



EASTERN SILK INDUSTRIES LTD.

NOTICE

The Sixty-fifth Annual General Meeting of Eastern Silk Industries Ltd. will be held on Wednesday, the 21st September, 2011 at 11:00 A.M. at Kala Kunj, 48, Shakespeare Sarani, Kolkata – 700 017, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March, 2011 and the Balance Sheet as at that date together with the report of the Directors and Auditors thereon.
2. To appoint a Director in place of Sri H.S. Gopaika who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Sri G.D. Harnathka who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

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

RESOLVED that in accordance with the provisions of sections 198, 269, 309 & 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the re-appointment of Sri S.S. Shah, Managing Director of the Company with effect from 1st September 2011 on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this meeting.

RESOLVED FURTHER that the Board of Directors be and is hereby authorized to do all such acts, deeds and things as may be necessary and expedient to give effect to this resolution.

Registered Office:

19, R. N. Mukherjee Road
Kolkata – 700 001
Dated : The 2nd August, 2011.

By Order of the Board
K. T. SHETH
SECRETARY

NOTES :

1. **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead and the proxy need not be a member of the Company. The proxy, in order to be effective, must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.**
2. The Register of Members and Share Transfer Books of the Company will remain closed from 9th September 2011 to 21st September 2011, both days inclusive on account of Annual General Meeting.
3. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Special Business set out in the Notice is annexed hereto.
4. Additional information pursuant to Clause 49 of the Listing Agreement with Stock Exchange regarding the Directors who are proposed to be reappointed at the Annual General Meeting are provided in the Annexure to this Notice.



5. Pursuant to the amended provisions of Section 205A of the Companies Act, 1956, dividends for the financial year ended 31st March, 2004 and thereafter, which remains unpaid or unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund of the Central Government. Members, who have not encashed their dividend warrants pertaining to this year, may approach the Company's Registrars and Share Transfer Agents for obtaining duplicate dividend warrants.
6. Pursuant to sub-division of each Equity share of Rs.10/- into five Equity shares of Rs.2/- each, members holding shares in physical form, were requested to surrender old share certificates to obtain new share certificates in lieu thereof. Those members, who have not surrendered their old share certificates to the Company's Registrars and Share Transfer Agents, are requested to do so at the earliest.
7. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' and allowed companies to share documents with its shareholders through an electronic mode. Members are requested to support this green initiative by registering/updating their e-mail addresses, in respect of shares held in dematerialized form with their respective Depository Participants and in respect of shares held in physical form with the Company's Registrars and Share Transfer Agents.

Explanatory Statement under Section 173(2) of the Companies Act, 1956 :

Item No. 6

Sri S.S. Shah was reappointed as the Managing Director of the Company for a period of five years with effect from 1st September 2006 on the terms and conditions and remuneration as approved by the Members at the Annual General Meeting held on 27th September 2006. As such, the present term of office of Sri Shah shall expire on 31st August 2011. Sri S.S. Shah has been associated with the Company since 1952 and currently holds overall responsibility for the working of the Company. Keeping in view the contribution made by Sri Shah for the growth of the Company, the Board of Directors of the Company and the Remuneration Committee have recommended the reappointment of Sri S.S. Shah for a period of three years effective from 1st September 2011 on the following terms and conditions:

1. Salary : Rs.2,00,000/- per month
2. Perquisites : Sri Shah will be entitled to the perquisites / benefits of residential accommodation or house rent allowance in lieu thereof; Gas, Electricity, Water, Furnishings; Medical expenses reimbursement for self and family; leave travel concession, club fees and personal accident insurance in accordance with the rules of the Company subject to limit of an amount equal to the annual salary.

In the event of loss or inadequacy of profits of the Company in any financial year, Sri Shah will be entitled to such remuneration by way of salary, perquisites and allowance as specified above, subject to the approval of the Central Government.

Provisions for the use of the Company's car for official and personal use and telephone at residence shall not be included in the computation of the perquisites for the purpose of calculating the said ceiling.

The Company's contribution to provident fund, gratuity payable as per rules of the Company and encashment of the leave at the end of the tenure shall not be included in the computation of the limits for the remuneration and perquisites as aforesaid.

Your Directors recommend the resolution set out at Item No.6 of the Notice for approval of the Members. Sri Shah has completed 70 years of age and hence the Special Resolution.

The above may be treated as an abstract of the terms of appointment and Memorandum of concern or interest, pursuant to Section 302 of the Companies Act, 1956.

Sri S.S. Shah, the Managing Director of the Company and Sri Sundeep Shah being a relative of Sri S.S. Shah may be deemed to be interested in the resolution.



EASTERN SILK INDUSTRIES LTD.

Annexure to Notice dated 2nd August, 2011

Details of Directors seeking Re-Appointment at the forthcoming Annual General Meeting
(Pursuant to Clause 49 of the Listing Agreement)

Name of the Director	Shri G.D. Harnathka	Shri H.S. Gopalka
Age	73 years	80 years
Date of Appointment on the Board	20.07.2000	27.11.1991
Qualification	B.Com.	M.Com., LL.B.
Experience	Vast experience in textiles and oil business.	Wide experience in finance and taxation.
Directorship held in other Public Companies	--	Manjari Selections Pvt. Ltd.
Memberships / Chairmanships of Committees of Public Companies	--	--
Shareholding of Non-Executive Directors	Nil	Nil



DIRECTORS' REPORT TO THE MEMBERS

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

FINANCIAL RESULTS

	(Rs. in Lacs)	
	<u>2011</u>	<u>2010</u>
Profit/(Loss) before depreciation and taxation	(4410.42)	2219.01
Less/Add: Depreciation	<u>2467.22</u>	<u>1533.58</u>
Profit/(Loss) before taxation	(6877.64)	685.43
Less: Provision for Current Taxation	-	<u>275.00</u>
	<u>(6877.64)</u>	<u>410.43</u>
Less/Add: Provision for Earlier Year Taxation	<u>0.37</u>	<u>(5.99)</u>
	<u>(6878.01)</u>	<u>416.42</u>
Less/Add: Deferred Tax Liability	<u>(1084.39)</u>	<u>(157.35)</u>
Profit/(Loss) after tax	(5793.62)	573.77
Add: Balance brought forward from previous year	<u>16935.41</u>	<u>16702.72</u>
	<u>11141.79</u>	<u>17276.49</u>
Which the Directors have appropriated as follows :		
General Reserve	-	100.00
Proposed Dividend On Equity Shares	-	94.74
Proposed Dividend On Preference Shares	-	112.00
Corporate Dividend Tax	-	34.34
Balance carried forward to next year	<u>11141.79</u>	<u>16935.41</u>
	<u>11141.79</u>	<u>17276.49</u>

PERFORMANCE REVIEW

Although the sales and processing income during the year increased to Rs.62892.52 lacs as against Rs.54393.09 lacs of the previous year, profitability came down considerably due to high cost of raw materials, increased interest rates, pressure on margin due to recession in overseas markets resulting in loss during the year. Your management had to take a decision for reworking of valuation of the closing stock of finished goods due to lower realization and a sum of Rs.34.70 crores was written off during the year for lower realization in the value of stocks. This also increased the loss for the year. It was also decided to downsize the business and only concentrate on profit making products and do away with products with no margin or lower margin.

FUTURE OUTLOOK

The budget proposal for the year 2011-12 has rendered outsourcing business of the Company totally unprofitable. Your management have decided to do away outsourcing business and only concentrate on the in-house production facilities which will result in a turnover of approx. Rs.150 crores a year. With this change the benefits of the new modernization and expansion programme undertaken during the year for production of velvet fabrics and enhancing capacity of the embroidered fabrics may be reaped during the year.



EASTERN SILK INDUSTRIES LTD.

Since the Company's turnover would be Rs.150 crores, there will be considerable release of current assets the value of which will be unlocked in a staggered manner over the years. To service the bank loans the Company has filed a flash report of Corporate Debt Restructuring with the CDR Empowered Committee and the same has been admitted for appraisal by the Committee. The scheme envisages a period of 8 – 10 years to bring back the Company on a strong foothold.

DIVIDEND

In view of the accumulated losses the Board of Directors does not recommend any dividend on Equity Shares. The Board of Directors does not also declare dividend on Redeemable Cumulative Preference Shares.

PUBLIC DEPOSIT SCHEME

During the year, your Company has not accepted any deposits. There are no outstanding deposits as on date.

CORPORATE GOVERNANCE

A separate section on Corporate Governance and Management Discussion and Analysis together with the Auditors' Certificate confirming the compliance of conditions on Corporate Governance as per Clause 49 of the Listing Agreement with the Stock Exchange form part of the Annual Report.

DIRECTORS

Shri O.P. Agarwal and Shri R.L. Gaggar resigned effective from 11th February, 2011. Shri Sunil V. Diwakar ceased to be a Director with effect from 4th March, 2011 on withdrawal of his nomination by IL&FS Investment (Managers) Ltd.

The Board would like to place on record the valuable contributions made by Shri O.P. Agarwal, Shri R.L. Gaggar and Shri Sunil V. Diwakar during their tenure as the Directors of the Company.

Shri G.D. Harnathka and Shri H.S. Gopalka, Directors of the Company retire from the office by rotation and are eligible for re-appointment.

The term of office of Shri Sundeep Shah, Executive Director of the Company, expires on 30th August, 2011. He has expressed his intention for not to be re-appointed. He will, however, continue to act as a Promoter Director of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors confirm:

- i) That in preparation of the annual accounts, the applicable accounting standards have been duly followed.
- ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the year under review.
- iii) That 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.
- iv) That the Directors have prepared the accounts for the financial year ended 31st March, 2011 on a going concern basis.

DISCLOSURE OF PARTICULARS

The information required under Rule 2 of the Companies Act, 1956 (Disclosure of Particulars in the Report of Board of Directors Rules, 1988) relating to conservation of energy, technology absorption, foreign exchange earnings and outgo is annexed.

EASTERN SILK INDUSTRIES LTD.



AUDITORS

Messrs B.K. Shroff & Company, Chartered Accountants, retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

The Auditors have qualified that the diminution in the value of stocks has not been fully captured in the accounts. The Auditors have taken the value of the entire inventories as at 31st March 2011 at diminished value, whereas the Company adopted the prudent method of only estimating the current assets which could be sold during the next one year and diminution of the value of such stock which worked out to Rs.34.70 crores and hence provided in the books of accounts. Your management believes that there is enough market value that is left in the stock and will review the same at the end of the current year for future write offs, if any.

The Auditors have further referred to delay in payment of statutory dues amounting to Rs.42.93 lacs. Your Directors have to state that this amount pertained to a demand of income Tax for the assessment year 2007-08 and the same was adjusted by the Income Tax authorities on 28th June 2011 against the refund due to the Company for the assessment year 2010-11.

The Auditors have also pointed out that there was delay in repayment of term loan installment of Rs.150 lacs and interest installment thereon to State Bank of India and one interest installment to Exim Bank. Your Directors have to explain that the delay in the said payments had occurred due to liquidity crisis arising from non realization of payments from the buyers in time.

COST AUDITORS

Pursuant to the directives of the Central Government under the provisions of Section 233 B of the Companies Act, 1956, the Cost account records maintained by your Company are subject to yearly audit by qualified Cost Auditors. Your Company has appointed M/s. N. Radhakrishnan & Co., a firm of Cost Auditors, for conducting the audit of such records for the financial year 2010-11.

RESEARCH & DEVELOPMENT

Your Directors are pleased to inform that in house R&D unit of the Company at both the units of Anekal, Bangalore have been accorded recognition by the Department of Scientific and Industrial Research, Government of India. The Company has always given due importance to the R&D and has been investing regularly in this area. Capital expenditure of Rs. 16.58 lacs (Previous year - Rs. 307.28 lacs) and revenue expenditure of Rs. 259.90 lacs (Previous year - Rs. 156.77 lacs) incurred by the Company's R&D unit constituting 0.44% (Previous year - 0.85%) of the turnover were approved by the Board of Directors of the Company.

