

## **SILVER OAK (INDIA) LIMITED 2010-2011**

### **TWENTY SIXTH ANNUAL REPORT 2010-2011**

#### **BOARD OF DIRECTORS**

- 1. Shri Rajeev Dhody** - Executive Director
- 2. Shri Bhupendra Singh** - Whole Time Director
- 3. Shri Santosh Kumar Singh** - Director
- 4. Shri Chanchal Rai** - Director

#### **AUDITORS**

M/S O. T. Gandhi & Co.,  
Chartered Accountants,  
Indore - 452 001

#### **REGISTERED OFFICE**

Plot No.110,  
Sector-I, Industrial Area,  
Pithampur, Dist. Dhar (M.P.) - 454 775

#### **INDORE OFFICE**

102, 1<sup>st</sup> Floor,  
AA-14, Scheme No. 54, Vijay Nagar,  
Opposite Satya Sai School,  
A. B. Road,  
Indore - 452 010 (M.P.)

#### **BANKERS**

State Bank of Travancore,  
Palasia Branch,  
Indore - 452 001

#### **SILVER OAK (INDIA) LIMITED**

Regd. Office : Plot No.110, Sector-I, Industrial Area,  
Pithampur, Dist . Dhar (M.P.) 454 775

## **SILVER OAK (INDIA) LIMITED 2010-2011**

### **NOTICE**

**NOTICE** is hereby given that the Twenty Seventh Annual General Meeting of the Company will be held on Thursday, 15<sup>th</sup> day of September, 2011 at 11.00 A.M. at the Registered Office of the Company at Plot No.110, Industrial Area, Sector-I, Pithampur- 454 775, Dist. Dhar (M.P.) to transact the following businesses:

#### **ORDINARY BUSINESS:**

01. To receive, consider and adopt the Balance Sheet of the Company as at 31<sup>st</sup> March, 2011, the Profit & Loss Account for the year ended on that date and the reports of Directors and Auditors thereon.
02. To reappoint a Director in place of Shri Santosh Kumar Singh, director of the Company who retires by rotation and being eligible offered himself for re-appointment.
03. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** M/s O.T. Gandhi & Company Chartered Accountants, be and are hereby reappointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors.”

**By Order of the Board of Directors**

**Bhupendra Singh  
Whole Time Director**

Place : Pithampur(M.P.)

Date : 07<sup>th</sup> July, 2011

#### **NOTES:**

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 A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. THE INSTRUMENT APPOINTING A PROXY IN ORDER TO BE EFFECTIVE, SHOULD BE DULY COMPLETED, STAMPED, SIGNED AND DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from Tuesday, 13<sup>th</sup> September, 2011 to Thursday, 15<sup>th</sup> September, 2011 (Both days inclusive).
4. Members/Proxies should bring the Attendance slip duly filled in for attending the meeting. For shares held in dematerialised form, the DP ID and Client ID numbers should be indicated in the Attendance Slip.
5. Members are requested to:
  - A) Quote their folio number(s) in all correspondence with the Company.
  - B) For shares held in physical form, any change in address/other details may be intimated to the Company/ Share Transfer Agent by quoting the Folio Number(s). For shares held in demat form, change in address/ other details may be intimated directly to the Members' DP.
6. Members holding shares in the same name under different Ledger Folios are requested to apply for consolidation of their Folios.

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7. The Ministry of Corporate Affairs has taken a 'Green Initiative in Corporate Governance' by issuing circulars allowing paperless compliances by Companies through electronic mode. The Shareholders can now receive various notices and documents through electronic mode by registering their e-mail addresses with the Company. Shareholders who have not registered their e-mail address with the Company can now register the same by submitting duly filled-in 'E-Communication Registration Form' attached at the end of this report, with M/s. Ankit Consultancy Private Limited / Investors Service Department of the Company. The Members holding shares in electronic form are requested to register their e-mail addresses with their Depository Participants only. Even after registering for E-Communication the Shareholders of the Company are entitled to receive such communication in physical form, upon request.
8. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to M/s. Ankit Consultancy Private Limited / Investors Service Department.
9. Reappointment of Director:  
  
Shri Santosh Kumar Singh, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment. He has about 15 years of experience in Liquor Market and depth knowledge of Finance, Accounts and General Management.
9. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during office hours on all working days except Saturdays and holidays, between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.
10. Shareholders seeking any information with regard to accounts requested to write to the Company at the earliest so as to enable the management to keep the information ready.

