



*Arrow Webtex Limited*

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24th  
Annual Report 2002-2003



*Arrow Webtex Limited*

**BOARD OF DIRECTORS**

Mr. Jaydev M. Mody — *Chairman*  
Mrs. Kalpana G. Singhania  
Mr. Chand V. Arora — *Managing Director.*

**AUDIT COMMITTEE**

Mr. Jaydev M. Mody — *Chairman*  
Mrs. Kalpana G. Singhania

**REGISTERED OFFICE AND PLANT**

Plot No. 101 / 102, 19<sup>th</sup> Street,  
MIDC Industrial Area,  
Satpur, Nasik 422 007.  
e-mail: [arrow@bom2.vsnl.net.in](mailto:arrow@bom2.vsnl.net.in)  
website : [www.arrowwebtex.com](http://www.arrowwebtex.com)

**SOLICITORS**

Gagrat & Co.  
Mumbai.

**AUDITORS**

M/s. Anil A. Jain & Co.,  
Mumbai.

**BANKERS**

State Bank of India, Satpur, Nasik - 422 007.

**COMPANY SECRETARY & COMPLIANCE OFFICER**

Girish G. Paralakar

**SHARE TRANSFER AGENTS**

Amtrac Management Services Ltd.  
Plot No. 101 / 102, 19<sup>th</sup> Street,  
MIDC Industrial Area,  
Satpur, Nasik 422 007.  
e-mail : [amtrac\\_nsk@sancharnet.in](mailto:amtrac_nsk@sancharnet.in)

**SHARES LISTED AT**

The Stock Exchange, Mumbai  
The Stock Exchange, Ahmedabad  
The Delhi Stock Exchange Association Limited

**DEMAT OF SHARES AVAILABLE THROUGH**

National Securities Depository Limited  
Central Depository Services (India) Limited



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**NOTICE**

NOTICE is hereby given that the 24<sup>th</sup> Annual General Meeting of the Members of the Company shall be held at the Registered Office of the Company at Plot No. 101 / 102, 19th Street, MIDC Industrial Area, Satpur, Nasik 422 007 on Tuesday, the 30<sup>th</sup> day of September, 2003 at 09.00 A.M. (S.T.) to transact the following business :

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at and the Profit & Loss Account for the year ended 31<sup>st</sup> March, 2003 and the annexures thereto along with the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mrs. Kalpana G. Singhania who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

**SPECIAL BUSINESS:**

4. To consider and, if thought fit, to pass, with or without modification(s) the following resolution as a Special Resolution:

" RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, and subject to such approvals, sanctions and consents as may be necessary and subject to the terms and conditions as any other authorities may impose and which the Directors be and are hereby authorised to accept, the consent of the Company be and is hereby given to the Board of Directors of the Company ("Board") to issue and allot the Equity and Preference shares of the Company to the Shareholders of Miranda Distributors Ltd. (MDL) pursuant to the Scheme of Arrangement between these two companies involving Amalgamation of MDL with the Company,

THAT the Board be and is hereby authorised to fix the record date as it may, in its absolute discretion, think fit for this purpose,

THAT such Equity and Preference shares may be issued on such terms and conditions with such modifications thereto as the Board may determine to accept at its sole discretion, subject, however to the following terms and conditions :

1. The equity and the preference shares to be issued shall be subject to such terms and conditions as are stipulated in the Scheme.
2. The certificates in respect of these shares shall be issued within three months or the shares in electronic form shall be credited to the respective DEMAT accounts of the MDL shareholders, if any, within a period of one month from the date of their allotment.

AND THAT the Board of Directors of the Company be and is hereby authorised to appoint such agencies as in their absolute discretion be necessary to give effect to these resolutions and to solve any difficulty arising out of this issue of shares."

**A Member entitled to attend and vote at the Meeting is**

**entitled to appoint a Proxy to attend and vote instead of himself and a Proxy need not be a Member of the Company.**

The Register of Members and the Share Transfer Books of the Company shall remain closed from Tuesday, the 23<sup>rd</sup> day of September, 2003 to Tuesday, the 30<sup>th</sup> day of September, 2003, both days inclusive.

