35	3,901.54	2,605.98	2,981.94	2,905.19	2,146.77	1,756.60	1,017.31	1,161.23	1,163.79	1,348.63	1,795.65	2,592.13	3,407.73
172.51	180.76	203.42	231.70	318.36	308.45	325.47	359.89	358.44	368.18	380.06	367.35	395.53	440.50	557.74	387.68	425.45
18.58	22.04	23.52	19.23	6.99	9.42	8.93	11.26	18.31	7.72	3.07	10.53	76.63	19.14	21.00	15.74	40.96
0.16	1.38	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0.86	0.82	0.82	0.83	40.15	51.02	15.25	5.45	16.62	0.13	0.64	0.80	1.07	0.29	0.45	1.10	0.23
-	-	-	-	-	4.00	10.00	-	-	-	-	-	-	-	-	-	-
0.63	29.62	-	0.17	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>3,383.97</b>	<b>4,188.22</b>	<b>4,610.25</b>	<b>4,626.28</b>	<b>4,267.04</b>	<b>2,978.87</b>	<b>3,341.59</b>	<b>3,281.79</b>	<b>2,540.14</b>	<b>2,132.63</b>	<b>1,401.10</b>	<b>1,539.91</b>	<b>1,637.02</b>	<b>1,808.56</b>	<b>2,374.84</b>	<b>2,996.65</b>	<b>3,874.37</b>
167.94	112.06	191.41	168.82	125.06	18.08	40.07	(-19.65)	(-810.34)	19.91	(-181.24)	(-198.19)	(-313.59)	(-398.44)	(-354.60)	(-254.88)	(-396.33)
4.98	16.83	6.62	26.63	41.31	0.29	0.11	0.01	-	-	-	-	-	-	-	-	-
4.73	5.19	5.29	5.58	4.68	4.41	7.06	7.18	5.77	5.49	5.17	5.12	4.38	5.16	4.82	3.82	2.72
<b>158.23</b>	<b>90.04</b>	<b>179.50</b>	<b>136.61</b>	<b>79.07</b>	<b>13.38</b>	<b>32.90</b>	<b>(-26.84)</b>	<b>(-816.11)</b>	<b>14.42</b>	<b>(-186.41)</b>	<b>(-203.31)</b>	<b>(-317.97)</b>	<b>(-403.60)</b>	<b>(-359.42)</b>	<b>(-258.70)</b>	<b>(-399.05)</b>
(-3.33)	(+1.17)	(+4.97)	(+6.81)	-	-	-	-	(-7.39)	(-2.77)	(-0.45)	10.20	3.33	(-0.62)	(-0.91)	(-0.09)	(-0.59)
(+154.90)	(+91.21)	(+184.47)	(+129.80)	79.07	13.38	32.90	(-26.84)	(-823.50)	11.65	(-186.86)	(-193.10)	(-314.64)	(-404.22)	(-360.33)	(-258.79)	(-399.64)
-	-	19.50	13.00	17.50	2.00	17.50	-	-	-	-	1.95	2.01	1.64	1.55	-	-
(+154.90)	(+91.21)	(+164.97)	(+116.80)	(+61.57)	11.38	15.40	(-26.84)	(-823.50)	11.65	(-186.86)	(-195.06)	(-316.65)	(-405.86)	(-361.88)	(-258.79)	(-399.64)
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	6.75	2.80	-	-	-	-	-	-	-	-	-	-
(-1502.39)	(-347.49)	(-256.29)	(-91.32)	-	-	-	-	-	726.95	(-715.30)	(-902.16)	(-1,097.22)	(-1,413.87)	(-1,819.73)	(-2,181.61)	(-2,440.40)
-	-	-	<b>25.48</b>	<b>61.57</b>	<b>18.13</b>	<b>18.20</b>	<b>-26.84</b>	<b>(-823.50)</b>	<b>(-715.30)</b>	<b>(-902.16)</b>	<b>(-1,097.22)</b>	<b>(-1,413.87)</b>	<b>(-1,819.73)</b>	<b>(-2,181.61)</b>	<b>(-2,440.40)</b>	<b>(-2,840.04)</b>
-	-	-	-	25.48	87.06	105.19	123.39	96.55	-	-	-	-	-	-	-	-
<b>(-1347.49)</b>	<b>(-256.29)</b>	<b>(-91.32)</b>	<b>25.48</b>	<b>87.06</b>	<b>105.19</b>	<b>123.39</b>	<b>96.55</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
386	343	425	261	270	275	251	312	165	91	71	104	105	87	127	171	200
308	351	365	367	304	226	242	238	172	177	103	104	95	113	147	163	161
123	116	178	74	39	88	97	171	164	77	45	46	56	30	10	18	57