PERSONNEL

There was no employee employed during the financial year or a part of the financial year who was in receipt of remuneration for that year or any part of that year at a rate prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

ACKNOWLEDGEMENT

Your Directors wish to convey their appreciation for the co-operation and assistance received from the government, financial institutions, bankers and stakeholders of your Company. The Board wishes to place on record its deep appreciation for the integrity and hard work of its employees at all levels to meet challenging markets.

Registered Office:
19, R. N. Mukherjee Road
Kolkata 700 001
Dated: The 2nd August, 2011.

By Order of the Board
S. S. SHAH
Chairman & Managing Director



EASTERN SILK INDUSTRIES LTD.

ANNEXURE TO DIRECTORS' REPORT

Information pursuant to 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, forming part of Directors' Report :

CONSERVATION OF ENERGY:

The Company is engaged in the continuous review of energy costs, reduction in energy generation cost through improved operational and maintenance practices.

FORM A

(A) Power and Fuel Consumption

			Current Year	Previous Year
1.	Electricity			
	(a) Purchased	Units	45,46,141	41,86,232
	Total Amount	Rs.	2,47,66,590	2,21,09,672
	Rate/Unit	Rs.	5.45	5.28
	(b) Own Generation through Diesel Generator	Units	3,95,797	7,03,200
	Total Amount	Rs.	47,03,851	86,91,554
	Cost/Unit	Rs.	11.88	12.36
2.	(a) Furnace Oil			
	Quantity	Kilo Ltr.	2,190	2,83,634
	Total Amount	Rs.	53,225	71,02,194
	Cost/Unit	Rs.	24.30	25.04
	(b) Briquettes			
	Quantity	Kgs.	21,17,698	-
	Total Amount	Rs.	93,69,533	-
	Cost/Unit	Rs.	4.42	-
(B)	Consumption per unit of products:			
	<u>Silk Fabrics</u>	Mtrs	14,51,741.45	13,76,458.20
	Electricity	Rs.	16.67	12.10
	Briquettes	Rs.	6.45	-
	Furnace Oil	Rs.	-	3.54
	Diesel	Rs.	3.18	5.83
	<u>Silk Yarn</u>	Kgs.	17,528.330	1,33,659.270
	Electricity	Rs.	32.27	40.82
	Furnace Oil	Rs.	3.04	16.64
	Diesel	Rs.	4.87	5.02



TECHNOLOGY ABSORPTION

Form B

Research & Development

1. Specific areas in which R&D carried out by the Company
2. Benefits derived as a result of above R&D
3. Future plan of action
4. Expenditure on R & D

R&D activities are carried out for development of new products.

Improvement in quality and customer satisfaction.

Development of new varieties of products.

Capital	Rs. 16.58 lakhs
Recurring	Rs. 259.90 lakhs
R&D Expenditure as a percentage of turnover	0.44%

Technology Absorption, Adaptation & Innovation

1. Efforts in brief, made towards technology Absorption, adaptation and innovation
2. Benefits derived as a result of the above
3. Details of imported technology

Latest softwares are used for better design development.

Improved products.

Not Applicable.

FOREIGN EXCHANGE EARNINGS & OUTGO

- (a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for product and services and export plans.
- (b) (i) Overseas Travelling
(ii) Commission to Agents
(iii) Consultation Fees
(iv) Others

The sales personnel of the Company regularly undertake export promotion tours to communicate with the existing customers and tap prospective buyers. They also participate in International Trade Fairs to display the vast range of the Company's products to procure bulk orders.

The information on foreign exchange earnings and outgo is contained in Schedule 14 item 23 (i & j)

Kolkata 700 001
Dated: The 2nd August, 2011.

By Order of the Board
S.S. SHAH
Chairman & Managing Director



EASTERN SILK INDUSTRIES LTD.

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :

Adequate internal control systems and procedures, risk management and code of conduct for observance by the Company's directors and employees are conducive in achieving good Corporate Governance practices in the Company.

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, a Report on Corporate Governance for the year 2010-11 is given below.

BOARD OF DIRECTORS

The Board comprises of five members – two Executive Directors and three Non-Executive Independent Directors. The composition of the Board of Directors and also the number of the Board of Directors or Board Committees of which he is a member / Chairperson are as under.

Name of the Director	Category	No. of other Directorship	No. of Membership of other Board Committee	No. of Board Committee for which Chairperson
Shri S.S. Shah	Promoter, Executive	–	–	Nil
Shri Sundeep Shah	Promoter, Executive	–	–	Nil
Shri G.D. Harnathka	Non-Executive, Independent	–	–	Nil
Shri H.S. Gopalka	Non-Executive, Independent	1	–	Nil
Shri R.S. Rungta	Non-Executive, Independent	1	–	Nil

During the year under review, Board Meetings were held on 29th April 2010, 10th August 2010, 10th November 2010 and 11th February 2011. The attendance of the Directors for the Board Meeting and the last Annual General Meeting (AGM) was as follows:

Name of the Director	Meeting Attended	Whether attended the last AGM
Shri S.S. Shah	4	Yes
Shri Sundeep Shah	4	Yes
Shri G.D. Harnathka	2	No
Shri H.S. Gopalka	3	Yes
Shri O.P. Agarwal	2	Yes
Shri R.S. Rungta	3	Yes
Shri R.L. Gaggar	4	Yes
Shri Sunil V. Diwakar	–	No



BOARD COMMITTEES

Audit Committee

I. Constitution

The Audit Committee of the Company was constituted to exercise powers and discharge functions as stipulated in Section 292A of the Companies Act, 1956, Clause 49 of the Listing Agreement with Stock Exchange and other relevant statutory / regulatory provisions.

II. Composition

The Audit Committee of the Company comprises three Directors of which two are non executive independent Directors namely Shri H.S. Gopalka and Shri R.S. Rungta and one Executive Director namely Shri Sundeep Shah. All these directors have knowledge of corporate finance, accounts and company law. The Chairman of the Committee is Shri H.S. Gopalka. The Company Secretary acts as the Secretary of the Committee. Besides the Committee members, Financial Officer and partners / representatives of the firm of Statutory Auditors and Internal Auditors are permanent invitees at the meetings of the Committee.

III. Meetings and Attendance

During the financial year ended 31st March 2011 four Audit Committee meetings were held on 28th April 2010, 9th August 2010, 9th November 2010 and 10th February 2011 which were attended by all the members of the Committee.

REMUNERATION COMMITTEE

I. Constitution

The Remuneration Committee of the Company was formed to recommend remuneration packages for whole-time Directors. Such recommendation are based on the overall financial performance and profitability of the Company and on evaluation of the personal contribution of the individual directors.

II. Composition

The Members of the Remuneration Committee are Shri H.S. Gopalka, Shri R.S. Rungta and Shri G.D. Harnathka. Shri R.S. Rungta acts as the Chairman of the Committee.

III. Meeting and Attendance

During the financial year ended 31st March 2011 no Remuneration Committee Meeting was held.

The details of the remuneration to the directors for the year ended 31st March 2011 are as under:

Name of the Director	Salary	Perquisites	Sitting Fees for Board & Committee Meetings	Total Rs.
Shri S.S. Shah	20,04,000	3,96,000	—	24,00,000
Shri Sundeep Shah	20,83,000	3,17,000	—	24,00,000
Shri H.S. Gopalka	—	—	31,000	31,000
Shri R.S. Rungta	—	—	21,000	21,000
Shri G.D. Harnathka	—	—	10,000	10,000
Shri O.P. Agarwal	—	—	14,000	14,000
Shri R.L. Gagar	—	—	20,000	20,000
Shri Sunil V. Diwakar	—	—	—	—



EASTERN SILK INDUSTRIES LTD.

SHAREHOLDERS COMMITTEE :

Share Transfer Committee

- I. **Constitution**
Share Transfer Committee was constituted to deal with various matters relating to transfer and transmission of shares, issue of duplicate share certificates and approving the split and consolidation requests and other matters relating to transfer and registration of shares.
- II. **Composition**
The members of the Committee are Shri S. S. Shah, Shri Sundeep Shah and Shri K. T. Sheth. Shri S. S. Shah acts as the Chairman of the Committee.
- III. **Meeting & Attendance**
During the financial year ended 31st March, 2011, eight Share Transfer Committee meetings were held. No sitting fee was paid to any member of the Share Transfer Committee.

Investors' Grievance Committee

- I. **Constitution**
Investors' Grievance Committee was formed to oversee the redressal of shareholders' and investors' grievances in relation to transfer of shares, non-receipt of annual report, non-receipt of dividend etc.
- II. **Composition**
The Committee comprises of two non-executive independent directors namely Shri H. S. Gopalka and Shri R. S. Rungta and one Executive Director namely Shri Sundeep Shah. Shri R.S. Rungta is the Chairman of the Committee.
- III. **Meeting & Attendance**
During the financial year ended 31st March, 2011, four Investors' Grievance Committee meetings were held.

GENERAL BODY MEETING

- i) **General Meetings:**
The last three Annual General Meeting of the Company were held as under :

Date	Time	Venue
24 th September 2008	11:00 A.M.	Kala Kunj 48 Shakespeare Sarani Kolkata – 700 017.
9 th September 2009	11:00 A.M.	-- DO --
22 nd September 2010	3:00 P.M.	-- DO --

- ii) **Special Resolutions:**
No special resolutions were passed during the year.
- iii) **Postal Ballot**
No Postal Ballot was conducted during the year.

**DISCLOSURES**

- a) The Company has not entered into any transaction of a material nature with the promoters, directors or management, or their relatives that may have potential conflict with the interest of the Company at large.
- b) A qualified practicing Company Secretary carries out a secretarial audit to reconcile the total admitted capital with National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd. (CDSL) and the total issued and listed capital. The secretarial audit report confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.
- c) Chairman and Managing Director and Finance Manager have furnished the requisite certificates to the Board of Directors pursuant to Clause 49 of the Listing Agreement.

MEANS OF COMMUNICATION

The financial results of the Company are published in all leading newspapers in India viz. Business Standard, Business Line and Dainik Statesman. The results are also displayed on the Company's website. Press releases are also made by the Company from time to time to facilitate better communication with the shareholders and investors.

GENERAL SHAREHOLDERS INFORMATION**i) Sixty Fifth Annual General Meeting**

Venue : Kala Kunj, 48 Shakespeare Sarani, Kolkata – 700 017
Date : 21st September 2011
Time : 11:00 A.M.

ii) Financial Calendar

First quarter results - By end July
Second quarter results - By end October
Third quarter results - By end January
Fourth quarter results - By end April

iii) Book Closure

The date of book closure is from 9th September 2011 to 21st September 2011 (both days inclusive).

iv) Listing on Stock Exchange

NAME OF STOCK EXCHANGE	STOCK CODE
National Stock Exchange of India Ltd.	EASTSILK

Listing fee for the year 2011-2012 has been paid to National Stock Exchange of India Ltd.

V) Stock Market Data

The Company's high and low prices recorded on National Stock Exchange of India Ltd. during the financial year 2010-2011 are given below:



EASTERN SILK INDUSTRIES LTD.