The Explanatory Statement pursuant to the provisions of Section 173 of the Companies Act, 1956 in respect of item no. 4 above is enclosed.

By order of the Board,

**GIRISH G. PARALIKAAR**  
Company Secretary.

Registered Office,  
Plot No. 101 / 102, 19th street,  
MIDC Industrial Area, Satpur,  
Nasik 422 007.  
Saturday, June 30<sup>th</sup> 2003.

**EXPLANATORY STATEMENT UNDER THE PROVISIONS OF SECTION 173 OF THE COMPANIES ACT, 1956 IN RESPECT OF ITEM NO. 4 ABOVE IN THE ACCOMPANYING NOTICE DATED 30<sup>TH</sup> JUNE, 2003**

**ITEM NO. 4:**

A Meeting of the Equity Shareholders, Secured and Unsecured Creditors of the Company has been convened on Monday, the 14<sup>th</sup> day of July, 2003 in accordance with the Order issued by the Hon'ble High Court of Judicature at Bombay to approve the Scheme of Amalgamation between the Company and that of Miranda Distributors Ltd. (MDL)

The Scheme envisages issuance of Equity and Preference Shares of the Company in the ratio of 63 equity & 65 preference shares of the company for every 100 shares held by them in MDL as on the record date which will be fixed by the Board of Directors of the Company after the Scheme is approved by the Hon'ble Court and such other approvals, as may be required in this behalf are received and obtained by the Company.

As this shall involve allotment of Equity and Preference Shares of the Company to the shareholders other than the existing shareholders or allotment of those shares on a basis other than the rights shares, it is thought prudent to pass a resolution at the ensuing Annual General Meeting of the Members of the Company seeking Members' approval for allotment of the fresh Equity and Preference shares to the Members of MDL.

Your directors request you to consider the matter and approve it.

The directors of the Company may be deemed to be interested in or concerned with the resolution to the extent of their share holding in MDL or their relatives holding shares in MDL.

By order of the Board,

**GIRISH G. PARALIKAAR**  
Company Secretary

Registered Office:  
Plot No. 101 / 102, 19th street,  
MIDC Industrial Area, Satpur,  
Nasik 422 007.  
Saturday, June 30<sup>th</sup> 2003.



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## DIRECTORS' REPORT

The Directors are pleased to present to the Members of the Company their 24<sup>th</sup> report on the working of the Company for the year ended 31<sup>st</sup> March, 2003.

### FINANCIAL RESULTS

	(Rupees in Lacs)	
	Year ended 31.03.2003	Year ended 31.03.2002
Income for the year	711.21	540.12
Profit / ( Loss) before Finance		
Charges and Depreciation	69.12	(55.44)
Interest and finance charges	9.68	67.88
Profit / ( Loss) before Depreciation	59.44	(123.32)
Less Depreciation	78.23	89.97
Net Loss transferred to Balance Sheet	(18.79)	(213.29)

### OPERATIONS

The Directors are pleased to state here that there is a tremendous improvement in the working of the Company as can be seen from the annexed results. There is a substantial rise in the income (31.68 %) over the previous year. Also, a very tight cost control has substantially reduced the expenses.

The Directors are also pleased to state that the Company has entered into a One Time settlement with its Term Lender, Industrial Development Bank of India. This will further enhance the liquidity and reduce interest costs to a great extent in future.

During the year, the Board of Directors of your company have approved a Scheme of Arrangement whereby Miranda Distributors Ltd. is proposed to be merged with the Company. The applications for the same have been filed with the High Court of Judicature at Bombay. The Hon'ble Court have directed the Company to hold the meetings of its Equity Shareholders and Creditors on Monday, the 14<sup>th</sup> day of July, 2003. The Notice convening the meetings have been posted to all the concerned persons.

### DIRECTORS

Mrs. Kalpana G. Singhanian retires by rotation at the ensuing Annual General Meeting and being eligible, has offered herself for re-appointment.