**By Order of the Board of Directors**

**Bhupendra Singh**  
**Whole Time Director**

**Place : Pithampur(M.P.)**

**Date : 07<sup>th</sup> July, 2011**

## SILVER OAK (INDIA) LIMITED 2010-2011

### DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their 27th Annual Report, together with Audited Accounts of the Company for the year ended 31st March, 2011.

#### FINANCIAL RESULTS:

	31 <sup>st</sup> March 2010-11	(Rs.in Lacs) 31 <sup>st</sup> March 2009-10
Sales and other Income	672.24	726.45
Profit/(Loss) before Depreciation	43.09	43.20
Interest	5.16	4.99
Depreciation	8.69	7.11
Profit/(Loss) before Tax	34.39	36.08
Less: Provision for Tax	4.36	14.28
Net Profit/(loss) for the year	30.03	21.80
Profit/(Loss) brought forward from previous year	(46.29)	(68.09)
Balance carried to Balance Sheet	(16.26)	(46.29)

#### DIVIDEND:

The Company has earned a Net Profit of Rs. 30.03 Lacs during the Financial Year 2010-11 but in view of the carry forwarded losses your directors have decided not to recommend any dividend for the year ended 31<sup>st</sup> March, 2011.

#### OPERATING RESULTS:

During the financial year under review, your Company achieved a production of 158318 cases of Indian Made Foreign Liquor (IMFL) (172,573 cases in 2009-10) and sold 152398 cases (169003 cases in 2009-10) of IMFL generating a net revenue of Rs.658.85 lakhs (Rs. 710.37 lakhs in 2009-10).

Your Company has incurred a net profit of Rs. 30.03 Lacs for the financial year ended 31<sup>st</sup> March, 2011 as against the profit of 21.80 lacs for the financial year ended 31<sup>st</sup> March, 2010, after taking into account interest, depreciation, prior period adjustments and exceptional items.

#### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

##### A) Industry Structure & Development and Outlook

Indian Made Foreign Liquor (IMFL) is "state subject" and as such every State has its own policies in respect of this industry. Madhya Pradesh, the state in which the company operates, has its own policy, both for manufacture as well as for marketing/distribution. The industry is expected to achieve average annual growth and many new players are expected to be stepping into the industry.

##### B) Opportunities & Threats, Risks & Concerns

The Company's strength is built around domestic marketing network. The growth of the industry provides the necessary opportunities for the company to grow. However, the industry is under constant pressure due to steep competition from unorganized sector and the industrial scenario in the nearby area.

##### C) Internal Controls and their adequacy

The company has adequate internal control systems, commensurate with the size and operations of the company. The scope of the internal audit is to ensure the control systems established by the management are correctly implemented and to suggest any additional changes required to strengthen the existing systems. These Systems and procedure are reviewed at regular intervals through internal audits, statutory audits and audit committee.

##### D) Human Resource and Industrial Relations

Industrial relations continue to remain peacefully at the factory and other offices of the Company and all the employees are working with the company for a common objective. Industrial relations of the company were cordial during the year.

#### CAUTIONARY STATEMENT:

The statement in this report is based on the experience and information available to the company in its businesses and assumptions with regard to economic conditions, Government and regulatory policies. The performance of the company is dependent on these factors. It may be materially influenced by various factors including change in economic conditions, government regulations, tax laws and other incidental factors, which are beyond the company's

## **SILVER OAK (INDIA) LIMITED 2010-2011**

control, affecting the views expressed in or perceived from this report.