MONTH	HIGH (Rs.)	LOW (Rs.)
APRIL 2010	16.40	13.55
MAY 2010	15.80	12.10
JUNE 2010	14.50	12.25
JULY 2010	13.95	13.05
AUGUST 2010	14.45	12.60
SEPTEMBER 2010	14.45	13.15
OCTOBER 2010	16.00	13.30
NOVEMBER 2010	16.50	11.40
DECEMBER 2010	13.15	11.15
JANUARY 2011	12.85	10.05
FEBRUARY 2011	11.90	7.10
MARCH 2011	9.90	8.10

i) Share Holding (as on 31st March, 2011)

The shareholding distribution as at 31st March, 2011 is as follows:

No. of Shares	Number of Share Holders	% To Total Holders	No. of Shares held	% To total Holding
Upto 500	17,401	69.02	39,14,333	4.96
501 - 1000	3,814	15.13	33,54,503	4.25
1001 - 2000	1,809	7.18	29,07,607	3.68
2001 - 3000	713	2.83	18,61,258	2.36
3001 - 4000	304	1.21	11,03,089	1.40
4001 - 5000	337	1.34	16,20,033	2.05
5001 - 10000	452	1.79	33,61,153	4.26
10001 & above	380	1.50	6,08,30,644	77.04
TOTAL	25,210	100.00	7,89,52,620	100.00

The shareholding pattern as at 31st March, 2011 is as follows:

Category	No. Shares	% age of Holding
Promoters including NRI Promoters	4,04,88,851	51.28
Financial Institutions, Banks, Mutual Fund Etc.	43,91,960	5.56
Non Resident Indians / OCBs / FIIs	10,16,350	1.29
Private Corporate Bodies	90,83,058	11.50
Indian Public	2,39,72,401	30.37
TOTAL	7,89,52,620	100.00

**vii) Dematerialisation of Shares**

As directed by Securities Exchange Board of India (SEBI) Equity shares of the Company are being traded in compulsory dematerialised form by all the investors.

The Company has entered into an agreement with both depositories viz., National Security Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) enabling the investors to hold shares of the Company in electronic form.

The ISIN of Eastern Silk for transactions of shares in depository mode is INE 962CO1027.

As on 31.03.2011 the dematerialised shares were 7,14,24,224 which represents 90.46% of the total subscribed capital. The equity shares of the Company are regularly traded on the National Stock Exchange.

viii) Share Transfer System

Share transfers in physical form are registered by the Registrar and Share Transfer Agents and are returned to the respective transferees within a period ranging from fifteen days to one month provided the documents lodged with the Registrar/Company are clear in all respects.

ix) Registrar and Share Transfer Agents

The Company's Share Transfer Agents are ABS Consultant Pvt. Ltd., 99, Stephen House, 6th Floor, 4 BBD Bag (East), Kolkata – 700 001 for effecting transfer/transmission etc. in physical and demat form.

x) Plant Location

Unit 1	:	411, Telugarahalli Road Anekal, Bangalore – 562 106
Unit 2	:	Kammansandra Agrahara Kasaba Hobli Anekal, Bangalore – 560 106
Unit 3	:	11A, 2nd Cross Industrial Area Nanjangud, Karnataka – 571 301
Unit 4	:	Falta Special Economic Zone 24 Parganas (South), West Bengal

xi) Address for Correspondence

Eastern Silk Industries Ltd.
19, R. N. Mukherjee Road
Kolkata – 700 001.
Phone : 2243 – 0817 – 19 (3 Lines)
Fax : 2248 – 2486
Email : esilk@giasci01.vsnl.co.in
Website : www.easternsilk.com

CODE OF PROFESSIONAL CONDUCT

The Company had formulated a Code of Conduct for all Board Members and Senior Managerial Personnel and the same was adopted by the Board in its meeting held on 27th January 2005. The Code is also available on the website of the Company.



EASTERN SILK INDUSTRIES LTD.

Management Discussion And Analysis :

Overall Review, Industry Structure and Developments

The demand for silk fabrics, its made-ups and garments in US, Europe and other western countries had declined considerably during the last three years due to recession in these countries. To add to the misery the price of raw silk imported from China rose from US\$24.00 per Kilo to almost US\$58.00 per Kilo rendering the entire economics in the industry unviable. The last death nail was given in the Union Budget for F.Y. 2012 by reducing the custom duty on raw silk from 30% to 5%. As a result, the benefit of Duty Free Import Licences availed by the exporters which were partially passed on to the overseas buyers, had to be discontinued and the pricing of export commodities were required to be increased by 15% - 20% which is a Herculean task considering the prevailing adverse market conditions in the overseas markets.

Opportunities and Threats

Once the economic recovery begins in the global market, the demand for silk products is expected to pick up. However, rising cost of raw materials and high logistic costs are deterrent to the growth of export of silk products.

Segmentwise Performance

The Company's business activities falls within a single primary segment viz. Textiles.

Outlook

The full benefit of the expansion programme of the Company at Unit-2 near Anekal at Bangalore is likely to be reaped in the current year. The Company's strategy of changing product folio by giving more thrust on low cost products like blended fabrics and polyfab has received good response from overseas customers.

Internal Control System

The Company has adequate system of internal controls to ensure that all assets are safeguarded and protected against loss and that all transactions are authorised, recorded and reported correctly. The systems are designed to support the reliability of the financial and other records for preparing financial statements and other data.

Human Resources

The Company continues to recognize the importance of good human relation in the smooth working of the organization. Upgradation of the skills of the employees is a continuous process pursued by the Company.

Cautionary Statement

Certain statements in this report on Management Discussion and Analysis describing the Company's view about the industry, objectives, projections, estimates, expectations or predictions may be forward looking within the meaning of applicable laws and regulations. Actual results may differ from those implied therein. Important factors that could make a difference include economic developments within India and countries with which the Company conducts business, government regulations and tax regime, availability of raw materials and prices and other incidental factors.

EASTERN SILK INDUSTRIES LTD.



AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT.

We have examined the compliance of conditions of corporate governance by EASTERN SILK INDUSTRIES LTD. for the year ended on 31st March, 2011 as stipulated in clause 49 of the listing agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned listing agreement.

We state that based on the report given by the Registrars & Share Transfer Agent of the Company to the Investors Grievance Committee, as on 31st March, 2011 there were no investors' grievance matters against the Company remaining unattended / pending for more than 30 days.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

23A, Netaji Subhas Road
Kolkata. the 2nd August, 2011

For **B.K. SHROFF & CO**
Firm Registration No.: 302166E
CHARTERED ACCOUNTANTS
(L.K.Shroff)
PARTNER
Membership No. : 60742



EASTERN SILK INDUSTRIES LTD.

AUDITORS' REPORT

TO THE MEMBERS OF EASTERN SILK INDUSTRIES LTD.

1. We have audited the attached Balance Sheet of **EASTERN SILK INDUSTRIES LTD.** as at 31st March, 2011 and also the Profit & Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. 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 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 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 (Auditors' Report) Order, 2003 as amended by the Companies (Auditor's Report Amendment) Order 2004 issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks as were considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matter specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments 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 purposes of our audit;
 - II. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - III. the Balance Sheet, Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - IV. in our opinion, the Balance Sheet, Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in clause (3C) of Section 211 of the Companies Act, 1956, subject to our comment in Para-VII below.
 - V. on the basis of written representation received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a Director in terms of clause (g) of Sub-Section (I) of Section 274 of the Companies Act, 1956;
 - VI. *In our opinion the valuation of closing stock has been overstated by the Company by Rs. 92.46 crores as at 31st March 2011. This is due to the lower realisation of finished goods in the subsequent periods and a substantial stock being non/slow moving, the lower realisation in the value of stocks have not been fully captured in the accounts by the management. Only a sum of Rs.34.70 crores has been accounted for in the Profit & Loss Account towards lower realisable value of stock. Had the entire lower realisable value been accounted, the loss for the year ended 31st March, 2011 would have been Rs 150.40 crores and Reserves & Surplus would have been lower by Rs.92.46 crores.*
 - VII. *Without qualifying our opinion, attention is drawn to the following notes in Schedule 14 :*
 - a) *Note No.12 - Provision for Bad & Doubtful debts, on which we are unable to express any opinion on correctness and/or adequacy of the provision.*



AUDITORS' REPORT (Contd.)

- b) Note No. 9 - As at the Balance Sheet date the losses of the Company stands at Rs 57.94 crores as against the shareholders' fund of Rs 331.40 crores (including revaluation reserve of Rs 42.11 crores). As stated in the said note the management has a future plan for the revival of the Company and is confident and hopeful of improving financial health in the near future. Accordingly the financial statements for the year have been drawn up by the management as per the going concern assumption.

VIII. in our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with Accounting Policies and the Notes thereon appearing in schedule - 14 give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-

- (a) in the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2011.
(b) in the case of the Profit & Loss Account of the Loss for the year ended on that date; and
(c) in the case of the Cash Flow Statement of the Cash Flows for the year ended on that date.

23A, Netaji Subhas Road,
Kolkata, the 2nd August, 2011

For **B. K. SHROFF & CO.**
Firm Registration No.: 302166E
Chartered Accountants
(L.K.Shroff)
PARTNER
Membership No. : 60742



EASTERN SILK INDUSTRIES LTD.

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

- i)
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b. The management has physically verified certain fixed assets during the year in accordance with a programme of verification, which in our opinion provides for physical verification of the fixed assets at reasonable intervals having regard to the size of the Company and nature of its assets. According to the information and explanations given to us no material discrepancies were noticed on such verification.
 - c. In our opinion and according to explanations given to us, Fixed Assets disposed off during the year were not substantial and as such the disposal has not affected the going concern concept of the Company.
- ii)
 - a. As explained to us, inventories have been physically verified by the management at regular intervals during the year.
 - 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. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification as compared to the book records.
- iii) As explained to us and according to the information furnished to us, the Company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and as such clause (iii) of the Order is not applicable.
- iv) 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 nature of its business for the purchase of inventory, fixed assets and also for the sale of goods. During the course of our audit, we have not observed any major weakness in internal controls.
- v) In respect of transactions entered in the register maintained under Sec. 301 of the Companies Act, 1956:
 - a. To the best of our knowledge and belief and according to the information and explanations given to us, transactions that needed to be entered into the register pursuant to Section 301 of the Companies Act, 1956 have been so entered.
 - b. In our opinion and according to the information and explanations given to us, the transactions in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs.5 lakhs or more in respect of any party have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) The Company has not accepted any deposits from the public and as such clause (vi) of the Order is not applicable.
- vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business and needs to be further strengthened.
- viii) We have broadly reviewed the books of account and records maintained by the Company relating to 'Textiles' pursuant to Sec. 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of these records.
- ix) According to the information and explanations given to us in respect of the statutory dues:
 - a. The Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, Sales Tax, Customs Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2011 for a period of more than six months from the date they became payable *except 42.93 Lacs since paid.*

EASTERN SILK INDUSTRIES LTD.



- b. According to the information and explanations given to us, details of dues of Customs Duty/ Excise Duty/ Sales Tax which have not been deposited on account of any dispute are as follows :

Name of the Statute	Name of the Dues	Amount (Rs. in lacs)	Period to which the amount relate	Forum where dispute is pending
Central Excise Act	Excise Duty and Penalty	26.72	2002-03	Deputy Commissioner, Central Excise
Employees State Insurance Act	Employees State Insurance	6.03	1995-96 & 2002-03	Asst. Director, ESIC
Custom Duty Act	Custom Duty	109.77	2001-02	Hon'ble High Court of Karnatka
Customs Duty Act	Custom Duty	148.50	2005-06	Commissioner of Custom (Port), Kolkata
Customs Duty Act	Custom Duty	78.92	2003-04	CESTAT, Bangalore
Customs Duty Act	Custom Duty	28.70	2003-04	Commissioner of Custom
Customs Duty Act	Custom Duty	44.07	2002-03	Commissioner of Custom
Income Tax Act	Income Tax	2.31	2004-05	I.T.A.T (Kolkata)

- x) The Company has no accumulated losses at the end of financial year but has incurred cash losses during the financial year covered by our audit. The company has not incurred cash losses in the previous financial year.
- xi) In our opinion and according to the information & explanations given to us, the Company has not defaulted in repayment of term loan installment & Interest to Banks. However in the repayment of term loan installments amounting to Rs. 150.00 Lacs due in Apr'10, July'10, Oct'10 & Jan'11 respectively due to State Bank of India were paid in July'10, Sep'10, Jan'11 & Feb'11 respective and repayment of interest is as follows :

Bank	Period	(Rs. In Lacs)	Amount Payment Date
State Bank of India	May'10	22.14	02.07.10
	June'10	21.61	01.07.10
	July'10	21.52	01.11.10
	Aug'10	26.29	01.11.10
	Sep'10	30.79	22.12.10
	Oct'10	27.93	22.12.10
	Nov'10	27.95	04.02.11
	Dec'10	28.98	04.02.11
	Jan'11	28.33	04.02.11
	Feb'11	23.77	12.05.11
	Mar'11	26.23	12.05. & 30.06.11
Exim Bank	20th Feb'11 To 19th Mar'11	27.47	20.06.11

- xii) In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The Company is not a Chit Fund or a Nidhi / Mutual Benefit Fund/Society and as such reporting under clause (xiii) of the Order is not applicable to the Company.
- xiv) Based on our examination of the records and according to the information and explanations given to us, Company is not dealing or trading in shares, securities, debentures and other investments. We also report that the Company has held the shares, securities, debentures and other investments in its own name.