During the year, Mrs. Urvi A. Piramal tendered her resignation due to her other occupations. Your directors place on records their sincere appreciation for the services rendered by Mrs. Urvi A. Piramal during her tenure as a Director of the Company.

### DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2000, the Directors confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed.
2. Appropriate accounting policies have been selected and applied consistently and judgements and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs at the end of the financial year and loss of the company for the financial year ended 31<sup>st</sup> March, 2003.
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The annual accounts have been prepared on the going concern basis.

### AUDIT COMMITTEE

The Company has established the Audit Committee with Mr. Jaydev M. Mody, and Mrs. Kalpana G. Singhanian as its members. Mr. Jaydev M. Mody is the Chairman of the Audit Committee. The Audit Committee has all the powers as detailed under Section 292 A of the Companies Act, 1956.

### AUDITORS

The present Auditors of the Company, M/s. Anil A. Jain & Co. have certified that their appointment, if made, at the ensuing Annual General Meeting shall be in accordance with the provisions of Section 224 of the Companies Act, 1956. The Directors commend the resolution for their appointment and fixing their remuneration.

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**STATEMENTS UNDER SECTION 217(1) (e) AND 217 (2A) OF THE COMPANIES ACT, 1956**

The information under the provisions of Section 217(1) (e) is enclosed.

The information under the provisions of Section 217 (2A) is NIL.

**DEMAT AND LISTING DETAILS**

The total number of shares held in dematerialised form as on 31<sup>st</sup> March, 2003 are 23,87,600 which represents 41.49 % of the total paid up shares of the Company.

The shares of the Company are listed on the Stock Exchanges at Mumbai, Ahmedabad and New Delhi and the Company has paid the annual listing fees to

these Exchanges till 31.03.2004.

**ACKNOWLEDGEMENTS**

The Board does acknowledge with thanks the role of State Bank of India and the Industrial Development Bank of India in the functioning of the Company and their continued support and co-operation.

The Board also wishes to thank its suppliers, customers and employees for the support they have extended to the Company.

On behalf of the Board,

**JAYDEV M. MODY**  
Chairman

Dated : 30th June, 2003.

**FORM - A**

Disclosure of particulars with respect to conservation of energy

**A. Power and Fuel consumption:**

	2002-2003	2001-2002
1. Electricity:		
a. Purchased Unit:		
('000 KWH)	698.03	651.49
Total Amount (Rs. in lacs)	27.74	27.3
Rate / per unit (KWH)	3.97	4.20
b. Own Generation		
(i) Through diesel generator	NIL	NIL
(ii) Through steam turbine/generator	NIL	NIL
2. Coal	NIL	NIL
3. Furnace Oil, LSHS & L.D. Oil	NIL	NIL
4. Others / Internal Generation	NIL	NIL

**B. Consumption per unit of Production:****ELECTRICITY**

Narrow Fabrics (per mtr.) :	0.030	0.031
Labels (per piece) :	0.008	0.008

The consumption of electricity depends upon the product mix used and the nature of the product manufactured. Thus the above indicates an average consumption per unit of production.

**FORM - B**

Disclosure of particulars with respect to technology absorption etc.:

**RESEARCH AND DEVELOPMENT:**

1. Specific Areas in which R & D has been carried out by the Company:	NIL
2. Benefits derived as a result of the above R & D :	Not Applicable.
3. Future plan of action :	Efforts are being taken towards product improvement, development, launching of a new consumer product and cost reduction etc.
4. Expenditure on R & D:	NIL

**TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION:**

NIL

**FOREIGN EXCHANGE EARNINGS AND OUTGO:**

During the year, the foreign exchange outgo was Rs. 5.48 Lacs. The foreign exchange earned was Rs. 6.87 Lacs.

On behalf of the Board,

Mumbai,  
Dated : 30th June, 2003.

**JAYDEV M. MODY**  
Chairman



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## Report on Corporate Governance

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

### 1 Company Philosophy

The Company's philosophy on Corporate Governance is to enhance the Shareholder value with the help of better and accountable Board practices, professional approach and greater transparency in its operations.