**FINANCIAL DIGEST**

Rs. in Lakhs

**PROFIT AND LOSS STATEMENT**

Particulars	2011-12 Rs	2012-13 Rs.	2013-14 Rs.	2014-15 Rs.
I. Revenue from Operations	4310.83	4635.93	3681.10	2312.95
II. Other Income	31.12	31.94	68.94	47.79
<b>III. Total Revenue I + II</b>	<b>4341.95</b>	<b>4667.87</b>	<b>3950.04</b>	<b>2360.74</b>
IV. Expenses:				
Purchase of Stock in Trade	5051.31	2719.02	3932.85	1815.45
Changes in Inventories of				
Stock in Trade	(-) 916.58	1561.33	(-) 193.22	455.33
Employee Benefits Expense	411.95	426.23	564.60	359.26
Finance costs	-	25.00	13.32	3.74
Deprecitation	2.48	2.38	3.44	7.60
Other Expenses	161.49	88.18	170.87	116.09
	<b>4710.65</b>	<b>4822.34</b>	<b>4491.86</b>	<b>2757.47</b>
V. Profit/(loss) before Tax (III - IV)	(-) 368.70	(-)154.47	(-) 541.82	396.72
Exceptional item	-	-	-	42.71
VI. Tax Expenses				
1. Current Tax	-	-	-	-
2. Deferred Tax	-	-	-	-
VII. Profit/(Loss) for the year (V - VI)	(-) 368.70	(-)154.47	(-) 541.82	(-)439.43
VIII. Earnings per Share of Face Value of Rs. 1000 each (in Rs.)				
Basic	(-) 117.23	(-)49.12	(-) 172.28	(-)139.73
	(-) 117.23	(-)49.12	(-) 172.28	(-)139.28
Purchase - Yarn (Tons)	270	118	132	66
Sales - Yarn (Tons)	215	209	129	80
Closing Stock - yarn (Tons)	112	21	24	10



## FINANCIAL DIGEST

Rs. in Lakhs

Particulars	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	1993-94
	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs.	Rs.	Rs.
<b>A.Assets :</b>															
1 Gross Block	4.56	6.05	7.68	11.09	12.69	22.48	25.04	24.24	23.96	27.65	38.38	40.20	45.17	52.39	53.91
2. Less : Depreciation	0.33	0.94	1.38	1.70	2.48	4.02	5.90	7.30	8.43	7.91	9.11	12.24	14.17	18.27	22.67
3. Add : Capital work in progress	-	-	-	-	-	-	-	-	-	-	-	-	2.53	-	-
<b>4. Net Block(1,2 &amp; 3)</b>	<b>4.23</b>	<b>5.11</b>	<b>6.30</b>	<b>9.39</b>	<b>10.21</b>	<b>18.46</b>	<b>19.14</b>	<b>16.94</b>	<b>15.53</b>	<b>19.74</b>	<b>29.27</b>	<b>27.96</b>	<b>33.53</b>	<b>34.12</b>	<b>31.24</b>
<b>Current Assets :</b>															
<b>Loan &amp; Advances :</b>															
<b>Investments</b>															
5. Stock in trade	401.89	135.68	153.39	285.60	306.87	433.15	542.22	409.67	394.76	418.64	647.06	1,040.90	1,349.70	1,140.94	402.09
6. Sundry Debtors	30.38	149.53	178.42	241.12	298.85	276.01	225.40	233.30	214.20	278.52	299.96	550.11	681.27	635.58	669.32
7. Cash & Bank Balances	1.02	14.33	119.77	99.44	54.59	25.06	26.22	23.67	24.26	117.68	31.60	158.74	112.50	33.60	466.17
8. Loans & Advances	2.69	2.97	68.94	148.55	224.97	258.13	284.02	139.09	184.74	234.97	229.57	96.26	258.56	158.62	25.92
9. Total (5 - 8)	435.98	302.51	520.52	774.71	885.28	992.35	1,077.86	805.73	817.96	1,049.81	1,208.19	1,846.01	2,402.03	1,968.74	1,563.50
10. Less : Current Liabilities	199.94	193.30	119.86	146.61	91.98	86.48	167.58	108.21	90.76	105.21	80.72	163.54	45.91	29.38	31.77
11. Provisions	-	0.35	2.51	13.16	33.20	35.58	30.99	11.27	21.86	51.92	13.01	15.21	86.16	2.64	2.28
<b>12. Total (10 &amp; 11)</b>	<b>199.94</b>	<b>193.65</b>	<b>122.37</b>	<b>159.77</b>	<b>125.18</b>	<b>122.06</b>	<b>198.57</b>	<b>119.48</b>	<b>112.62</b>	<b>157.13</b>	<b>93.73</b>	<b>178.75</b>	<b>132.07</b>	<b>32.02</b>	<b>34.05</b>
13. Net Working Capital (9-12)	236.04	108.86	398.15	614.94	760.10	870.29	879.29	686.25	705.34	892.68	1,114.46	1,667.26	2,269.96	1,936.72	1,529.45
14. Capital employed (4+13)	240.27	113.97	404.45	624.33	770.31	888.75	898.43	703.19	720.87	912.42	1,143.73	1,695.22	2,303.49	1,970.84	1,560.69
<b>B. LIABILITIES :</b>															
15. Secured Loans	141.55	14.19	162.75	317.33	449.21	564.85	570.61	392.09	354.09	399.21	599.36	384.33	453.20	300.17	-
16. Unsecured Loans	1.73	-	-	6.00	6.50	6.50	6.50	11.94	32.95	134.21	161.87	921.86	1,452.17	1,750.78	1,773.08
<b>17. Total</b>	<b>143.28</b>	<b>14.19</b>	<b>162.75</b>	<b>323.33</b>	<b>455.71</b>	<b>571.35</b>	<b>577.11</b>	<b>404.03</b>	<b>387.04</b>	<b>533.42</b>	<b>761.23</b>	<b>1,306.19</b>	<b>1,905.37</b>	<b>2,050.95</b>	<b>1,773.08</b>
<b>C. REPRESENTED BY</b>															
18. Equity	100.00	100.00	240.00	290.00	290.00	290.00	290.00	290.00	290.00	290.00	290.00	290.00	290.00	290.00	290.00
19. Reserves	(-3.01)	(-0.22)	1.70	11.00	24.60	27.40	31.32	9.16	43.83	89.00	92.50	99.03	108.12	(-)370.11	(-)502.39
17. Less P&L A/C Loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>20. Net Worth (14-17)</b>	<b>96.99</b>	<b>99.78</b>	<b>241.70</b>	<b>301.00</b>	<b>314.60</b>	<b>317.40</b>	<b>321.32</b>	<b>299.16</b>	<b>333.83</b>	<b>379.00</b>	<b>382.50</b>	<b>389.03</b>	<b>398.12</b>	<b>(-)80.11</b>	<b>(-)212.39</b>