EASTERN SILK INDUSTRIES LTD.

- xv) According to the information and explanations given to us, the Company has given a corporate guarantee to a bank for an Associate Company for Rs. 650.00 Lacs for availing loan from bank by the said Company, the terms of conditions of which are not prima facie prejudicial to the interest of the Company.
- xvi) To the best of our knowledge and belief and according to the information and explanations given to us, term loans availed by the company were, prima facie, applied by the company during the year for the purposes for which the loans were obtained.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that prima facie funds raised on short-term basis have been not used for long-term investments.
- xviii). The Company has not made preferential allotment of shares during the year to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- xix). The Company has not issued any debentures during the year.
- xx). The Company has not raised any money by public issue during the year.
- xxi). To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the course of our audit.

23A, Netaji Subhas Road,
Kolkata, the 2nd August, 2011

For B. K. SHROFF & CO.
Firm Registration No.: 302166E
Chartered Accountants
(L.K.Shroff)
PARTNER
Membership No. : 60742



**Statement
of
Accounts**



EASTERN SILK INDUSTRIES LTD.

BALANCE SHEET AS AT 31ST MARCH, 2011

	<u>Schedule</u>	<u>31-03-2011</u> Rs.in Lacs	<u>31-03-2010</u> Rs.in Lacs
SOURCES OF FUNDS			
i) Shareholders' Funds			
(a) Share Capital	1	2,979.05	2,979.05
(b) Reserves & Surplus	2	31,561.44	37,638.52
ii) Loan Funds	3		
(a) Secured Loans		25,054.29	17,118.07
(b) Unsecured Loans		<u>990.78</u>	24.73
		26,045.07	
iii) Deferred Tax Liability	4	14.83	1,099.22
		<u>60,600.39</u>	<u>58,859.59</u>
APPLICATIONS OF FUNDS			
i) Fixed Assets	5		
(a) Gross Block		34,469.58	27,846.14
(b) Less : Depreciation		<u>13,901.35</u>	11,322.41
(c) Net Block		20,568.23	16,523.73
(d) Capital Work-In-Progress		556.31	4,949.96
		<u>21,124.54</u>	21,473.69
ii) Investments	6	0.39	205.39
iii) Current Assets, Loans & Advances	7		
(a) Inventories		21,951.73	25,157.31
(b) Sundry Debtors		14,784.57	7,744.31
(c) Cash & Bank Balances		2,721.17	2,817.95
(d) Loans & Advances		6,972.51	12,787.47
		<u>46,429.98</u>	<u>48,507.04</u>
Less :			
iv) Current Liabilities & Provisions	8		
(a) Current Liabilities		6,539.52	10,630.72
(b) Provisions		415.00	695.81
		<u>6,954.52</u>	<u>11,326.53</u>
v) Net Current Assets (iii-iv)		39,475.46	37,180.51
		<u>60,600.39</u>	<u>58,859.59</u>
Accounting Policies & Notes On Accounts	14		
As per our report of even date annexed			

For **B. K. SHROFF & CO.**
Firm Registration No. : 302166E
Chartered Accountants

(L.K.Shroff)

Partner

Kolkata
The 2nd August, 2011

(Mem.No.60742)

S. S. Shah
Chairman &
Managing Director

Sundeep Shah
Executive Director

R. S. Rungta
Director

K. T. Sheth
Secretary

EASTERN SILK INDUSTRIES LTD.



PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH,2011

	Schedule	<u>31-03-2011</u> Rs.in Lacs		<u>31-03-2010</u> Rs.in Lacs
INCOME				
Sales & Processing Income		62,892.52		54,393.09
Other Income	9	2,807.01		1,200.06
Increase / (Decrease) in Finished Goods	10	<u>(3,172.88)</u>		<u>102.64</u>
		<u>62,526.65</u>		<u>55,695.79</u>
EXPENDITURE				
Purchases		34,327.62		19,676.78
Raw Materials Consumed	11	22,208.54		19,845.88
Manufacturing, Selling & Other Expenses	12	7,370.02		11,429.10
Interest	13	3,030.89		2,525.02
Depreciation		2,763.10	1,830.91	
Less : Transferred from Capital reserve		<u>295.88</u>	<u>297.33</u>	<u>1,533.58</u>
		<u>69,404.29</u>		<u>55,010.36</u>
PROFIT/(LOSS) BEFORE TAXATION		(6,877.64)		685.43
Less : Provision for				
Current Taxation				275.00
Earlier years Taxation		0.37		(5.99)
Deferred Tax		<u>(1,084.39)</u>		<u>(157.35)</u>
PROFIT / (LOSS) AFTER TAXATION		(5,793.62)		573.77
Add :				
Surplus Brought forward from Previous Year		16,935.41		16,702.72
Available for Appropriation		11,141.79		17,276.49
APPROPRIATION				
General Reserve		-		100.00
Preference Share Redemption Reserve		-		-
Proposed Dividend				
On Equity Shares		-		94.74
On Preference Shares		-		112.00
Corporate Dividend Tax		-		34.34
Surplus Carried to Balance Sheet		<u>11,141.79</u>		<u>16,935.41</u>
		<u>11,141.79</u>		<u>17,276.49</u>
Earning Per Share : Basic & Diluted		(7.34)		0.56
Accounting Policies & Notes On Accounts	14			

As per our report of even date annexed

For **B. K. SHROFF & CO.**
Firm Registration No. : 302166E
Chartered Accountants

(L.K.Shroff)

Partner

(Mem.No.60742)

S. S. Shah

Chairman &
Managing Director

Sundeep Shah
Executive Director

R. S. Rungta
Director

K. T. Sheth
Secretary

Kolkata

The 2nd August,2011



EASTERN SILK INDUSTRIES LTD.

CASH FLOW STATEMENT

for the Year Ended 31st March, 2011

	31-03-2011 Rs.in Lacs	31-03-2010 Rs.in Lacs
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit / (Loss) Before Tax and Extraordinary Items	(6,877.64)	685.43
Add : Adjustments for :		
Depreciation	2,467.22	1,533.58
Interest paid	3,030.89	2,525.02
Unrealised Foreign Exchange(Net)	314.22	491.64
Loss on Sale of Investment	29.69	10.19
Loss on Sale of Fixed Assets	53.80	0.33
	<u>5,895.82</u>	<u>4,560.76</u>
	(981.82)	5,246.19
Less : Adjustments for :		
Interest & Dividend Received	144.15	158.75
Unrealised Foreign Exchange(Net)		
Profit on Sale of Fixed Assets	2.32	0.00
Profit on Sale of Investments	26.62	11.28
Sundry Balances Adjusted	0.16	4.18
	<u>173.25</u>	<u>174.21</u>
Operating Profit Before Working Capital Changes	(1,155.07)	5,071.98
Add :		
Decrease in Working Capital :		
Inventories	3,205.58	-
Trade & Other Receivables		-
Trade Payables		1,242.89
	<u>3,205.58</u>	<u>1,242.89</u>
	2,050.51	6,314.87
Less :		
Increase in Working Capital :		
Trade payables	3,955.33	-
Trade & Other Receivables	1,595.44	2,090.90
Inventories		1,007.64
	<u>5,550.77</u>	<u>3,098.54</u>
Cash Generated From Operations	(3,500.26)	3,216.33
Less :		
Interest paid on Working Capital	2,519.27	2,514.50
Taxes paid	71.78	265.25
	<u>2,591.05</u>	<u>2,779.75</u>
Net Cash Flow From Operating Activities	(6,091.31)	436.58
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Inflows		
Sale of Fixed Assets	9.42	23.17
Sale of Investments	201.93	377.30
Interest received	144.14	148.70
Dividend Received	0.02	10.05
	<u>355.51</u>	<u>559.22</u>
Less :		
Outflows		
Purchase of Fixed Assets	2,510.51	5,631.74
Purchase of Investment	-	0.20
	<u>2,510.51</u>	<u>5,631.94</u>
Net Cash Used In Investing Activities	(2,155.00)	(5,072.72)

EASTERN SILK INDUSTRIES LTD.



CASH FLOW STATEMENT

for the Year Ended 31st March, 2011

	31-03-2011 Rs.in Lacs	31-03-2010 Rs.in Lacs
C. CASH FLOW FROM FINANCIAL ACTIVITIES :		
Proceeds from issuance of Equity Share Capital	—	-
Proceeds from Short Term Borrowings	7,457.24	2,370.27
Proceeds from Long Term Borrowings	1,439.99	3,713.22
	8,897.23	6,083.49
Less :		
Interest Paid on Term Loan	506.61	5.64
Dividend & Corporate Tax	241.08	567.58
	747.69	573.22
Net Cash Used In Financing Activities	8,149.54	5,510.27
Net Changes In Cash & Cash Equivalents (A+B+C)	(96.78)	874.13
* Cash & Cash Equivalents - Opening Balance	2,817.95	1,943.82
* Cash & Cash Equivalents - Closing Balance	<u>2,721.17</u>	<u>2,817.95</u>
* Represents Cash & Bank Balances as indicated in Schedule 7.		

For **B. K. SHROFF & CO.**

Firm Registration No. : 302166E

Chartered Accountants

(L.K.Shroff)

Partner

Kolkata

The 2nd August, 2011

(Mem.No.60742)

S. S. Shah

Chairman &
Managing Director

Sundeep Shah
Executive Director

R. S. Rungta
Director

K. T. Sheth
Secretary



EASTERN SILK INDUSTRIES LTD.

