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**Annual Report
2011-12**



Silver Oak
(INDIA) LIMITED

SILVER OAK (INDIA) LIMITED 2011-2012

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SILVER OAK (INDIA) LIMITED 2011-2012

TWENTY EIGHT ANNUAL REPORT 2011-2012

BOARD OF DIRECTORS

1. **Shri Bhupendra Singh** - Whole Time Director
2. **Shri Santosh Kumar Singh** - Director
3. **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.)

INDORE OFFICE

102, 1st 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 2011-2012

NOTICE

NOTICE is hereby given that the **Twenty Eight Annual General Meeting** of the Company will be held on **Saturday, 29th day of September, 2012 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 31st March, 2012, 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 Chanchal Rai, 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."

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 Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and enabling provisions of the Article 21 of Articles of Association of the Company and the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to any approval, consent, permission and / or sanction of the appropriate authorities, (hereinafter collectively referred to as "the appropriate authorities"), and subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission, and / or sanction (hereinafter referred to as "the requisite approvals"), and which may be agreed to by the Board of Directors of the Company (hereinafter called 'the Board' which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this resolution), the Board be and is hereby authorised to sale, re-issue from time to time in one or more tranches **13,43,500 (Thirteen Lacs Forty Three Thousand and Five Hundred)** Equity shares of the Company, which were forfeited earlier, to companies, bodies corporate, individuals or other entities, whether or not such investors are existing members of the Company, under a preferential issue through offer letter and/or circular and/or information memorandum and/or such other documents / writings, in such a manner and on such terms and conditions as may be determined by the Board in its absolute discretion; provided that the nominal value of the Equity Share is Rs. 10/- (Rupees ten) each at a price of Rs. 15.00/- (Fifteen Rupees only) with respect to the Relevant Date i.e. 30th August, 2012, as prescribed under the Guidelines for Preferential Issues contained in Chapter VII of the Securities and Exchange Board of India (Issue of Capital And Disclosure Requirements) Regulations, 2009 including any statutory modification or re-enactment thereof for the time being in force.

RESOLVED FURTHER THAT the equity shares sold/re-issued in terms of this resolution shall rank pari passu in all respects with the then existing equity shares of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized on behalf of the Company to take all actions and do all such deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable or expedient to the issue or allotment of aforesaid Securities and listing thereof with the stock exchange(s) as appropriate and to resolve and settle all questions and difficulties that may arise in the proposed issue, offer and allotment of any of the said Securities, utilization of the issue

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proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion deem fit, without being required to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors, or Executive Director or any other Director(s) or officer(s) of the Company to give effect to the aforesaid resolution."

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

The Explanatory Statement for item No.4 of the accompanying Notice set out hereinabove is as under:

The Company is pursuing several growth opportunities in its existing scale of business and trying to maximize the shareholders value by accelerating the growth in pace with the opportunities. To augment the long term resources of the company, particularly to meet fund requirement for working capital requirement, expansion, capital expenditure and to meet the growth opportunities and general corporate purposes, your board intends to mobilize funds through sale or re-issue of 13,43,500 (Thirteen Lacs Forty Three Thousand and Five Hundred) equity shares which were forfeited earlier by the Company.

These shares were allotted pursuant to the IPO of the Company on 30.03.1996 and since the allotment of these shares, several notices were sent to the defaulting shareholders until their forfeiture and accordingly subjected equity shares were forfeited on 23.03.2009 on account of non-payment of call money due thereon. Now Board has intended to sale these shares to persons other than existing shareholders for cash, at price not less than as prescribed in Regulations issued by the Securities and Exchange Board of India, as in force on the date of this notice. The proposed re-issue equity shares requires approval of the members by a special resolution pursuant to the provision of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and the provisions of the Listing Agreement entered into by the Company with the Stock Exchange. The 13,43,500 (Thirteen Lacs Forty Three Thousand and Five Hundred) Equity Shares proposed to be re-issued to persons including other than existing shareholders of the company will at Rs. 15/- per equity share having face value of Rs. 10/- (Rupees Ten only) each fully paid-up, on the terms and conditions mentioned in the aforesaid special resolution. Disclosure are given in the explanatory statement to the Notice of the General Meeting, are as under.