\* Includes Share Application Money  
of Rs. 300 Lakhs



**FINANCIAL DIGEST**

Rs. in Lakhs

1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
56.46	64.71	70.61	88.44	89.18	92.95	119.41	121.02	118.56	119.26	119.31	99.37	110.33	106.85	106.06	105.28	105.39
27.41	32.60	37.46	42.36	47.04	51.45	56.58	61.88	61.10	65.48	70.65	67.61	69.34	71.44	76.26	80.09	82.80
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>29.05</b>	<b>32.11</b>	<b>33.15</b>	<b>46.08</b>	<b>42.14</b>	<b>41.50</b>	<b>62.83</b>	<b>59.14</b>	<b>57.46</b>	<b>53.78</b>	<b>48.66</b>	<b>31.76</b>	<b>40.99</b>	<b>35.41</b>	<b>29.80</b>	<b>25.19</b>	<b>22.59</b>
-	-	-	-	-	-	-	-	-	0.50	0.50	0.50	0.50	0.50	0.50	-	-
1,256.38	1,269.36	2,148.25	902.61	465.79	996.38	1,141.78	2,062.67	1,498.81	763.38	478.76	568.93	653.26	316.17	138.08	297.02	1,143.10
774.50	789.80	851.99	1,047.28	822.76	876.16	697.16	453.42	459.71	401.03	278.50	256.85	163.51	139.48	129.84	151.35	130.86
290.85	306.00	177.64	1,194.41	1,995.09	1,377.67	1,355.19	652.61	481.93	1,367.42	1,633.48	1,386.25	1,083.83	1,086.96	960.03	334.24	398.26
48.83	46.14	74.36	93.69	143.20	184.69	262.85	262.94	138.16	127.17	132.28	142.16	96.41	93.36	69.29	76.57	48.17
2,370.56	2,411.30	3,252.24	3,237.99	3,426.84	3,434.90	3,456.98	3,431.64	2,578.61	2,659.50	2,523.52	2,354.69	1,997.51	1,636.47	1,297.74	859.18	1,720.39
61.99	56.54	100.14	81.09	145.97	161.76	169.47	165.22	169.67	238.12	282.05	291.12	298.89	336.50	352.49	168.11	228.31
-	-	19.50	32.50	50.00	23.50	41.00	41.00	7.41	4.51	4.51	6.47	8.48	10.11	11.66	11.66	9.71
<b>61.99</b>	<b>56.54</b>	<b>119.64</b>	<b>113.59</b>	<b>195.97</b>	<b>185.26</b>	<b>210.47</b>	<b>206.22</b>	<b>177.08</b>	<b>242.63</b>	<b>286.56</b>	<b>297.59</b>	<b>307.37</b>	<b>346.61</b>	<b>364.15</b>	<b>179.77</b>	<b>238.02</b>
2,308.57	2,354.76	3,132.60	3,124.40	3,230.86	3,249.61	3,246.51	3,225.42	2,401.53	2,416.87	2,236.96	2,057.10	1,690.14	1,289.86	933.59	679.41	1,482.37
2,337.87	2,386.87	3,165.75	3,170.48	3,273.00	3,291.14	3,309.34	3,284.56	2,458.99	2,470.65	2,285.62	2,088.86	1,731.13	1,325.27	963.39	704.60	1,504.96
421.22	78.43	212.07	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.90	19.73	-	-	40.95	40.95	40.95	43.01	40.95	40.95	42.78	41.08	-	-	-	-	1,200.00
<b>440.12</b>	<b>98.16</b>	<b>212.07</b>	<b>-</b>	<b>40.95</b>	<b>40.95</b>	<b>40.95</b>	<b>43.01</b>	<b>40.95</b>	<b>40.95</b>	<b>42.78</b>	<b>41.08</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,200.00</b>
2,245.00	2,545.00	3,045.00*	3,145.00	3,145.00	3,145.00	3,145.00	3,145.00	3,145.00	3,145.00	3,145.00	3,145.00	3,145.00	3,145.00	3,145.00	3,145.00	3,145.00
(-)347.50	(-)256.29	(-)91.32	(+)25.48	87.06	105.19	123.39	96.55	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	(-)726.96	(-)715.30	(-)902.16	(-)1097.22	(-)1,413.87	(-)1,819.73	(-)2,181.61	(-)2,440.40	2,840.04
<b>1,897.50</b>	<b>2,288.71</b>	<b>2,953.68</b>	<b>3,170.48</b>	<b>3,232.06</b>	<b>3,250.19</b>	<b>3,268.39</b>	<b>3,241.55</b>	<b>2,418.04</b>	<b>2,429.70</b>	<b>2,242.84</b>	<b>2,047.78</b>	<b>1,731.13</b>	<b>1,325.27</b>	<b>963.39</b>	<b>704.60</b>	<b>304.96</b>