SCHEDULES TO THE ACCOUNTS

	31-03-2011 Rs.in Lacs	31-03-2010 Rs.in Lacs
Schedule : 1		
SHARE CAPITAL		
Authorised		
15,00,00,000 Equity Shares of Rs.2/- each	3,000.00	3,000.00
20,00,000 Preference Shares of Rs. 100/- each	2,000.00	2,000.00
	<u>5,000.00</u>	<u>5,000.00</u>
Issued		
7,91,10,120 Equity Shares of Rs.2/- each	1,582.20	1,582.20
14,00,000 Redeemable Cumulative Preference Shares of Rs. 100/- each	1,400.00	1,400.00
	<u>2,982.20</u>	<u>2,982.20</u>
Subscribed & Paid-up		
7,89,52,620 Equity Shares of Rs.2/- each fully paid up	1,579.05	1,579.05
14,00,000 8% Redeemable Cumulative Preference Shares of Rs. 100/- each fully paid up	1,400.00	1,400.00
	<u>2,979.05</u>	<u>2,979.05</u>

Notes :

1. * Of the above shares 88,37,450 Equity Shares of Rs. 2/- were allotted as fully paid up Bonus Shares by Capitalisation of General Reserve.
2. * During 1995-96 the company offered 1,18,13,725 Equity Shares of Rs.2/- each to the existing Shareholders in the ratio of 1 share for every 2 shares held, at a premium of Rs.6/- per share as per letter of offer dated December 21, 1995. Out of the above shares, allotment of 6000 Equity Shares are kept in abeyance under Court Order.
3. * 3,16,96,445 Equity Shares of Rs.2/- each fully paid up at a premium of Rs.15.60 per Equity Share were allotted to the Shareholders of erstwhile Eastern Jingying Ltd. and Stella Silks Ltd. (since amalgamated) pursuant to the Scheme of Amalgamation without payment being received in cash.
4. * During 2006-07 the Company allotted 1,15,00,000 Equity Shares of Rs.2/- each fully paid up at a premium of Rs.48.03 per Equity Share on preferential basis .
5. 6,00,000 Redeemable Cumulative Preference Shares were allotted by the Company on 21.01.2004. 2,00,000 Redeemable Cumulative Preference Shares were allotted by erstwhile Eastern Jingying Ltd. on 09.02.2004 & 6,00,000 Redeemable Cumulative Preference Shares were allotted by erstwhile Stella Silks Ltd. on 26.03.2005. All the Preference Shares are carrying dividend at the rate of 8%. The date of redemption of all the preference shares which were due for redemption on 25th March, 2010 and 1st April' 2010 have now been extended upto 1st April 2020 with the consent of all the preference shareholders. Hence, the earliest date of redemption is 1st April 2020.

* The number of shares, face value and the premium has been reworked on sub division of shares from Rs.10/- each to Rs 2/- each.

EASTERN SILK INDUSTRIES LTD.



SCHEDULES TO THE ACCOUNTS

	31-03-2011 Rs.in Lacs		31-03-2010 Rs.in Lacs
SCHEDULE : 2			
RESERVES & SURPLUS			
Capital Reserve			
As Per Last Balance Sheet	1,072.46	1,419.18	
Less : Depreciation on Revalued Assets	295.88	297.33	
Less : Residual Value of Revalued Assets Sold	35.68	49.39	
	740.90		1,072.46
Capital Redemption Reserve			
As Per Last Balance Sheet	1,400.00		1,400.00
Securities Premium Account			
As Per Last Balance Sheet	11,428.75		11,428.75
Preference Share Redemption Reserve			
As Per Last Balance Sheet	1,400.00		1,400.00
General Reserve			
As Per Last Balance Sheet	5,450.00	5,350.00	
Add :- Transferred from Profit & Loss Account	-	100.00	
	5,450.00		5,450.00
Hedge Reserve Account			
	-		(48.10)
Profit & Loss Account Balance			
Transferred from Profit & Loss Account	11,141.79		16,935.41
	31,561.44		37,638.52



EASTERN SILK INDUSTRIES LTD.

SCHEDULES TO THE ACCOUNTS

SCHEDULE : 3

31-03-2011

31-03-2010

Rs.in Lacs

Rs.in Lacs

LOAN FUNDS

A) Secured Loans

Long Term Loans

From Banks and Financial Institution

Rupee Term Loan

5,341.48

3,908.24

Secured by first pari passu hypothecation of movable Fixed Assets pertaining to Unit II at Anekal, Karnatka, both present & future and mortgage of land & other immovable properties at Anekal .The Loans are additionally secured by personal guarantee of the Managing Director .

Interest accrued but not due

11.77

6.78

5,353.25

3,915.02

Packing Credit-cum-Cash Credit Loan and Overdrafts

From Banks

19,673.74

13,182.55

Secured by hypothecation of stocks of Raw Materials, Silk Waste, Silk Yarn, Stores & Spare Parts, Stock in Process including Stock-in-Transit of Raw materials, Semi-Finished Goods lying at different manufacturing units at Anekal, Nanajangud, Falta and/or at the centres of its vendors, Book Debts, Bills Receivable and Guarantees of ECGC Ltd., second pari passu charges on movable Fixed Assets situated at Anekal, Karnatka both present & future, and also mortgage of some immovable property in the Company, alongwith personal guarantee of the Managing Director.

Vehicle Loans

From Banks

27.19

20.41

Secured against hypothecation of Vehicles

Interest accrued but not due

0.11

0.09

25,054.29

17,118.07

B) Unsecured Loans

Short Term Loan

From Banks

966.05

-

- Small Industrial Development Bank of India, Max O/s - Rs. 995.47lacs

From Others

24.73

24.73

990.78

24.73

26,045.07

17,142.80

SCHEDULE : 4

DEFERRED TAX LIABILITY

As Per Last Balance Sheet

1,099.22

1,256.57

Add : Addition/(Deduction) during the year

(1,084.39)

(157.35)

14.83

1,099.22



SCHEDULES TO THE ACCOUNTS

SCHEDULE - 5

FIXED ASSETS

Description of Assets	Rs. in Lacs											
	GROSS BLOCK		DEPRECIATION				NET BLOCK					
	Cost as on 01.04.2010	Additions during the Year	Sale / Deductions during the Year	Total	Upto 01.04.2010	For the Year	Adjustment during the Year	Total	W.D.V. as on 31.03.2011	W.D.V. as on 31.03.2010		
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
Land	378.78			378.78								
Building	2,461.67	645.40		3,107.07	981.75	131.09		1,112.84	378.78	378.78		
Plant & Machinery	23,836.10	6,009.90	236.97	29,609.03	9,730.90	2,526.72	153.17	12,104.45	1,994.23	1,479.92		
Electric Installation	697.80	100.64	7.34	791.10	315.75	44.92	5.13	355.54	435.56	382.05		
Office Equipments & Furniture	306.49	124.92	20.44	410.97	195.80	42.45	13.91	224.34	186.63	110.69		
Vehicles	165.30	23.32	15.99	172.63	98.21	17.92	11.95	104.18	68.45	67.09		
Capital work in progress	27,846.14	6,904.18	280.74	34,469.58	11,322.41	2,763.10	184.16	13,901.35	20,568.23	16,523.73		
Total	4,949.96	2,386.15	6,779.80	556.31	-	-	-	-	556.31	4,949.96		
	32,796.10	9,290.33	7,060.54	35,025.89	11,322.41	2,763.10	184.16	13,901.35	21,124.54	21,473.69		
Previous Year's Figure	27,300.94	7,569.01	2,073.85	32,796.10	9,555.19	1,830.91	63.69	11,322.41	21,473.69			

Depreciation includes depreciation on revalued assets Rs. 295.88 Lacs (Previous year Rs.297.33 Lacs)



EASTERN SILK INDUSTRIES LTD.

SCHEDULES TO THE ACCOUNTS

	31-03-2011 Rs.in Lacs	31-03-2010 Rs.in Lacs
SCHEDULE : 6		
INVESTMENTS		
A . Long Term Investments		
Other Than Trade		
Quoted :		
Fully paid Equity Shares of Rs.10/- each unless otherwise stated		
64 Tata Consultancy Services Ltd (Including 48 Bonus Equity Shares)	0.14	0.14
Unquoted :		
Fully paid Equity Shares of Rs.10/- each unless otherwise stated		
2,570 India Exposition Mart	0.25	0.25
B. Current Investments		
Unquoted :		
Other Investments - in Mutual Funds (Face Value of Rs. 10/- each)		
J.M.Emerging Leader Fund (2,72,232.305)	-	30.00
HDFC Midcap Opportunities Fund (5,00,000.000)	-	50.00
ABN Amro China-India Fund (4,87,804.870)	-	50.00
Sundram BNP Paribas Energy Opportunities Fund (7,50,000.000)	-	75.00
	<u>0.39</u>	<u>205.39</u>
Aggregate value of Investments in Equities		
Quoted	0.14	0.14
Unquoted	0.25	0.25
	<u>0.39</u>	<u>0.39</u>
Aggregate value of Investments in Mutual Funds	-	<u>205.00</u>
	<u>0.39</u>	<u>205.39</u>
Market Value of Quoted Investments	0.76	0.50

EASTERN SILK INDUSTRIES LTD.



SCHEDULES TO THE ACCOUNTS

31-03-2011
Rs.in Lacs

31-03-2010
Rs.in Lacs

SCHEDULE :7

CURRENT ASSETS, LOANS & ADVANCES		
Current Assets		
Inventories : (as taken, valued & certified by the Management)		
Raw Materials (at lower of cost or net realisable value)	6,802.18	7,605.65
Stock in process (at estimated cost)	1,611.94	1,530.73
Finished Goods (at lower of cost or net realisable value)	13,408.53	15,904.43
Stores, Spare parts, Dyes, Chemicals, etc. (at cost)	<u>129.08</u>	<u>116.50</u>
	21,951.73	25,157.31
Sundry Debtors : (Considered Good)		
Outstanding for a period exceeding six months		
Considered Good	7,719.51	2,446.49
Considered Doubtful	<u>1,725.48</u>	<u>3.65</u>
	9,444.99	2,450.14
Other Debts	<u>7,065.06</u>	<u>5,297.82</u>
	16,510.05	7,747.96
Less : Provision for Doubtful Debts	<u>1,725.48</u>	<u>3.65</u>
(Refer Note No.12 to Schedule 14)	14,784.57	7,744.31
Cash & Bank Balances		
Cash in hand	3.84	2.48
With Scheduled Banks		
In Current Accounts	376.97	782.33
In Fixed Deposit Lying as Margin Money	2,288.44	1,964.90
In Foreign Currency Accounts	<u>51.92</u>	<u>68.24</u>
	2,721.17	2,817.95
Loans & Advances (Unsecured - Considered Good)		
Advances	6,394.32	12,291.97
(Recoverable in cash or in kind or for value to be received)		
Other Deposits	82.83	83.79
Gratuity fund	25.68	-
Advance Payment of Income Tax, Fringe Benefit Tax and		
Tax Deducted at Source	<u>469.68</u>	<u>411.71</u>
	6,972.51	12,787.47
	<u>46,429.98</u>	<u>48,507.04</u>



EASTERN SILK INDUSTRIES LTD.

SCHEDULE TO THE ACCOUNTS

SCHEDULE : 8

31-03-2011
Rs.in Lacs

31-03-2010
Rs.in Lacs

CURRENT LIABILITIES & PROVISIONS

A. Current Liabilities

Sundry Creditors	5,963.28	7,266.51
Security Deposit	-	900.00
Advance against Order	72.22	267.03
Other Liabilities	391.22	2,189.66
Bank overdraft - with Banks	112.80	7.52
	<u>6,539.52</u>	10,630.72

B. Provisions

Provision for Taxation	400.00	400.00
Provision for Fringe Benefit Tax	15.00	28.44
Provision for Gratuity	-	26.29
Proposed Dividend on Equity Shares	-	94.74
Dividend on Preference Shares	-	112.00
Provision for Corporate Dividend Tax	-	34.34
	<u>415.00</u>	695.81
	<u>6,954.52</u>	<u>11,326.53</u>

* Other Liabilities includes change in the fair value of foreign exchange Forward Contracts Rs.Nil(Previous year Rs. 48.10 Lacs)

Note : No amount was due for credit to Investor Education and Protection Fund as at 31.03.2011.

SCHEDULE : 9

OTHER INCOME

Processing Income	0.88	-
Export Incentives/Duty Drawback	804.82	1,018.12
Interest (Gross) (T.D.S Rs 14.35 lacs, Previous Year Rs. 16.98 lacs)	144.14	
From Banks	141.25	145.83
from Others	2.89	2.87
Dividend on Non-Trade Investment	0.02	
Long Term Investment	0.02	0.01
Current Investment	-	10.04
Profit on sale of Fixed Assets	2.32	
Profit on sale of Investments (Long Term)	26.62	11.28
Insurance Claim	4.59	5.68
Sundry Credit Balances Adjusted	0.16	4.18
Rent Received	1.37	1.37
Liability no longer required Written Back	913.85	-
Miscellaneous Income	0.26	0.68
Exchange Rate Difference	907.98	-
	<u>2,807.01</u>	<u>1,200.06</u>

EASTERN SILK INDUSTRIES LTD.