### **DIRECTORS:**

Shri Santosh Kumar Singh, Director of the Company, retires by rotation and being eligible offers himself for re-appointment.

Your Directors recommend the appointment and re-appointment of the aforesaid Directors.

### **DIRECTORS RESPONSIBILITY STATEMENT:**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (i) in the preparation of the annual accounts for the year ended March 31, 2011, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departures from the same;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2011 and of the profit of the Company for the year ended on that date;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the Directors have prepared the annual accounts of the Company on a 'going concern' basis.

### **FIXED DEPOSITS:**

The Company has not accepted any deposits from public during the year under review.

### **PARTICULARS OF EMPLOYEE:**

There are no employees whose particulars are required to be shown in terms of provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

### **AUDITORS:**

M/s. O.T. Gandhi & Co., Chartered Accountants, Indore, Statutory Auditors of the Company holds office until the conclusion of the ensuing Annual General Meeting, and is eligible for re-appointment. The Company has received their consent under section 224(1B) of the Companies Act, 1956 for such re-appointment.

The notes to the accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further comments.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Information in respect of Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo pursuant to provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is Annexure "A" which forms part of this Report.

### **LISTING OF EQUITY SHARES ON STOCK EXCHANGES:**

The Company's shares are listed in the following Stock Exchanges:

1. The Stock Exchange, Mumbai.
2. The M. P. Stock Exchange, Indore.
3. The Delhi Stock Exchange Association, Delhi.
4. The Madras Stock Exchange Ltd., Chennai.
5. The Ahmedabad Stock Exchange, Ahmedabad.

### **CORPORATE GOVERNANCE:**

A report on Corporate Governance along with Auditors Certificate is annexed herewith.

### **ACKNOWLEDGEMENT:**

Your Directors take this opportunity to place on record their appreciation for the confidence reposed and co-operation extended to the Company by the Bankers of the Company, State Bank of Travancore, other Banks, Central and State Government Authorities, Business Associates, the family of Shareholders and others.

Your Directors also wish to place on record their appreciation for the dedicated and hard work put in by the Officers, Employees and Other Staff Members, at all levels.

**By Order of the Board of Directors**

**Director**

**Director**

**Place : Pithampur (M.P.)**

**Date : 07<sup>th</sup> July, 2011**

## **SILVER OAK (INDIA) LIMITED 2010-2011**

### **ANNEXURE-A**

Information under Section 217(1)(e) read Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 forming part of the Directors Report for the year ended 31<sup>st</sup> March, 2011.

#### **FORM "A"**

#### **CONSERVATION OF ENERGY:**

##### **A. Electricity Consumption:**

<b>1. Electricity</b>	<b>Current Year 2010-2011</b>	<b>Previous Year 2009-2010</b>
(a) PURCHASED:		
(i) Units Purchased :	95201	89882
(ii) Total Amount (Rs.) :	603595	534032
(iii) Power cost per unit (Rs.) :	6.34	5.94
(b) OWN GENERATION:	NIL	NIL
Through D.G. Set		
(i) Production in Cases :	158318	172573
(ii) Units consumption per case :	0.60	0.52
(iii) Cost of power per case (Rs.) :	3.81	3.09

#### **B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION, RESEARCH AND DEVELOPMENT:**

- (i) Specific Areas in which R&D : The Company is engaged in Carried out by the Company bottling of Liquor for which and benefits derived as a technology has established Result thereof in several years. Therefore, no further research is being carried out.

#### **C. FOREIGN EXCHANGE EARNINGS AND OUTGO :**

	<b>Current Year</b>	<b>Previous Year</b>
(i) Earnings :	NIL	NIL
(ii) Outgo (Rs.) :	NIL	NIL

**By Order of the Board of Directors**

**Place : Pithampur (M.P.)**

**Date : 07th July 2011**

**Director    Director**

## SILVER OAK (INDIA) LIMITED 2010-2011

### CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR 2010-11 “ANNEXURE-B”

#### 1. A brief statement on Company's Philosophy on Code Governance:

The Company believes that good Corporate Governance is essential to achieve long-term corporate goals and to enhance stake holder's value. The Company's philosophy on good corporate governance envisages a combination of business practices that results in enhancement of the value of the company to the shareholders and simultaneously enable the company to fulfill its obligations to other stakeholders such as customers, employees, financiers and to the society at large. The Company firmly believes that such practices are founded upon the core values of transparency, professionalism, empowerment, equity and accountability.