**FINANCIAL DIGEST**  
**BALANCE SHEET**

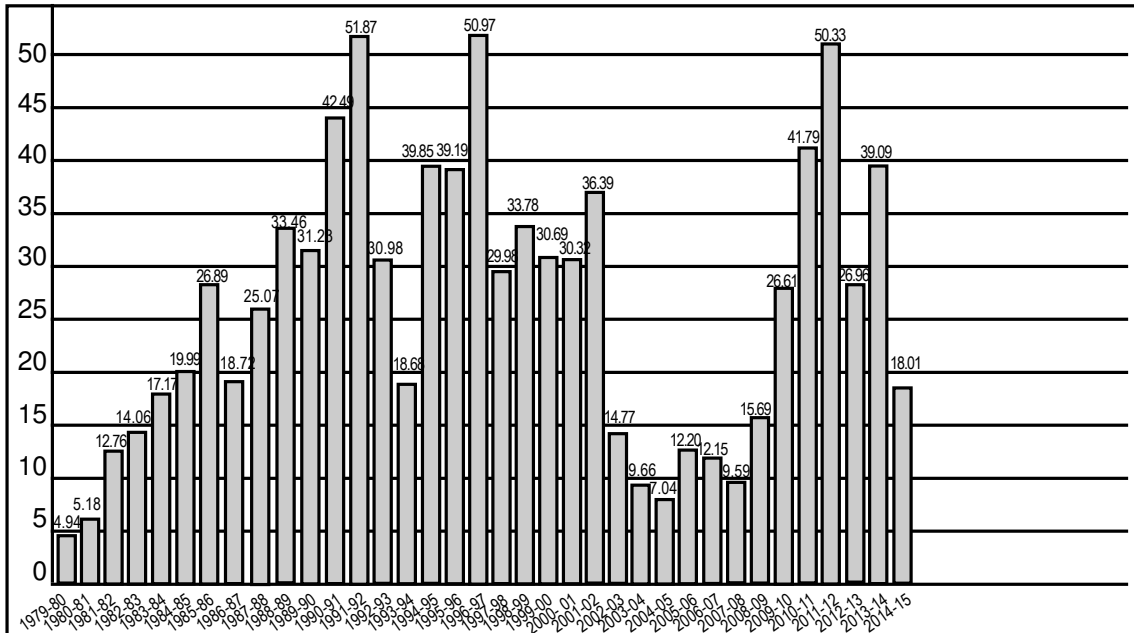
Rs. in Lakhs

Particulars	2011-12 Rs	2012-13 Rs.	2013-14 Rs.	2014-15 Rs.
<b>I. Equity &amp; Liabilities</b>				
1. Share Holders' Funds				
(a) Share Capital	3145.00	3145.00	3145.00	3145
(b) Reserves & Surplus	(-) 3208.74	(-) 3363.21	(-) 3905.03	4347.84
	<b>(-) 63.74</b>	<b>(-)218.21</b>	<b>(-) 760.03</b>	<b>(-) 1202.84</b>
2. Non Current Liabilities				
(a) Long Term Borrowings	1200.00	1225.00	825.00	475.00
(b) Long Term Provisions	127.79	141.10	199.46	161.05
	<b>1327.79</b>	<b>1366.10</b>	<b>1024.46</b>	<b>636.05</b>
3. Current Liabilities				
(a) Short Term Borrowings	1296.51	--	518.70	242.11
(b) Trade Payables	0.93	0.91	1.27	6.67
(c) Other Current Liabilities	40.41	40.92	436.88	830.34
(d) Short Term Provisions	56.35	47.26	81.31	16.08
	<b>1394.20</b>	<b>89.09</b>	<b>1038.16</b>	<b>1095.20</b>
<b>TOTAL</b>	<b>2658.25</b>	<b>1236.98</b>	<b>1302.61</b>	<b>528.41</b>
<b>II. Assets</b>				
1. Non Current Assets				
(a) Fixed Assets				
Tangible Assets	20.91	19.26	38.16	30
(b) Other Non-Current Assets	7.69	8.02	21.46	17.72
	<b>28.60</b>	<b>27.28</b>	<b>59.62</b>	<b>47.72</b>
2. Current Assets				
(a) Inventories	2059.68	498.35	691.58	236.25
(b) Trade Receivables	177.47	252.95	378.75	131.76
(c) Cash & Bank Balances	289.83	361.98	117.46	20.85