SCHEDULE TO THE ACCOUNTS

	31-03-2011	31-03-2010
	Rs.in Lacs	Rs.in Lacs
SCHEDULE : 10		
INCREASE / (DECREASE) IN FINISHED GOODS		
Closing Stock - Work in Progress	1,611.94	1,530.73
Finished Goods	<u>13,408.53</u>	15,904.43
	15,020.47	
	<u>15,020.47</u>	<u>17,435.16</u>
Less : Opening Stock		
Less : Work in Progress	1,530.73	1,621.84
Finished Goods	15,904.43	15,710.68
Add : Transferred from Raw Materials	<u>758.19</u>	-
	18,193.35	<u>17,332.52</u>
	<u>(3,172.88)</u>	<u>102.64</u>
SCHEDULE :11		
RAW MATERIALS CONSUMED		
Opening Stock	7,605.65	6,673.22
Less : Transferred to Finished Goods	<u>758.19</u>	-
Add: Purchases		
	22,163.26	<u>20,778.31</u>
	<u>29,010.72</u>	<u>27,451.53</u>
Less :		
Closing Stock	<u>6,802.18</u>	<u>7,605.65</u>
	<u>22,208.54</u>	<u>19,845.88</u>



EASTERN SILK INDUSTRIES LTD.

SCHEDULE TO THE ACCOUNTS

SCHEDULE : 12

MANUFACTURING, SELLING & OTHER EXPENSES

	31-03-2011 Rs.in Lacs	31-03-2010 Rs.in Lacs
Conversion, Machining & Other Direct Expenses	1,768.99	5,185.22
Stores, Spares & Accessories Consumed	236.15	206.58
Dyes, Chemicals, etc. Consumed	303.60	183.78
Power & Fuel	411.55	388.54
Salary, Bonus & Allowances	612.45	598.05
Gratuity	(33.36)	31.18
Workers & Staff Welfare Expenses	46.64	43.12
Employer's Contribution to Provident Fund & Other Funds	77.64	80.64
Freight, Packing, Forwarding, etc.	580.85	427.87
Brokerage & Commission to Selling Agents	63.95	2,303.04
Sales Promotion	39.20	51.32
Import Licence Fees	17.30	13.40
Legal, Professional & Syndication Charges	51.28	37.66
Rent	88.38	98.63
Rates & Taxes	10.02	8.68
Insurance	202.73	155.32
Travelling Expenses	163.22	128.76
Mailing & Communication Expenses	39.87	38.94
Bank Charges & Commission	316.13	343.66
Directors' Meeting Fee	0.86	1.03
Auditors' Remuneration		
Audit Fees	6.62	4.41
Tax Audit Fees	1.38	0.77
For Other Services	5.74	2.08
Managerial Remuneration	48.00	75.46
Sales Tax (Vat)	18.53	-
Miscellaneous Expenses	192.90	218.68
Donation	56.39	39.75
Loss on sale of Fixed Assets	53.80	0.33
Loss on sale of Investment		
Short Term (Current)	-	10.19
Long Term	29.69	
Expenses Relating to Previous Year	2.44	2.58
Repairs & Maintenance		
Building	26.88	12.64
Plant & Machinery	28.88	6.97
Others	38.25	19.66
Provision for Bad & Doubtful debts	1,721.83	-
Bad- debt	21.88	-
Exchange Rate Difference (Loss)		634.36
Exchange Rate Difference on Forward Contracts	119.36	75.80
	<u>7,370.02</u>	<u>11,429.10</u>

SCHEDULE : 13

INTEREST

To Banks		2,959.42
-Term Loan	506.61	5.64
- C/C & PC	2,452.81	2,519.38
To Financial Institutions (SIDBI)		68.91
To Others		2.56
	<u>3,030.89</u>	<u>2,525.02</u>



SCHEDULES TO THE ACCOUNTS

Schedule - 14

ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

ACCOUNTING POLICIES :

1 A. Basis of Accounting

The Company adopts the mercantile system of accounting and recognizes income and expenditure on accrual basis in accordance with the applicable accounting standards. Export incentives, insurance and other claims, has been accounted for to the extent quantum thereof is ascertainable with reasonable accuracy.

B. Fixed Assets

Fixed assets are stated at original cost, if revalued at revalued amount, less depreciation. The cost of assets comprise its purchase price, direct expenses incurred including finance costs till it is put to use and the revalued amount, if any. The cost including additions, improvements, renewals, revalued amount and accumulated depreciation of assets which are sold and/or discarded, are removed from the Fixed Assets and any profit or loss resulting there from is included in the Profit & Loss Account.

C. Depreciation

Depreciation is provided for on written down value method, except for Unit 1 & Unit 3 which is provided on Straight Line Method, at the rates prescribed under Schedule XIV of the Companies Act, 1956. Depreciation on the Assets added/disposed off during the year is being provided on pro-rata basis.

Depreciation on revalued assets is calculated on straight line method over the residual life of the respective assets as estimated by the valuer. The charge for depreciation on account of revaluation is withdrawn from capital reserve.

D. Foreign Currency Transactions, Derivatives instruments and hedge accounting

Transactions in foreign currency other than those covered by forward contracts are accounted for at the prevailing conversion rates on the date of transaction and difference arising out of the settlement are dealt with in the Profit & Loss account. Outstanding export documents when covered by foreign exchange forward contracts are translated at contracted rates. Foreign currency loans availed for acquisition of fixed assets are restated at the exchange rate prevailing at year end and exchange rate difference arising on such transactions are adjusted in the Profit & Loss Account. Other foreign currency current assets and liabilities outstanding at the close of the year are valued at the year end exchange rates. The fluctuations are reflected under the appropriate revenue head.

The company uses foreign currency forward contracts and currency options to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The company designates these hedging instruments as cash flow hedges applying the recognition and measurement principles set out in the Accounting Standard 30 'Financial Instruments: Recognition and Measurement' (AS-30).

Hedging instruments are initially measured at fair value, and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognized directly in shareholders' funds and the effective portion is recognized in profit & loss account.

Changes in the fair value of derivatives financial instruments that do not qualify for hedge accounting are recognized in profit & loss account as they arise.

Hedge accounting is discontinued when the hedging instruments expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time for forecasted transactions, any cumulative gain or loss on the hedging instrument recognized in Reserves & Surplus is retained there until the forecasted transaction occurs. If a hedge transaction is no longer expected to occur, the net cumulative gain or loss recognized in shareholder's funds is transferred to profit & loss account for the year.



EASTERN SILK INDUSTRIES LTD.

SCHEDULES TO THE ACCOUNTS

E. Expenditure during Construction Period

Expenditure during construction period is included under Capital Work-in-Progress and the same is allocated to the respective fixed assets on the completion of construction /erection /installation/ production.

F. Valuation of Investments

Long-term investments are stated at cost of acquisition. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

G. Valuation of Inventories

Raw Materials and Finished Goods are valued at lower of cost or net realisable value.

Work-in-progress is valued at estimated cost.

Stores & spares parts, Dyes & chemicals, Packing materials are valued at cost.

Cost of inventories is ascertained at FIFO/Weighted average cost.

H. Employee Benefits

i) Short-term Employee Benefits

Short-term Employee Benefits (i.e. benefits payable within one year) are recognized in the period in which employee services are rendered.

ii) Post employment Benefits

a) Defined Contribution Plans

Contributions towards provident funds are recognized as expense. Provident fund contributions in respect of certain employees are made to Trusts administered by the Company, the interest rate payable to the members of the Trusts is not lower than the rate of interest declared annually by the Central Government under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and shortfall if any, is made good by the Company. The remaining provident fund contributions are made to employer established provident funds (other than covered employees)/government administered provident fund towards which the Company has no further obligations beyond its monthly contributions.

b) Defined Benefit Plans

Liability towards gratuity, covering eligible employees, is provided and funded on the basis of year end actuarial valuation.

Accrued liability towards Leave encashment benefits, covering eligible employees, evaluated on the basis of year-end actuarial valuation is recognized as a charge.

Contribution to Central Government administered Employees' State Insurance Scheme for eligible employees are recognized as charge.

Actuarial gains/losses arising in Defined Benefit Plans are recognized immediately in the Profit and Loss Account as income/expense for the year in which they occur.

I. Miscellaneous Expenditure

Expenses related to issue of fresh capital are being amortized over a period of 10 years.

J. Borrowing Cost

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred. Capitalisation of borrowing costs ceases when substantially all activities necessary to prepare the qualifying asset for its intended use or sale are complete.



SCHEDULES TO THE ACCOUNTS

K. Deferred Taxation

Deferred Taxation is provided using the liability method in respect of taxation effect arising from material timing difference between the accounting and tax treatment of Income & Expenditure based on tax rates prevailing at the time of Balance Sheet date. Deferred Taxation so provided is reviewed at each Balance Sheet date for necessary adjustments.

L. Earning Per Share

Basic earning per share is calculated by dividing the net Profit for the year attributable to equity shareholders (after deducting the dividend on redeemable preference share) by the weighted average number of equity shares outstanding during the year.

Diluted earning per share is calculated by dividing the net profit attributable to equity shareholders (after deducting the dividend on redeemable preference share) by the weighted average number of equity shares outstanding during the year (adjusted for the effects of dilutive options).

M. Events occurring after Balance Sheet Date

Events occurring after the balance sheet date have been considered in the preparation of financial statements.

N. Contingent Liabilities

Unprovided contingent liabilities are disclosed in the accounts by way of notes giving nature and quantum of such liabilities.

O. Research & Development Expenditure

- (a) Capital Expenditure is included in Fixed Assets & Capital Work-in-Progress and depreciation is provided at the respective applicable rates.
- (b) Revenue Expenditure is charged off in the year in which they are incurred.

P. Cash Flow Statement

The company adopts the Indirect Method in preparation of Cash Flow Statement. For the purpose of Cash Flow Statement Cash & Cash equivalent consists of Cash in Hand, Cash at Bank & Cheques in Hand.

NOTES ON ACCOUNT

2. As per the Court order dated 7th February' 2005 of Hon'ble Kolkata High Court and 14th December' 2005 of Hon'ble Karnataka High Court, all the assets and liabilities of erstwhile Eastern Jingying Ltd. and Sstella Silks Ltd. automatically stand transferred in the name of the Company. Based on the Order, the Company has taken necessary steps to have the assets recorded with the relevant authorities in its name.
3. Accounting Standard - 14 states that the identity of the reserves has to be preserved as they appeared in the financial statement of the erstwhile Transferor Companies in the same form. The treatment as per AS-14 has not been followed fully as the High Court approving the Scheme of Amalgamation provided that after taking over all the assets and liabilities of the Transferor Companies as on 31st March 2004, and after accounting for the share premium of Rs.78/- per share as provided in the scheme, surplus, if any, arising after issuance of the new shares be credited to Capital Reserve of the Transferee Company and as such during 2004-05 a sum of Rs. 2,920.35 Lacs was credited in Capital Reserve.
4. Depreciation of Rs. 295.88 Lacs on revalued assets has been provided during the year and such depreciation has been reduced from cost of fixed assets and also from capital reserve created on amalgamation.



EASTERN SILK INDUSTRIES LTD.

SCHEDULES TO THE ACCOUNTS

5. In respect of capital goods imported under EPCG Scheme, the Company has executed bonds of Rs 5,403.04 Lacs in favour of President of India for import at a concessional rate of custom duty. The Company is under an obligation to export products for Rs 43,224.32 Lacs within a period of 8 years from the date of issue of licenses between 20th December, 2002 to 19th February, 2019. The Company has exported goods worth Rs 40,546.35 Lacs till 31st March, 2011.