### 2 Board of Directors

The composition of the Board of Directors and related information as on 31<sup>st</sup> March, 2003 is as follows:

Name of the Director & Designation	Executive / Non-executive Independent	No of Board Meetings Attended	Attendance at the last AGM on 30.09.2002	Directorships in other public limited Companies Incorporated In India or their subsidiary	No of other Board Committees of which member/ Chairman
JAYDEV M. MODY	NON-EXECUTIVE	7	NO	7	CHAIRMAN OF: AUDIT COMMITTEE INVESTOR GRIEVANCE COMMITTEE
MRS. URVI A. PIRAMAL ***	NON-EXECUTIVE	4	NO	12	MEMBER AUDIT COMMITTEE
MRS. KALPANA G. SINGHANIA	NON-EXECUTIVE	7	NO	NIL	MEMBER AUDIT COMMITTEE
CHAND V. ARORA	EXECUTIVE	7	YES	NIL	MEMBER INVESTOR GRIEVANCE COMMITTEE

\*\*\* Resigned w.e.f. 19<sup>th</sup> December, 2002.

None of the Directors on the Board holds the office of Director in more than 15 Companies or memberships of Committees of the Board in more than 10 Committees or Chairmanship of more than 5 Committees across all Companies.

#### Board Meetings held during the Year

Seven Board Meeting were held during the twelve months period ended 31<sup>st</sup> March, 2003 on 30<sup>th</sup> June, 2002, 31<sup>st</sup> July 2002, 30<sup>th</sup> August, 2002, 31<sup>st</sup> October 2002, 31<sup>st</sup> January, 2003, 28<sup>th</sup> February, 2003 and 29<sup>th</sup> March, 2003.

#### Details of Directors seeking re-election

Mrs. Kalpana G. Singhania retires by rotation at the ensuing Annual General Meeting and being eligible has offered herself for re-election. Mrs. Kalpana G. Singhania is a Bachelor of Arts and has also completed law course. She also holds diploma in Business Management, has completed her studies in interior decoration and travel and tourism. By occupation, she is an industrialist and was President of the ladies wing of the Indian Merchants Chambers. She is also on the governing body of the FICCI Ladies Organisation (FLO) and at present is Chairperson, Bombay chapter of the FLO. Besides that she is an active member of Guild of Service, an organisation for Widow Rehabilitation and trustee on various charitable trusts.

#### Committees of the Board

##### A. Audit Committee

The Audit Committee comprises of two members, all of whom are non-executive Directors. The Chairman of the Committee is Mr. Jaydev Mukund Mody with Mrs. Kalpana G. Singhania as its Member. The Company Secretary acts as the Secretary to the Committee. The Statutory Auditors attend the meeting on the invitation of the Chairman.

The terms of reference of the Audit Committee include the matters specified in Clause 49(II) of the Listing Agreement with the Stock Exchange and in Section 292 A of the Companies Act 1956. The Committee acts as a link between the Statutory /Internal Auditors and the Board of Directors of the Company.

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The Committee met four times during the period under review i.e. on 30<sup>th</sup> June, 2002, 31<sup>st</sup> July, 2002, 31<sup>st</sup> October, 2002 and 31<sup>st</sup> January, 2003. All these meetings were attended by the Members of the Committee.

#### **B Remuneration Committee**

The Company has not yet formed a Remuneration Committee.

#### **C. Share Transfer & Investor Relations Committee**

The Company's shares continue to be listed in the "B2" Group on the Mumbai Stock Exchange and also on the Stock Exchanges at Delhi & Ahmedabad. The trading in the equity shares of the Company is mandatory in dematerialized form. In accordance with Clause 49 VI(D) of the Listing Agreement with the Stock Exchanges at Mumbai, New Delhi and Ahmedabad, the Board has delegated the powers to approve transfers of up to 10,000 shares held in physical form to any one of the members of the Committee. To expedite the transfer of shares exceeding 10,000 in number held in physical form, authority has been delegated to the Share Transfer & Investor Relations Committee, which comprises of:

Mr. Jaydev Mukund Mody	-	Chairman
Mr. Chand V. Arora	-	Member
Mr. Girish G. Paralakar	-	Compliance Officer

Share transfer / transmissions approved by the Committee are placed before the Board of Directors from time to time.