(d) Short term loans and advances	102.67	96.42	55.20	19.95
(c) Other current Assets	-	-	-	71.87
	<b>2629.65</b>	<b>1209.70</b>	<b>1242.99</b>	<b>480.68</b>
	<b>2658.25</b>	<b>1236.98</b>	<b>1302.61</b>	<b>528.40</b>



**PURCHASES**

Rs. in Crores

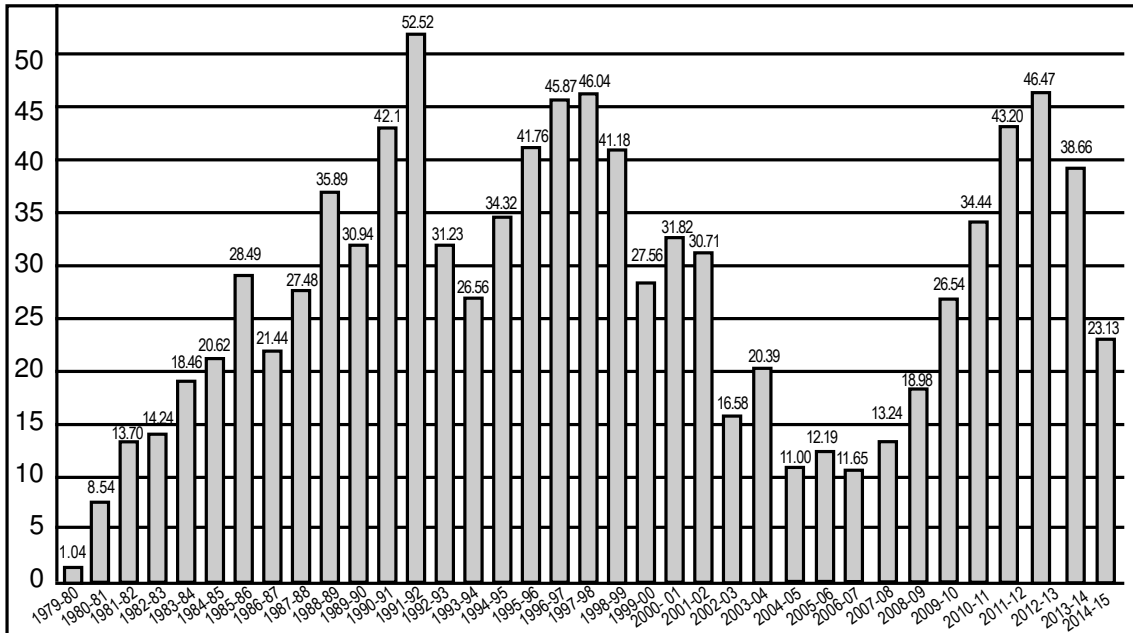


Year	Yarn in tonnes		Fabrics in Lakh Metres		Chemicals in Tonnes	
	Qty.	Rs.	Qty.	Rs.	Qty.	Rs.
1979-80	172	4.94	-	-	-	-
1980-81	194	5.18	-	-	-	-
1981-82	327	12.76	1.46	0.40	-	-
1982-83	374	14.06	2.09	0.53	-	-
1983-84	429	17.17	0.80	0.25	-	-
1984-85	479	19.99	1.18	0.56	-	-
1985-86	587	26.89	1.25	0.71	10	Insignificant
1986-87	394	18.72	1.06	0.02	-	-
1987-88	424	25.07	-	-	-	-
1988-89	471	33.46	Insignificant	-	-	-
1989-90	409	31.23	-	-	-	-
1990-91	558	42.49	-	-	-	-
1991-92	408	51.87	-	-	-	-
1992-93	318	30.98	-	-	-	-
1993-94	221	18.68	-	-	-	-
1994-95	386	39.85	-	-	-	-
1995-96	343	39.19	-	-	-	-
1996-97	425	50.97	-	-	-	-
1997-98	261	29.98	-	-	-	-
1998-99	270	33.78	-	-	-	-
1999-00	275	30.69	-	-	-	-
2000-01	251	30.32	-	-	-	-
2001-02	312	36.39	-	-	-	-
2002-03	165	14.77	-	-	-	-
2003-04	91	9.66	-	-	-	-
2004-05	71	7.04	-	-	-	-
2005-06	104	12.20	-	-	-	-
2006-07	105	12.15	-	-	-	-
2007-08	87	9.59	-	-	-	-
2008-09	127	15.69	-	-	-	-
2009-10	171	26.61	-	-	-	-
2010-11	200	41.79	-	-	-	-
2011-12	270	50.33	-	-	-	-
2012-13	118	26.96	-	-	-	-
2013-14	132	39.09	-	-	-	-
2014-15	66	18.01	-	-	-	-