6. Contingent Liabilities not provided for in respect of:

	2010-11	2009-10
	Rs. In Lacs	Rs. In Lacs
(a) Letters of Credit	5,579.26	8,237.90
(b) Guarantees given by the Bankers	132.52	132.52
(c) Bills receivable discounted with Bankers	13,487.71	18,428.22
(d) Excise, Sales tax, Custom Duty, ESIC & Other Claims	184.44	184.44
(e) Dividend on Cumulative Preference Shares (Including tax)	130.17	-

7. Claims against the Company not acknowledged as debts :

- i) Demand by the Department of Commercial Taxes, Government of Karnataka, levying a sum of Rs.20 lacs, as Entry Tax on Import of Plant & Machinery. The Company has obtained a Stay Order from the Hon'ble High Court of Karnataka during 1996.
- ii) Demand by the Commissioner of Customs, Bangalore for Rs. 109.77 lakhs have been stayed by the Customs and Service Tax Act Appellate Tribunal, Chennai. The Company has deposited a sum of Rs. 38 lakhs with the Customs Authorities under protest.

8. Lining Fabrics valued at Rs.93.78 Lacs were imported in 2002-03 for usage in manufacturing of products for export. Due to the non-acceptance by the Customs Department of the methodology adopted by the Company for the co-relation between the material used and the material imported, an amount of Rs 148.50 Lacs was paid in protest towards Customs Duty on the said imports and shown under Advances. Since the final liability amount is unascertained and not acceptable by the Company in principle, no provision has been made in the accounts. The Adjudicating authority has passed an Order confirming the demand of the customs department. The Company's appeal before the CESTAT was heard and an Order has been passed setting aside the Order of the adjudicating authority and remanded for fresh hearing.

9. During the year the Company has incurred substantial losses and the said losses before tax as on the date of the Balance Sheet aggregated **Rs. 6,877.64 lacs**. These losses have been incurred mainly due to the recessionary trends prevailed in US and European markets, change in the fashion needs of the western world, high input costs, non-realization of payments from debtors in time which led to a liquidity crisis and depreciation of the value of the Indian rupee against various currencies.

Although the Company successfully commissioned modernization and expansion programme during the year for producing velvet fabrics and enhancing capacity of embroidered fabrics, the full benefit in the same could not be reaped during the year.

The outsourcing business of the Company has become unprofitable and unviable because of the withdrawal of certain export incentives by the Government in the recent budget and therefore, the Company has planned to downsize the business and only concentrate on in-house production. Accordingly the Company has submitted rehabilitation plan to corporate debt restructuring empowered group and the same has also been admitted in their meeting held on 24th June, 2011. The rehabilitation plan inter alia staggers the realization of non current assets over a period, thereby reducing the banks' liabilities. The revised business plan and profitability estimates have been noted by the Board of Directors of the Company in their meeting held on 13th May 2011. These projections reflect that the Company would be in a position to generate positive cash flow and operational surplus in the future years. The Company's net worth as on 31st March 2011 is positive.

These financial statements have been drawn up as per the going concern assumption considering the future strategy and plans and profitability as appropriate in the opinion of the Board of Directors.



SCHEDULES TO THE ACCOUNTS

10. The Company's request for waiver of interest on loans obtained from two NBFC Companies is under consideration by the lenders. In view of the above, no further interest payable has been provided for.
11. Estimated amount of contracts remaining to be executed on Capital account and not provided for Rs2.67 Lacs (Previous Year Rs. 2062.62 Lacs).
12. As per standard practice, export debtors does not include bills discounted with banks but shown as a contingent liability as bills discounted. As at 31st March 2011 Export bills aggregating Rs 4501.30 lacs. were not realized within the due date and such bills were crystallized by the bank and hence the amount has been added back to export debtors by crediting the respective banks in the current year. The provision for bad and doubtful debts amounting to Rs1721.83 lacs have been made in the accounts during the year against export debtors. In the opinion of the Company this amount is estimated to be sufficient for short recovery of the export debtors and export bills discounted with the banks due to the adverse conditions prevailing in the export market.
13. There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March 2011. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information provided by the supplier.
14. Derivative Instruments :
 - (a) The company has re-evaluated its risk management program in respect of forecasted transactions. Upon completion of the formal documentation and testing for effectiveness, the company has designated certain foreign currency options in respect of forecasted transactions, which meet the criteria, as Cash Flow Hedges.
 - (b) Pursuant to The Institute of Chartered Accountants of India's (ICAI) announcement on the early adoption of Accounting Standard AS 30 "Financial Instruments recognition and measurements", the company has fully adjusted for mark to market losses aggregating to Rs. NIL (Previous Year Rs.48.10 lakhs) during the year, towards designated Foreign currency transactions. The same has been recognized directly under Reserves & Surplus.
 - (c) The Company uses forward Exchange Contracts and Currency Option to hedge its exposures in foreign currency related to firm commitments and highly probable forecasted transactions. The information on Derivative Instruments is as follows :

Forward Exchange Contracts	(Figures in lakhs)	
Currency Pair	As at 31st March, 2011	
EURO/ USD	Buy	Sell
	-	-
	(12.50)	(5.00)
GBP/ USD	Buy	Sell
	-	-
	(5.00)	(22.50)

15. As per Accounting Standard 15 "Employees Benefits", the disclosures of Employee benefits as defined in the Accounting Standard are given below :

Defined Benefit Plan

The Employees' gratuity fund Scheme managed by The Life Insurance Corporation of India (LIC) is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.



EASTERN SILK INDUSTRIES LTD.

SCHEDULES TO THE ACCOUNTS

I. Reconciliation of opening and closing balances of Defined Benefit Obligation	(Rs. In Lacs)	
	Gratuity (Funded)	Leave Encashment (Unfunded)
(a) Defined benefit obligation at the beginning of the year	90.38 (65.20)	19.92 (16.92)
(b) Current Service Cost	10.18 (25.09)	6.54 (7.63)
(c) Interest Cost	7.23 (6.22)	1.59 (1.47)
(d) Actuarial (Gain)/Loss	(45.15) 1.25	3.88 (1.81)
(e) Benefits paid	- 4.89	(13.69) 7.91
(f) Defined benefit obligation at the end of the year	62.64 (90.37)	18.24 (19.92)
II. Reconciliation of opening and closing balance of the fair value of Plan Assets		
(a) Fair Value of Plan Assets at the beginning of the year	64.08 (65.20)	19.92 (16.92)
(b) Expected Return on Plan Assets	5.61 (1.12)	- -
(c) Actuarial Gain / (Loss)	(45.15) 1.25	3.88 (1.80)
(d) Contributions by employer	18.62 (4.89)	13.69 (7.91)
(e) Benefits Paid	- 4.88	- -
(f) Fair Value of Plan Assets at the end of the year	88.31 (64.08)	18.24 (19.92)
III. Reconciliation of fair value of Assets and obligation		
(a) Fair Value of plan assets	88.31 (65.20)	- -
(b) Present Value of obligation	62.63 (90.37)	18.24 (19.92)
(c) Amount recognized in Balance Sheet	(25.68) 26.29	18.24 (19.92)
IV. Expense charged to the Profit and Loss Account		
(a) Current Service Cost	10.18 (25.09)	6.54 (7.63)
(b) Interest Cost	7.23 (6.22)	1.59 (1.47)
(c) Expected Return on Plan Assets	(5.61) 1.12	- -
(d) Actuarial (Gain)/Loss	(45.15) 1.25	3.88 (1.81)
(e) Total expense charged to the Profit and Loss Account	(33.36)* 31.18*	12.01** (10.91)**

EASTERN SILK INDUSTRIES LTD.



SCHEDULES TO THE ACCOUNTS

* Under the head "Gratuity" on Schedule - 12

** Under the head "Salary, Bonus & Allowances" on Schedule - 12

V. Percentage of each Category of Plan Assets to total Fair value of Plan assets as at 31st March, 2011
100% with Life Insurance Corporation of India.

VI. Actual Return on Plan Assets:	7.00%
	(7.00%)
VII. Principal Actuarial Assumption as at 31st March, 2011	
(a) Discount Rate (per annum)	8.00%
	(8.00%)
(b) Expected Rate of Return on Plan Assets (per annum)	8.00%
	(8.00%)
(c) Salary Escalation	5.00%
	(5.00%)
(d) Inflation Rate	5.00%
	(5.00%)

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The expected rate of return on plan assets is based on the portfolio of assets held, investment strategy and market scenario. In order to protect the capital and optimize returns within acceptable risk parameters, the plan assets are reasonably diversified.

16. As the Company's business activities falls within a single primary business segment viz. Silk Textile yarn, Fabrics and Made-ups, no further reporting is necessary as per Accounting Standard – 17 issued by The Institute of Chartered Accountants of India.
17. Related Party Disclosure in-accordance with Accounting Standard - 18 issued by The Institute of Chartered Accountants of India.

(I) List of Related Parties

a) Associates :-

Name of the Person/ Company

- (1) Ethics Commercials Ltd.
- (2) Lucky Goldstar Company Ltd.
- (3) P.K.Textiles Ltd.
- (4) Tarun Fabrics Ltd.
- (5) Gemini Overseas Ltd.

b) Key Management Personnel: -

Shri S S Shah (Chairman & Managing Director)
Shri Sundeep Shah (Executive Director)



EASTERN SILK INDUSTRIES LTD.

SCHEDULES TO THE ACCOUNTS

(II) Transactions with Related Parties

PARTICULARS	ASSOCIATES					Key management Personnel (Rs in Lacs)
	Ehtics Commercials Ltd	Lucky Goldstar Co. Ltd	P.K. Textiles Ltd	Tarun Fabrics Ltd	Gemini Overseas Ltd	
Income & Expenditure						
Purchase of Raw Materials & Finished Goods	7231.66	15197.62	14790.56	1012.92	60.71	38293.47
	(2586.81)	(4415.99)	(5296.86)	(6294.90)	(4654.44)	(23249.00)
Sale of Goods	3068.56	7327.45	3518.55	77.26	29.86	14021.68
	(1181.13)	(3392.29)	(466.48)	(1648.35)	(8.44)	(6696.69)
Services Received	-	596.19	149.32	8.39	-	753.90
	(1484.71)	(806.82)	(1762.91)	(29.18)	-	(4083.62)
Purchase of Fixed Assets	-	-	-	-	693.04	693.04
	(543.14)	-	(593.76)	-	(1213.14)	(2350.04)
Rent Received	0.08	0.07	-	0.01	0.01	0.17
	(0.08)	(0.07)	-	(0.01)	(0.01)	(0.17)
Guarantees Given	-	650.00	-	-	-	650.00
	-	(650.00)	-	-	-	(650.00)
Remuneration Paid						48.00
						(96.48)
Balances as on 31- March, 2011						
Debtors / Receivables	1519.53	1907.47	-	-	29.86	3456.86
	(259.80)	(1339.40)	-	(926.28)	(4.44)	(2529.92)
Advances	-	1597.35	566.05	3372.55	148.28	5684.23
	(4942.51)	(4729.03)	(1180.55)	-	(926.72)	(11778.81)

18. As required under Accounting Standard – 22 issued by The Institute of Chartered Accountants of India, the Company is required to account for deferred taxation while preparing its accounts. The details of deferred tax assets / liabilities are as under :-

	As at 31.03.10 Rs.in Lacs	Tax effect for the year Rs.in Lacs	As at 31.03.11 Rs.in Lacs
Deferred Tax (Liability)			
Difference between book and tax Depreciation	(1,128.82)	1,113.99	(14.83)
Deferred Tax Assets			
Employees Benefits	29.60	(29.60)	-
Net Deferred Tax (Liability) / Assets	<u>(1,099.22)</u>	<u>1,084.39</u>	<u>(14.83)</u>

EASTERN SILK INDUSTRIES LTD.