The Company has paid the listing fees to all the Stock Exchanges till 31<sup>st</sup> March, 2004.

No complaints were received during the period of 1<sup>st</sup> April, 2002 to 31<sup>st</sup> March, 2003. The correspondence from the Shareholders was of the nature of intimations for change of address, seeking nomination forms etc. which were effected immediately upon receipt thereof.

The Company confirms that as on 31<sup>st</sup> March, 2003, there were no share transfers pending for more than ten days from the date of lodgement thereof and all requests for demat / remat as on that date received by the Company / Registrars & Transfer Agents were confirmed / rejected within a period of seven days from the date of receipt thereof.

All investor complaints not settled by the Registrars and Transfer Agents and /or the Compliance Officer are forwarded to this Committee for final settlement. However, no complaint has so far been received by this Committee.

#### **4. Details of remuneration paid / payable to the Directors for the period ended 31<sup>st</sup> March, 2003:**

##### **Managing Director**

The Managing Director was appointed for a period of five years w.e.f. 1<sup>st</sup> September, 2000. The remuneration paid to the Managing Director during the period of 1<sup>st</sup> April, 2002 to 31<sup>st</sup> March, 2003 was in the form of salaries and other allowances aggregating to Rs. 8,57,502/- (Rupees eight Lacs fifty seven thousand, five hundred and two only).

The above excludes provision for leave encashment and gratuity to which the Managing Director is entitled at the end of this tenure, as they are determined based on actuarial valuation done on an overall basis for the Company.

##### **Non-Executive Directors**

The non-executive Directors are not entitled to any sitting fees for attending meeting of the Board or Committees thereof. Non-executive Directors representing the Promoter Group do not receive any remuneration.

#### **5. General Body Meeting:**

The 23<sup>rd</sup> Annual General Meeting for the year ended 31<sup>st</sup> March 2002 was held at the Registered Office of the Company at Plot 101, 19<sup>th</sup> Street, MIDC Industrial Area, Satpur, Nasik 422 007 on Monday the 30<sup>th</sup> day of September 2002 at 09.00 A.M.

None of the items transacted at the said meeting were required to be passed by postal ballot.

None of the items to be transacted at the forthcoming Annual General Meeting are required to be passed by postal ballot.

#### **6. Disclosures**

There were no transactions of a materially significant nature with the Promoters, the Directors or the Management, their subsidiaries or relatives that may have potential conflict with the interest of the Company at large.

The Register of Contracts detailing the transactions in which the Directors are interested is placed before the Board at every meeting pursuant to Section 301 of the Companies Act, 1956 and is signed by all the



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Directors present.

Transactions with related parties during the period are disclosed in Note No. 17 of Schedule 16 to the Accounts in the Annual Report.

There have been no instances of non-compliance, penalties or strictures on any matter relating to the capital market and listing.

At each Board Meeting, the Board receives certificates of compliance with the provisions of all applicable laws from the Managing Director and Compliance Officer, which are taken on record by the board.

## 7. Means of Communication

### Financial Results

The Quarterly, Half Yearly and Annual Financial Results are faxed to the Stock Exchange at Mumbai in the prescribed format within 15 minutes of the conclusion of the Board Meeting at which the results are taken on record. The same are immediately despatched to all the Stock Exchanges by way of Courier.

The Results are published in the Business Standard, all India editions and Mumbai Sakal within 48 hours as required under the Listing Agreements with the Stock Exchange.

The Company shall start posting its financial results on its web site in the current fiscal once its own web site is well developed and stabilised.

As the Company Publishes the audited annual results within the stipulated period from the close of the financial year, the unaudited results for the last quarter ended 31<sup>st</sup> March, 2003 have not been published.