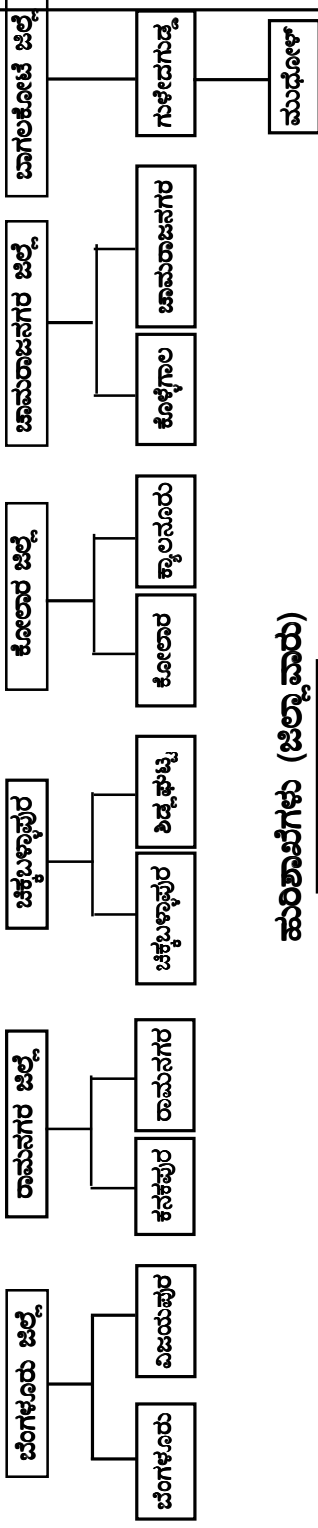
**SALES**

Rs. in Crores

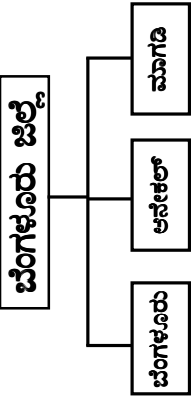


Year	Yarn in tonnes		Fabrics in Lakh Metres		Chemicals in Tonnes	
	Qty.	Rs.	Qty.	Rs.	Qty.	Rs.
1979-80	34	1.04	-	-	-	-
1980-81	286	8.54	-	-	-	-
1981-82	332	13.70	1.46	0.41	-	-
1982-83	339	14.24	2.06	0.53	-	-
1983-84	436	18.46	0.70	0.25	-	-
1984-85	451	20.62	0.96	0.48	-	-
1985-86	566	28.49	1.04	0.67	3	Insignificant
1986-87	421	21.44	0.22	0.12	6	Insignificant
1987-88	455	27.48	0.26	0.16	-	-
1988-89	475	35.89	0.15	0.10	-	-
1989-90	384	30.94	-	-	-	-
1990-91	511	42.10	-	-	-	-
1991-92	434	52.52	-	-	-	-
1992-93	295	31.23	-	-	-	-
1993-94	304	26.56	-	-	-	-
1994-95	308	34.32	-	-	-	-
1995-96	351	41.76	-	-	-	-
1996-97	365	45.87	-	-	-	-
1997-98	367	46.04	-	-	-	-
1998-99	304	41.18	-	-	-	-
1999-00	226	27.56	-	-	-	-
2000-01	242	31.82	-	-	-	-
2001-02	238	30.71	-	-	-	-
2002-03	172	16.58	-	-	-	-
2003-04	178	20.39	-	-	-	-
2004-05	103	11.00	-	-	-	-
2005-06	104	12.19	-	-	-	-
2006-07	95	11.65	-	-	-	-
2007-08	113	13.24	-	-	-	-
2008-09	147	18.98	-	-	-	-
2009-10	163	26.54	-	-	-	-
2010-11	161	34.44	-	-	-	-
2011-12	215	43.20	-	-	-	-
2012-13	209	46.47	-	-	-	-
2013-14	129	38.66	-	-	-	-
2014-15	80	23.13	-	-	-	-