The Company makes best endeavors to uphold and nurture these core values in all facets of its operations and aims to increase and sustain its corporate value through growth and innovation.

#### 2. Board of Directors:

As on 31<sup>st</sup> March, 2011 the Board comprised of Four Directors, two of whom are Executive and remaining two are Independent Directors (NED). The Board constitutes 50% of the Directors who are Non Executive Directors.

Table 1

Director	Category	No. of Director-ships *	Number of Membership of the Board Committees	No. of Board Committees for which Chairperson
Shri Rajeev Dhody	ED	01	0	0
Shri Bhupendra Singh	WTD	01	3	0
Shri Santosh Kumar singh	Non Executive and Independent Director	01	3	0
Shri Chanchal Rai	Non Executive and Independent Director	01	3	3

\* Excludes directorship of Companies other than Public Limited and Foreign Companies.

# Abbreviations: MD - Managing Director, WTD – Whole Time Director, ED - Executive Director, NED- Non-executive Director, I - Independent.

#### 3. Board Procedure:

Board Meetings:

During the financial year 2010-11 the Board of Directors met 5 (Five) times viz. 30.04.2010, 14.08.2010, 02.09.2010, 10.11.2010 and 10.02.2011.

The details of the Board meetings held during the financial year 2010-11 are given below:

Directors	Number of Board Meeting held	Number of Board Meetings Attended	Attendance Last AGM
Shri Rajeev Dhody	5	5	Yes
Shri Bhupendra Singh	5	5	Yes
Shri Santosh Kumar Singh	5	5	Yes
Shri Chanchal Rai	5	5	Yes

#### 4. BOARD COMMITTEES:

##### a. Audit Committee:

##### ii. Terms of Reference

The Audit Committee has been mandate with the same terms of reference as specified in clause 49 of the listing Agreement with stock Exchange and also covers all the aspects stipulated under Section 292A of the Companies Act, 1956. The Chairman of the Audit Committee has attended the last Annual General Meeting.

## **SILVER OAK (INDIA) LIMITED 2010-2011**

### **ii. Composition, Name of Members and Chairman**

The Audit Committee consists of three directors in which Majority of independent Directors. During the financial year ended 31.03.2011 Five Meetings were held on 30.04.2010, 14.08.2010, 02.09.2010, 10.11.2010 and 10.02.2011. The composition of the audit committee and the attendance of each director at these meetings are given below:

<b>Name of the Director</b>	<b>Number of Meetings attended</b>
Shri Chanchal Rai	5
Shri Santosh Kumar Singh	5
Shri Bhupendra Singh	5

All the members of the Audit Committee have financial, accounting and marketing knowledge beside the other areas. The Audit Committee meetings are also attended by representatives of Auditors of the Company.

### **b. Shareholders Committee/Investor Grievances Committee:**

The Investors' Redressal Committee of the Board is empowered to oversee the redressal of shareholders'/ investor complaints/grievances pertaining to share transfers/non receipt of annual reports, dividend payment, issue of duplicate certificates, transmissions of shares and other related complaints.

The Committee also reviews the performance of the Registrar and Transfer Agents and recommends measures for overall improvement in the quality of investor services. It also monitors the implementation and compliance of the Company's code of conduct for prevention of insider trading in securities.

During the year under review, four meetings of the Committee were held. Attendance of Members at these meetings was as under:

<b>Name of the Director</b>	<b>Number of Meetings attended</b>
Shri Chanchal Rai	5
Shri Santosh Kumar Singh	5
Shri Bhupendra Singh	5

During the year company has not received any complaint from the Shareholders, which is remarkable and showing the transparency and fairness in the Company's working.