19. Managerial Remuneration:

(Remuneration to Managing Director & Executive Director)

	Managing Director		Executive Director	
	2010-11	2009-10	2010-11	2009-10
	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs
Salary & Bonus	20.04	36.00	20.83	31.68
House Rent Allowance	—	—	—	—
Contribution to Provident & Other Funds	3.96	4.32	3.17	3.46
Total	24.00	40.32	24.00	35.14

Computation of Net Profit for the purpose of calculation of Managing Director's and Executive Director's Remuneration under Section 349 of the Companies Act, 1956 has not been given since no commission has been paid.

20. Project Development Expenditure

(In respect of Projects up to 31st March, 2011, included under Capital Work-in-progress)

Particulars	(Rs. In Lacs)	
	2010-11	2009-10
Opening Balance	4,949.96	1,357.76
Add : Original Cost of Assets	2,146.79	5,298.05
Erection Charges	120.39	85.37
Interest Capitalised	123.45	189.65
Exchange Rate Difference	(4.48)	(43.60)
	<u>7,336.11</u>	<u>6,887.23</u>
Less : Assets Capitalised	6,779.80	1,937.27
Closing Balance	<u>556.31</u>	<u>4,949.96</u>

21. Research & Development Expenditure

	2010-11	2009-10
Capital Expenditure	Rs. 16.58 Lacs	Rs. 307.28 Lacs
Revenue Expenditure	Rs. 259.90 Lacs	Rs. 156.77 Lacs

22. Donation includes payment to a Political Party – Bhartiya Janta Party Rs. 6.00 Lacs (Previous Year – Rs NIL)

23. Earning Per Shares (EPS)

	2010-11	2009-10
Profit/ (Loss) after Tax	(5,793.62)	573.77
Less : Dividend on Redeemable Cumulative Preference	-	-
Shares (including tax thereon).	-	130.60
Profit Considered for calculating EPS	(5,793.62)	443.17
Weighted average number of		
Equity Shares of Rs. 2/- each	7,89,52,620	7,89,52,620
Earning Per Share (Basic & Diluted)	Rs.(7.34)	Rs. 0.56

24. Previous Year's figures have been re-arranged, and/or re-grouped wherever necessary.

25. Additional information pursuant to the provisions of paragraph 3 & 4 (C&D) of part II of schedule VI of the Companies Act, 1956.



EASTERN SILK INDUSTRIES LTD.

	2010-11	2009-10
(a) Licenced Capacity	Silk Weaving / Embroidery Spun Silk Yarn Noil Silk Yarn	Not Applicable Not Applicable Not Applicable
(b) Installed Capacity	Silk Weaving / Embroidery Spun Silk Yarn Noil Silk Yarn	18.40 Lacs Mtrs.per annum 240 M/T per annum 360 M/T per annum

Note : Installed Capacity is certified by the technical personnel and accepted by the Auditor being technical matter

(c) Actual Production :

Class of goods	Unit	2010-11	2009-10
Fabrics (Semi-Finished)	Mtrs.	-	9,15,389.35
Fabrics	Mtrs.	28,21,329.70	35,78,626.05
Made-ups	Pcs	36,20,142	28,51,372
Silk Yarn (Semi-Finished)	Kgs.	1,282.410	3,340.930
Silk Yarn	Kgs.	16,245.920	130,318.340

(d) Opening & Closing Stock of Finished Goods :

Class of goods	Unit	Closing Stock as on 31.03.2011		Closing Stock as on 31.03.2010	
		Quantity	Value Rs.in Lacs	Quantity	Value Rs.in Lacs
Fabrics	Mtrs.	39,44,299.65	11,098.99	35,37,613.87	13,788.19
Made-ups	Pcs.	3,53,054	1,267.54	4,00,592	1,347.27
Yarn	Kgs.	58,526.764	1,042.00	94,401.944	768.97
			13,408.53		15,904.43
Add : Transferred from Raw Materials					
Yarn	Kgs.			43,264.66	694.79
Fabrics	Mtrs.			66,433.45	44.73
Silk waste	Kgs.			8,103.45	18.67
			13,408.53		16,662.62
					15,710.68

EASTERN SILK INDUSTRIES LTD.



SCHEDULES TO THE ACCOUNTS

(e) Purchases & Sales	PURCHASES			SALES		
	2010-11			2009-10		
	Class of Goods	Unit	Quantity	Value Rs.in Lacs	Quantity	Value Rs.in Lacs
Finished Goods						
Fabrics	Mtrs.	54,36,231.79	20,792.68	12,865.51	79,17,309.17	35,010.78
Made-ups	Pcs.	29,877	103.37	136.29	36,97,557	13,422.74
Yarn	Kgs.	7,03,882.180	13,347.06	6,466.45	8,07,371.39	14,202.27
Other Materials			84.51	208.53		256.73
			<u>34,327.62</u>	<u>19,676.78</u>		<u>62,892.52</u>
						<u>304.38</u>
						<u>54,393.09</u>

(f) Raw Materials Consumed :

Class of Goods	Unit	2010-11		2009-10	
		Quantity	Value Rs.in Lacs	Quantity	Value Rs.in Lacs
Yarn	Kgs.	5,38,234.187	7,111.96	9,91,099.638	11,181.06
Fabrics	Mtrs.	34,09,980.17	15,094.72	46,96,632.11	8,478.84
Silk Waste	Kgs.	806.950	1.86	87,388.900	185.98
			<u>22,208.54</u>		<u>19,845.88</u>

(g) Value of Imported & Indigenous Materials Consumed and its percentage :

Raw Materials :	Consumption		Percentage	
	31.03.2011 Rs.in Lacs	31.03.2010 Rs.in Lacs	31.03.2011	31.03.2010
Imported	8,106.12	8,020.53	36.50	40.41
Indigenous	14,102.42	11,825.35	63.50	59.59
	<u>22,208.54</u>	<u>19,845.88</u>	<u>100.00</u>	<u>100.00</u>
Stores, Spares & Accessories :				
Imported	61.67	16.92	26.11	8.19
Indigenous	174.48	189.66	73.89	91.81
	<u>236.15</u>	<u>206.58</u>	<u>100.00</u>	<u>100.00</u>



EASTERN SILK INDUSTRIES LTD.

SCHEDULES TO THE ACCOUNTS

(h) Value of Import Calculated on C.I.F. basis (Actual Payment)

	31.03.2011 Rs. In Lacs	31.03.2010 Rs. In Lacs
Yarn	15,604.53	14,055.83
Fabrics	207.68	309.24
Plant & Machinery	1,085.77	2,852.63

(i) Expenditure in foreign currency as remitted :

Overseas Travelling :
(Amount Spent in Indian Currency on Foreign tours
has not been taken into account while calculating the
amount incurred in foreign currency on Travelling)

Commission to Agents	56.71	61.30
Payment of Dividend	819.00	2,003.95
	118.00	234.00

No. of Non-Resident Share Holder-2 (Previous year -2)
No. of Equity Shares held-50,00,000 of Face Value of Rs. 2/- each
(Previous Year 2009-10-50,00,000 of Face Value of Rs. 2/- each)
No. of Redeemable Cumulative Preference Shares held-14,00,000
of Face Value of Rs. 100/- each (Previous Year 2009-10-14,00,000
of Face Value of Rs. 100/- each)

Others

82.37

71.34

(j) Earnings in Foreign Currency :

Exports of goods calculated on F.O.B. (accrual basis)

41,627.38

41,900.20

26 Schedules 1 to 14 form an integral part of the Balance Sheet and Profit & Loss Account and have been duly authenticated.

For **B. K. SHROFF & CO.**

Firm Registration No. : 302166E

Chartered Accountants

(**L.K.Shroff**)

Partner

(Mem.No.60742)

Kolkata
The 2nd August,2011

S. S. Shah

Chairman &
Managing Director

Sundeeep Shah
Executive Director

R. S. Rungta
Director

K. T. Sheth
Secretary

EASTERN SILK INDUSTRIES LTD.



ADDITIONAL INFORMATION AS REQUIRED UNDER PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956 BALANCE SHEET ABSTRACT AND COMPANIES GENERAL BUSINESS PROFILE

I Registration Details

A. Registration No.	:	13554
B. State Code	:	21
C. Balance Sheet Date	:	31.03.2011

II Capital Raised during the Year (Rs.in '000)

A. Public Issue	:	-
B. Rights Issue	:	-
C. Bonus Issue	:	-
D. Private Placement	:	-

III Position Of Mobilisation & Deployments of Funds (Rs.in '000)

A. Total Liabilities (including Deferred Tax liability)	:	6755491
B. Total Assets	:	6755491
C. Sources of Funds		
1. Paid-up Capital	:	297905
2. Reserves & Surplus	:	3156144
3. Secured Loans	:	2505429
4. Unsecured Loans	:	99078
5. Deferred Tax Liability	:	1483
D. Application Of Funds		
1. Net Fixed Assets	:	2112454
2. Investments	:	39
3. Net Current Assets	:	3947546
4. Miscellaneous Expenditure	:	-
5. Accumulated Losses	:	-

IV Performance Of Company (Rs.in '000)

A. Turnover (including other income)	:	6252665
B. Total Expenditure	:	6940429
C. Profit / (Loss) before Tax :	:	(687764)
D. Profit / (Loss) after Tax	:	(579362)
E. Earning per Share	:	(7.34)
F. Dividend Rate	:	-

V Generic Names of three Principal Products/ Services of Company (as per monetary terms)

Item Code No.(I.T.C. Code)	:	50.07
Product Description	:	Textiles

SUMMARY OF RESULTS 2007 TO 2011

Figures in Rs. Lacs

HIGHLIGHTS

Year	Income	Profit before tax	Profit after tax	Reserves & Surplus	Share capital	Dividend %	E.P.S Rs.
2010-11	65699.53	(6877.64)	(5793.62)	31561.44	2979.05	—	(7.34)
2009-10	55593.15	685.43	573.77	37638.52	2979.05	6	0.56
2008-09	53452.18	1911.82	1921.05	37548.55	2979.05	10	2.27
2007-08	49248.71	6016.62	5813.83	34671.80	2979.05	45	35.99
2006-07	46589.50	6961.71	5766.61	31844.76	2979.05	45	35.69

BALANCE SHEET SUMMARY

Figures in Rs. Lacs

Year ended 31st March		2011	2010	2009	2008	2007
A.	Gross Fixed Assets	35025.89	32796.10	27300.96	26089.00	20259.39
B.	Depreciation	13901.35	11322.41	9555.19	7642.38	5765.60
C.	Net Fixed Assets (A-B)	21124.54	21473.69	17745.77	18446.62	14493.79
D.	Investments	.39	205.39	581.40	1008.42	1356.03
E.	Current Assets	39457.47	35719.57	33993.43	32977.85	30203.30
F.	Loans & Advances	6972.51	12787.47	12606.61	11124.43	11160.95
G.	Preliminary Expenses	—	—	—	0.25	0.51
H.	Total Assets (C to G)	67554.91	70186.12	64927.21	63557.57	57214.58
I.	Secured & Unsecured Loans	26045.07	17142.80	11054.43	12379.97	11366.59
J.	Current Liabilities & Provisions	6954.52	11326.53	12088.61	12120.95	9559.79
K.	Deferred Tax Liability	14.83	1099.22	1256.57	1405.80	1473.39
L.	Total Liabilities (I+J+K)	33014.42	29568.53	24399.61	25906.72	22390.77
M.	Net Assets (H-L)	34540.49	40617.57	40527.60	37650.85	34823.81
N.	Preference Share Capital	1400.00	1400.00	1400.00	1400.00	1400.00
O.	Net Worth (M-N)	33140.49	39217.57	39127.60	36250.85	33423.81
	Represented by : Equity Share Capital	1579.05	1579.05	1579.05	1579.05	1579.05
	Reserves & Surplus	31561.44	37638.52	37548.55	34671.80	31844.76
Net worth per Equity Share of Rs. 2/- each		41.97	49.67	49.56	45.91	42.33