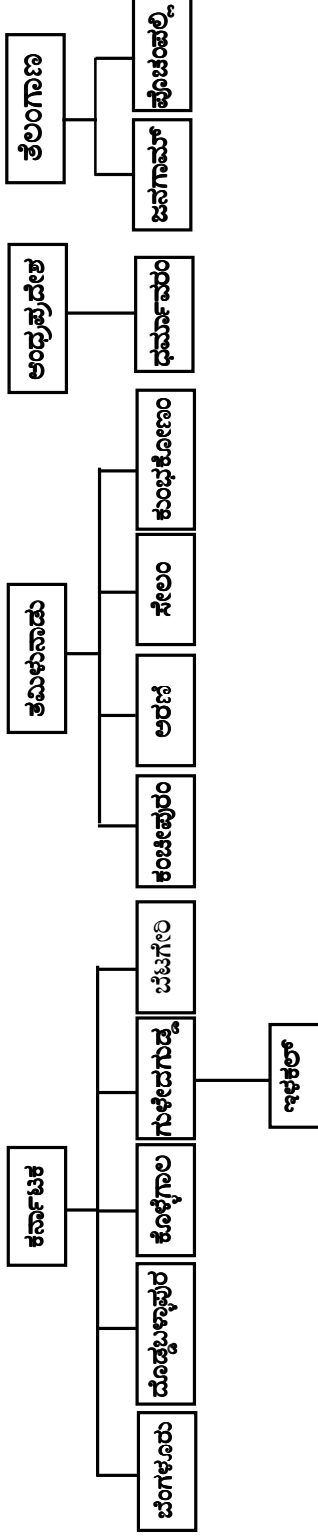
**ಕರ್ನಾಟಕ ರೇಷ್ಮೆ ಮಾರಾಟ ಮಂಡಳಿ ನಿಯಮಿತ, ಬೆಂಗಳೂರು  
ರೇಷ್ಮೆ ಬೆಲೆ ಸ್ಥಿರೀಕರಣದ ಏಕೈಕ ಸಂಸ್ಥೆ  
ಖರೀದಿ ಶಾಖೆಗಳು (ಜಿಲ್ಲಾವಾರು)**

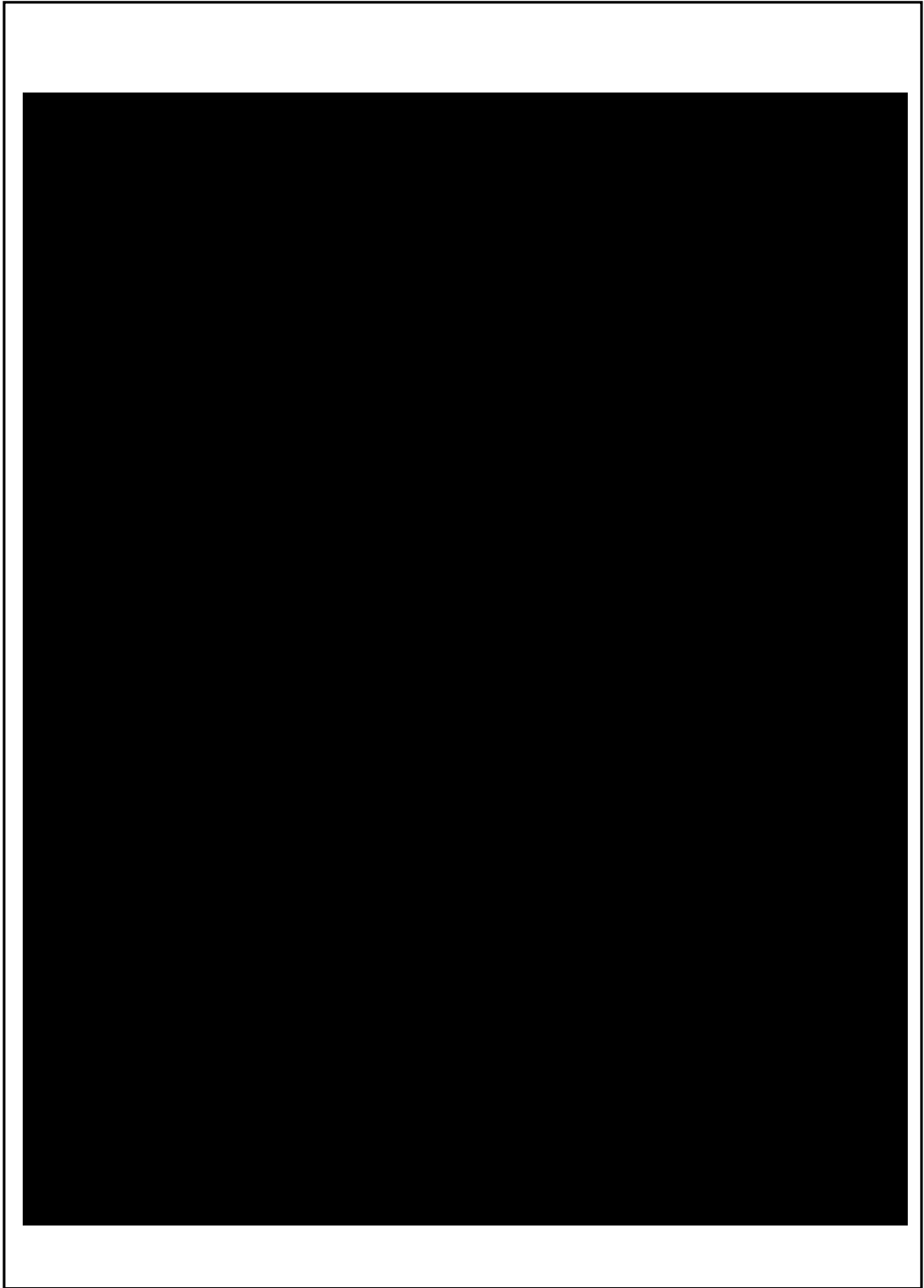
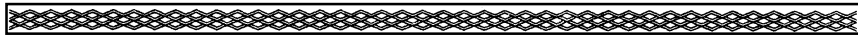