There were no presentations made to institutional investors or analysts during the year under review.

### Other Information

Investors can contact the Company by e-mail at the following address:

ggp@arrowwebtex.com OR amtrac\_nsk@sancharnet.in

The Management's Discussion & Analysis Report for the period ended 31<sup>st</sup> March, 2003 forms part of this Annual Report.

## 8. Shareholder Information

<b>* Annual General Meeting:</b>	
Date & Time	Tuesday, the 30 <sup>th</sup> day of September, 2003 at 9.00 a.m.
Venue	Registered Office of the Company
<b>• Financial Calendar</b>	
First Quarter Results	31 <sup>st</sup> July, 2003
Second Quarter & Half Year Results	31 <sup>st</sup> October, 2003
Third Quarter Results	31 <sup>st</sup> January, 2004
Results for the year ending 31.04.2004	30 <sup>th</sup> June, 2004
Dates of book Closure	Tuesday, the 23 <sup>rd</sup> day of September, 2003 to Tuesday, the 30 <sup>th</sup> day of September, 2003, both days inclusive.
Stock Exchange where Company's Shares are listed	The Stock Exchange, Mumbai, Phiroz Jeebhoy Towers, Dalal Street, Mumbai 400 023 Scrip Code : 14193
	The Delhi Stock Exchange Association Ltd. DSE House, 3 / 1, Asaf Ali Road, New Delhi 110 002 Security Code : 6407
	The Stock Exchange, Ahmedabad Samdhenu Complex, Opp. Sahajanand Complex, Panjrapole, Ahmedabad 380 015 Security Code : 05070/ARROWBTEX



### 9. Registrars and Transfer Agents

M/s. Amtrac Management Services Ltd. continue to be the Registrars and Transfer Agents of the Company for processing transfers, sub-division, consolidation, splitting of shares and for rendering depository services such as dematerialization and rematerialization of the Company's Shares.

As the Company's shares are compulsorily to be traded in dematerialised form, members holding shares in physical form are requested to send their share certificates to their depository participants for Dematerialisation. Members have the option to open their accounts either with National Securities Depository Limited or Central Depository Services (India) Limited as the Company has entered into Agreements with both the Depositories. For additional details / guidelines for the same, members can write to the company or its share transfer agents.

The addresses of the Registrars and Transfer Agents are as under:

Amtrac Management Services Ltd.

Plot No. 101 / 102, 19<sup>th</sup> Street,

MIDC Industrial Area,

Satpur, Nasik 422 007.

Phone Nos. : (0253) 23 54 032, 23 63 372

Facsimile No. : (0253) 23 51 126

e-mail ID : amtrac\_nsk@sancharnet.in

### 10. Share Transfer System and related informaton :

All physical share transfers are effected within 10 days of lodgment, subject to the documents being in order. The Transfer Committee meets as and when required.

Distribution of Shareholding according to Numbers:

Slab of Holding	No of Holders number of Shareholders	% to total held in that slab	No of shares number of shares	% to total
Upto 5,000	13,414	99.57	27,90,522	48.49
5001 to 10,000	20	00.15	1,48,408	02.58
10,001 to 20,000	14	00.10	2,10,444	03.66
20,001 to 50,000	14	00.11	4,06,100	07.05
50,001 to 1,00,000	4	00.03	3,09,300	05.38
1,00,001 and above	6	00.04	18,89,626	32.84
Total	13,472	100.00	57,54,400	100.00

### 2. Distribution of shareholding according to categories of shareholders as at 31<sup>st</sup> March, 2003:

Category	No of Shares	% to total
Promoters, including NRI Promoters	26,59,526	46.22
Financial Institutions	N I L	N I L
Banks	900	00.02
Mutual Funds,UTI	N I L	N I L
Foreign Institutional Investors	N I L	N I L
NRIs/OCBs	11,600	00.20
Other Bodies Corporate	70,304	01.22
Public	30,12,070	52.34
Total	57,54,400	100.00