The details of the issue and other particulars are given as under:

1. **Securities to be re-issued:** The resolution set out in the accompanying Notice is an enabling resolution, entitling the Board to issue equity shares as may be deemed appropriate in the best interest of the Company.
2. **Object of the Issue:** Object of this issue is to meet fund requirement for working capital requirement, expansion, capital expenditure and to meet the growth opportunities and general corporate purposes of the Company.
3. **Pricing of the Equity Shares:** Each equity share of face value of Rs. 10/-, shall be re-issued at a price not being less than Rs. 15/- (Fifteen Only) per equity share.
4. **Lock-in:** The shares resultant from the re-issue shall be locked-in for a period of three years for promoter and one year for other allottees (non-promoters) from the date of allotment.
5. **Particulars of Subscribers and Intention proposal of Promoters / directors / Key Managerial Persons to Subscribe the Offer:** One Allottee (M/s Sanpure Distillers Private Limited), which falls under the Promoter group has shown their interest to subscribe 1,89,000 equity shares arising out of this re-issue. Details of subscribers (promoter and other than promoters) of the said re-issue are given as below:-

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Sr. No.	Name of Proposed Subscribers/allotees	Category	Present Shareholding of Allottees (pre-issue of)	Number of Shares Proposed to be allotted	Post issue Shareholding of Allottees	Percentage to post issue capital of the Company
1	Sanpure Distillers Private Limited	Body Corporate Investor (Promoter)	NIL	1,89,000	1,89,000	4.99%
2	Prem Cotgin Private Limited	Body Corporate Investor (Promoter)	NIL	1,85,000	1,85,000	4.88%
3	Newtime Agro Farms Private Limited	Body Corporate Investor (Promoter)	NIL	1,85,000	1,85,000	4.88%
4	Gyansu Marketing Private Limited	Body Corporate Investor (Promoter)	NIL	1,85,000	1,85,000	4.88%
5	Eminenet Viveka Retail Private Limited	Body Corporate Investor (Promoter)	NIL	1,85,000	1,85,000	4.88%
6	Desires Infotech Private Limited	Body Corporate Investor (Promoter)	NIL	1,85,000	1,85,000	4.88%
7	Digisoft Software Private Limited	Body Corporate Investor (Promoter)	NIL	1,85,000	1,85,000	4.88%
8	Reeta Kapoor	Individual Investor	NIL	44,500	44,500	1.17%
Total				13,43,500	13,43,500	35.44%

No, change in control, in the company will occur due this sale or re-issue. Any of the equity shares re-issued as above, that may remain unsubscribed for any reason whatsoever, may be offered and allotted by the Board in its absolute discretion to any other person/entity/ investor within the same category/class, on the same terms and conditions.

6. **Shareholding Pattern:** The Shareholding pattern giving present position as also considering full allotment of equity shares arising out of securities issued as above is given as below:

Shareholding Pattern

S. No.	Category	Pre – issue No. of Equity Shares	Percentage (%)	Post Issue No. of Equity Shares	Percentage (%)
1	Promoters Holding	1129570	46.17	1318570	34.79
2	Institutional Investors				
	a) Mutual Funds & UTI	-	-	-	-
	b) Banks, FI, FII's,				
3	Private Corporate Bodies	129902	5.31	1239902	32.71
4	Indian Public	1186068	48.47	1230568	32.47
5	NRI'S and OCB's and Clearing Members	1160	0.05	1160	0.03
TOTAL		2446700	100.00	3790200	100.00

7. **Undertaking:** Company shall undertake that re-compute the price of specified securities in terms of the provision of these regulations where it is required to do so and if any amount payable on account of the re-computation of price is not paid within the time stipulated in these regulations, the specified securities shall continue to be locked-in till the time such amount is paid by the allottees.
8. **Auditors Certificate:** Auditors certificate as required in terms of Guidelines for preferential issues under SEBI (Issue of Capital And Disclosure Requirement) Regulations, 2009 will be available for inspection 21 days prior to the date of this meeting at the Registered Office of the Company between 11.00 a.m. to 1.00 a.m. on any

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working day excluding Saturday, Sunday and Public Holiday and shall be placed at the meeting.