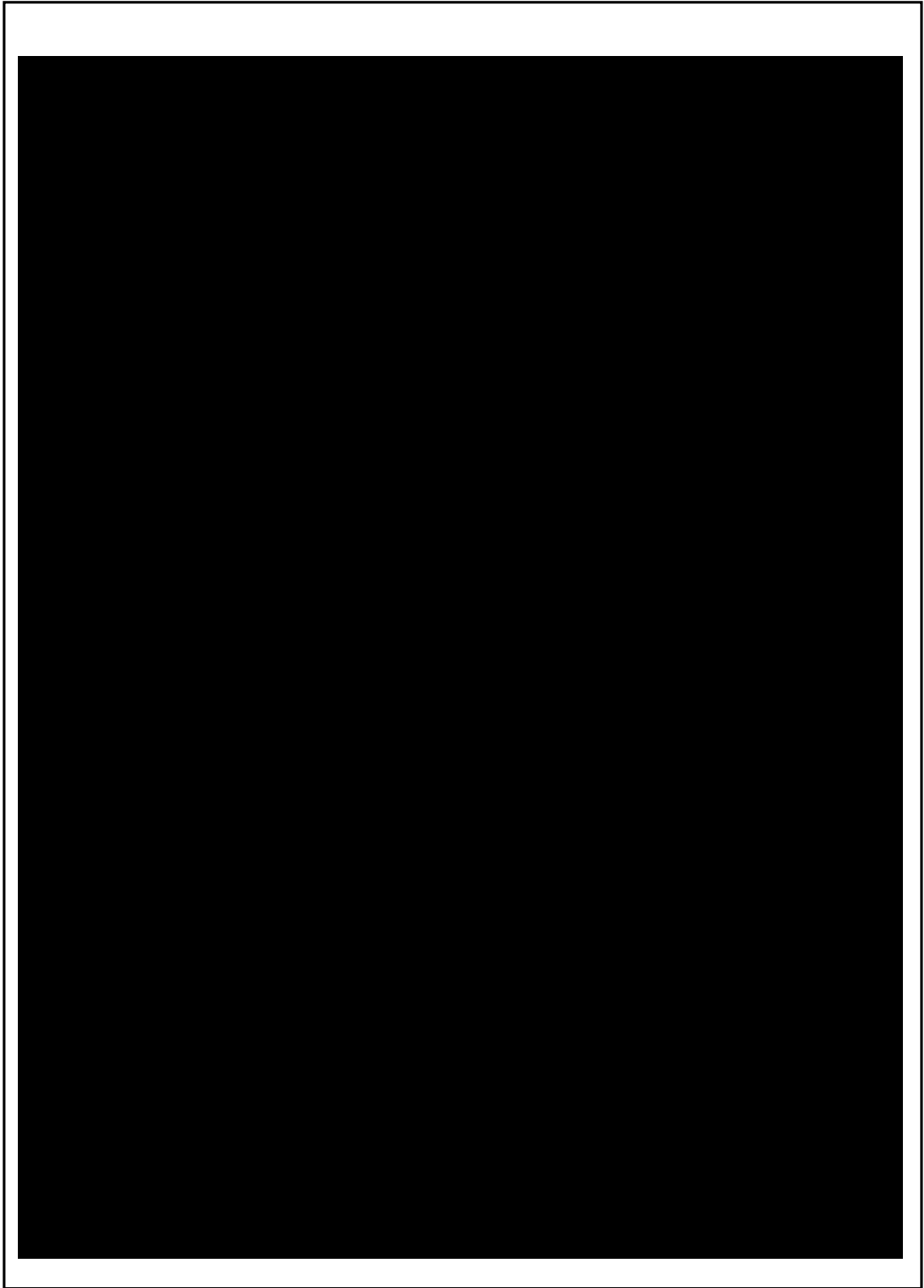
**ಹುರಿಶಾಖೆಗಳು (ಜಿಲ್ಲಾವಾರು)**

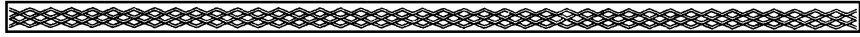


**ಮಾರಾಟ ಶಾಖೆಗಳು (ರಾಜ್ಯವಾರು)**









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