

23rd Annual Report, 2005-06
Satyam Silk Mills Ltd.

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BOARD OF DIRECTORS

Ms. Rina Jain
Mr. K.K. Chitlangia
Mr. Raj Kumar Sarawgi

AUDITORS

H.H. Bandukwala & Co.
Chartered Accountants
91, Abdul Rehman Street,
Mumbai - 400 003.

REGISTERED & HEAD OFFICE :

82, Maker Chambers III,
Nariman Point,
Mumbai - 400 021.

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Notice

NOTICE is hereby given that 23rd Annual General Meeting of the members of the Company will be held on Tuesday, September 12, 2006 at 11.30 a.m. at 82, Maker Chambers III, Nariman Point, Mumbai 400 021 to transact the following business :

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2006 and the Profit and Loss Account for the year ended on that date together with the reports of Directors' and Auditors thereon.
2. To appoint a Director in place of Mrs. Rina Jain who retires by rotation and being eligible offers herself for reappointment.
3. To appoint Auditors to hold the office from the conclusive of this Annual General Meeting till the conclusion of the next Annual General Meeting.

For and on behalf of the Board

Mumbai

Dated : 29-06-2006



Director

NOTES :

- a A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
- b The Register of Members and the Share Transfer books of the Company will remain closed from 4th September 2006 to 12th September, 2006 (both days inclusive).

Directors' Report

Directors have pleasure in presenting the 23rd Annual Report of your company together with the audited financial results for the year ended 31st March, 06.

FINANCIAL RESULTS

(Rupees in lacs)

	YEAR ENDED 31-03-06	YEAR ENDED 31-03-05
Total Income	5.06	44.33
Total Expenditure	0.77	0.75
PROFIT BEFORE DEPRECIATION	4.29	43.58
Depreciation	0.02	0.02
PROFIT BEFORE TAXATION	4.27	43.56
Provision for Taxation	0.40	1.16
PROFIT AFTER TAXATION	3.87	42.40

Barring unforeseen contingencies the performance of the Company in the year 2006-07 is expected to be satisfactory.

DIVIDEND

In order to conserve the resource for business development, the Board of Directors regret their inability to recommend dividend for the year 2005-06.

DIRECTORS

Mrs. Rina Jain retire by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

FIXED DEPOSITS

The Company has not accepted fixed deposits from the public during the period under consideration.

PARTICULARS OF EMPLOYEES

During the year under report, the Company has not employed any employee whose particulars are required to be disclosed in this report pursuant to section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

AUDITORS

Statutory Auditors Messrs H.H. Bandukwala & Co. retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

COMPLIANCE

Pursuant to Section 383(A)(1) of the Companies Act, 1956, Compliance Certificate from Company Secretary in Whole time practice is attached to this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO.

During the year under review, the Company had not carried out any activity, the particulars in respect of which are required to be disclosed in this report pursuant to section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988.

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DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm:

- (a) That in the preparation of the annual accounts, the applicable accounting standards has been followed alongwith proper explanation relating to material departure.
- (b) That the directors have selected such accounting policies and applied them consistently and made judgements & 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 31-03-06 and of the profit of the Company for that year.
- (c) That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (d) That the directors have prepared the annual accounts on a going concern basis.

For & on behalf of the Board of Directors

Mumbai

Dated : 29-06-2006


Director


Director

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H. H. BANDUKWALA, B. COM. (HONS.) F.C.A., A.C.S.
N. K. DALAL, B. COM., F.C.A.

h. h. bandukwala & co.
chartered accountants

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AUDITORS' REPORT

TO THE MEMBERS OF SATYAM SILK MILLS LIMITED

1. We have audited the attached Balance Sheet of Satyam Silk Mills Limited as at 31st March 2006 and Profit and Loss Account of the Company for the year ended on that date which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order to the extent applicable to the Company.
4. Further to our comment in the Annexure referred to in Paragraph 3 above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit.
 - (ii) In our opinion, the company has kept proper books of accounts as required by law so far as it appears from our examination of those books.
 - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - (v) On the basis of the written representations received from the Directors, as on 31st March, 2006 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2006 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon and attached thereto give the information required by the Companies Act, 1956 in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India:
- (a) in the case of Balance Sheet of the state of affairs of the Company as at 31st March, 2006 and
 - (b) in the case of Profit and Loss Account, of the profit for the year ended on that date.
 - (c) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Mumbai.
Dated: 29-06-2006



For H.H. Bandukwala & Co.
Chartered Accountants

A handwritten signature in black ink, appearing to be "H.H. Bandukwala".

H.H. Bandukwala
Partner
Membership No. 016940

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Annexure To Auditors' Report

Annexure referred to in Paragraph 3 of our report of even date.

In our opinion and according to the information and explanations given to us and on the basis of relevant records and documents produced for our verification, we report that :

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
(b) The management has, at reasonable intervals, physically verified fixed assets and no material discrepancies between physical inventories and book records were noticed.
(c) The Company has not sold / disposed off any significant portion of fixed assets during the year.
2. The company has neither granted nor taken any loans, secured or unsecured to / from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
3. There are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to fixed assets. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
4. (a) There is no transaction, which needs to be entered into a register maintained in pursuance of section 301 of the Companies Act, 1956.
(b) There are no transactions of purchase and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 aggregating during the year to Rupees Five Lacs or more in respect of each party.
5. The company has not accepted any deposits from the public during the year.
6. The Company does not have internal audit system.
7. (a) The Company has been generally regular in depositing undisputed statutory dues including income tax and other statutory dues applicable to it with the appropriate authorities during the year.
(b) No undisputed amounts payable in respect of income tax, sales tax, wealth tax, custom duty, excise duty and cess were in arrears, as on 31st March, 2006 for a period of more than six months from the date they became payable.
(c) There are no dues of income tax, sales tax, wealth tax, custom duty, excise duty and cess, which have not been deposited on account of any dispute.
8. The Company does not have any accumulated losses at the end of the year. The Company has not incurred cash losses during the current and the immediately preceding financial year.