Your Directors recommend the above Resolution for your approval.

None of the directors are interested or concerned, either directly or indirectly, in the proposed resolution.

By Order of the Board of Directors

Place : Indore (M.P.)

Date : 28th August, 2012

Bhupendra Singh

Whole Time Director

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 proxy need not be a member of the company. The proxies, in order to be effective, must be received by the Company not less than 48 hours before the Meeting.
2. The Register of Members and Share Transfer Books of the Company shall remain closed from Thursday, 27th September, 2012 to Saturday, 29th September, 2012 (Both days inclusive).
3. 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.
4. 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.
5. Members holding shares in the same name under different Ledger Folios are requested to apply for consolidation of their Folios.
6. 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.
7. 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.
8. Reappointment of Director:

Shri Chanchal Rai, Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for reappointment. He has about 17 years of experience in Liquor Market and depth knowledge of Finance and Marketing.
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

Place : Indore (M.P.)

Date : 28th August, 2012

Bhupendra Singh

Whole Time Director

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DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting their 28th Annual Report, together with Audited Accounts of the Company for the year ended 31st March, 2012.

FINANCIAL RESULTS:

		(Rs.in Lacs)
	2011-12	2010-11
Sales and other Income	1245.06	672.24
Profit/(Loss) before Depreciation	35.74	43.09
Interest	7.83	6.41
Depreciation	7.97	8.69
Profit/(Loss) before Tax	36.51	34.39
Less: Provision for Tax	11.40	4.36
Net Profit/(loss) for the year	25.11	30.03
Profit/(Loss) brought forward from previous year	(16.26)	(46.29)
Balance carried to Balance Sheet	8.85	(16.26)

DIVIDEND:

The Company has earned a Net Profit of Rs. 25.11 Lacs during the Financial Year 2011-12 but in view of the future expansion plan and other business activities your directors have decided not to recommend any dividend for the year ended 31st March, 2012.

OPERATING RESULTS:

During the financial year under review, your Company achieved a production of 253873 cases of Indian Made Foreign Liquor (IMFL) (158318 cases in 2010-11) and sold 243717 cases (152398 cases in 2010-11) of IMFL generating a net revenue of Rs. 1244.75 lakhs (Rs. 664.11 lakhs in 2010-11).

Your Company has incurred a net profit of Rs. 25.11 Lacs for the financial year ended 31st March, 2012 as against the profit of 30.03 Lacs for the financial year ended 31st March, 2011, 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.

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

DIRECTORS:

Shri Chahchal Rai, 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, 2012, 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, 2012 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

Place : Indore (M.P.)

Date : 28th August, 2012

Director

Director

SILVER OAK (INDIA) LIMITED 2011-2012

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 31st March, 2012.

FORM "A"

CONSERVATION OF ENERGY:

A. Electricity Consumption:

1. Electricity	Current Year 2011-2012	Previous Year 2010-2011
(a) Purchased:		
(i) Units Purchased :	98499.00	95201.00
(ii) Total Amount (Rs.) :	662279.00	603595.00
(iii) Power cost per unit(Rs.) :	6.72	6.34
(b) Own Generation:		
Through D.G.Set	NIL	NIL
(i) Production in Cases :	253873.00	158318.00
(ii) Units consumption per case :	0.39	0.60
(iii) Cost of power per case (Rs.) :	2.60	3.81

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:

	Current Year	Previous Year
(i) Earnings :	NIL	NIL
(ii) Outgo(Rs.) :	NIL	NIL

By Order of the Board of Directors

Place : Indore (M.P.)
Date : 28th August, 2012

Director

Director