The Share Transfer and Shareholders/Investor Grievances Committee consist of majority of Independent Directors. It deals with the matters of approval of transfer and transmission of equity shares, issue of duplicate certificates, matters relating to Dematerialization of shares and shareholders related issues.

There were periodical meetings of the Committee. There were no shareholder's complaints received during the year 2010-11 and have left unattended at the end of the year.

### **C. Remuneration Committee:**

The members of the Remuneration Committee are:

<b>Name of the Director</b>	<b>Number of Meetings attended</b>
Shri Chanchal Rai	2
Shri Santosh Kumar Singh	2
Shri Bhupendra Singh	2

The Remuneration Committee is responsible for setting the remuneration policy and remuneration packages for the Executive Directors and for maintaining an awareness of the overall remuneration of senior management within the Group.

During the year under review, two meetings of the Committee were held 02.09.2010 and 10.02.2011

### **5. ANNUAL GENERAL MEETINGS:**

#### **a. Details of the location and time for last three Annual General Meetings**

<b>Year</b>	<b>Date</b>	<b>Location of Meeting</b>	<b>No. of Special Resolution(s)</b>
2009-2010	30th September 2010	Regd Office	1
2008-2009	30th September, 2009	Regd Office	1
2007-2008	30th September, 2008	Regd Office	1



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### 6. DISCLOSURES:

- a) Disclosures on materially significant related party transactions i.e., transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that have potential conflict with the interests of the Company at large.

None of the transactions with any of the related parties were in conflict with the interest of the Company at large.

- b) There are no instances of non-compliance by the Company and no penalties, strictures etc. imposed on the Company by the Stock Exchange, SEBI or any other statutory authority, on any matter related to capital markets, during the last three years.

### 7. MEANS OF COMMUNICATION:

The yearly and quarterly financial results of the Company are, in compliance of Clause 41 of the Listing Agreement, published in the (English edition) and (Hindi edition), local vernacular news editions at the place where the registered office of the Company is situated.

The Annual Report is posted individually to all the members entitled to receive a copy of the same.

### 8. GENERAL SHAREHOLDER INFORMATION

- (a) Annual General Meeting : Thursday, 15th September, 2011  
Day, date, time & Venue at 11.00 a.m. at Regd. Office at  
Plot no. 110, Sector - I, Indst.  
Area, Pithampur, Dist. Dhar(M.P.)
- (b) Book Date :  
Book Closure Date for : Tuesday, 13<sup>th</sup> September, 2011  
Annual General Meeting to Thursday, 30th September, 2011  
(Both days inclusive).

#### Distribution of shareholdings as on 31st March, 2011

Holding value in Rs.	Shareholders		Shares amount	
	Number	%	Share amount in Rs.	% of Shares
1 – 5000	181	55.69	681500	2.79
5001 – 10000	97	29.85	888200	3.63
10001 – 20000	15	4.62	262000	1.07
20001 – 30000	8	2.46	207000	0.85
30001 – 40000	4	1.23	160000	0.65
40001 – 50000	1	0.31	47000	0.19
50001 – 100000	1	0.31	56000	0.23
100001 and above	18	5.54	22165300	90.59
<b>Total</b>	<b>325</b>	<b>100%</b>	<b>24,46,7000</b>	<b>100%</b>

#### Categories of Shareholders as on 31st March, 2011

Category	No. of Folios	Shares held (Nos.)	% of holdings
Mutual Funds & Unit Trust of India	-	-	-
Financial Institutions/Banks	-	-	-
Insurance Companies	-	-	-
Foreign Institutional Investors	-	-	-
Bodies Corporate	7	78000	3.19
NRIs/Foreign Bodies/Foreign Nationals	-	-	-
Directors and their Relatives	6	1129570	46.17
Resident Individuals & Others	312	1239130	50.64