

SCHEDULES TO THE ACCOUNTS

31-03-2011 31-03-2010

Rs.in Lacs Rs.in Lacs

Schedule : 1

SHARE CAPITAL

Authorised

15,00,00,000 Equity Shares of Rs.2/- each	3,000.00	3,000.00
20,00,00,000 Preference Shares of Rs. 100/- each	2,000.00	2,000.00
	5,000.00	5,000.00

Issued

7,91,10,120 Equity Shares of Rs.2/- each	1,582.20	1,582.20
14,00,00,000 Redeemable Cumulative Preference Shares of Rs. 100/- each	1,400.00	1,400.00
	2,982.20	2,982.20

Subscribed & Paid-up

7,89,52,620 Equity Shares of Rs.2/- each fully paid up	1,579.05	1,579.05
14,00,00,000 8% Redeemable Cumulative Preference Shares of Rs. 100/- each fully paid up	1,400.00	<u>1,400.00</u>
	2,979.05	2,979.05

Notes :

- * 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.
 - * 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.
 - * 3,16,96,445 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 Sstella Silks Ltd. (since amalgamated) pursuant to the Scheme of Amalgamation without payment being received in cash.
 - * 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 .
 - 6,00,00,000 Redeemable Cumulative Preference Shares were allotted by the Company on 21.01.2004, 2,00,00,000 Redeemable Cumulative Preference Shares were allotted by erstwhile Eastern Jingying Ltd. on 09.02.2004 & 6,00,00,000 Redeemable Cumulative Preference Shares were allotted by erstwhile Sstella 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.

31-03-2011

31-03-2010

Rs.in Lacs

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	11,428.75	11,428.75

As Per Last Balance Sheet

Preference Share Redemption Reserve

As Per Last Balance Sheet	1,400.00	1,400.00
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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
31,561.44

16,935.41
37,638.52

SCHEDULE :
3

31-03-
31-03-2011 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

SCHEDULE- 5 FIXED ASSETS

Rs.in Lacs

Description of Assets	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.
Land Building Plant &	378.78 2,461.67			378.78 3,107.07				-1,112.84 12,104.45	378.78 1,994.23	378.781,479.9214,105.20382.05110.6967.09

Machinery	23,836.10			29,609.03				355.54	17,504.58	
Electric	697.80			791.10				224.34	435.56	
Installation Office	306.49			410.97				104.18	186.63	
Equipments & Furniture	165.30			172.63					68.45	
Vehicles		645.40			981.75	131.09				
		6,009.90	236.97		9,730.90	2,526.72	153.17			
		100.64	7.34		315.75	44.92	5.13			
		124.92	20.44		195.80	42.45	13.91			
		23.32	15.99		98.21	17.92	11.95			
	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
Capital work in progress	4,949.96	2,386.15	6,779.80	556.31	-	-	-	-	556.31	4,949.96
Total	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)

31-03-2011 31-03-2010

Rs. in lacs 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

0.14 0.14

(Including 48 Bonus Equity Shares)

Unquoted :

Fully paid Equity Shares of Rs.10/- each unless otherwise stated

2,570 India Exposition Mart

B. Current Investments

Unquoted :

Other Investments - in Mutual Funds (Face Value of Rs. 10/- each)

J.M.Emerging Leader Fund

- 30.00

(2,72,232.305)

HDFC Midcap Opportunities Fund

- 50.00

(5,00,000.000)

ABN Amro China-India Fund

- 50.00

(4,87,804.870)

Sundram BNP Paribas Energy Opportunities Fund

- 75.00

(7,50,000.000)

0.39 205.39

Aggregate value of Investments in Equities

Quoted 0.14 0.14

Unquoted 0.25 0.25

0.39 0.39

Aggregate value of Investments in Mutual Funds

- 205.00

0.39 205.39

Market Value of Quoted Investments

0.76 0.50

SCHEDULE :7

31-03-2011

31-03-2010

Rs.in Lacs

Rs.in Lacs

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)

129.08 **116.50**

21,951.73

25,157.31

Sundry Debtors : (Considered Good)

Outstanding for a period exceeding six months

Considered Good

Considered Doubtful	7,719.51	2,446.49
Considered Doubtful	1,725.48	3.65
	9,444.99	2,450.14
Other Debts	7,065.06	5,297.82
	16,510.05	7,747.96
Less : Provision for Doubtful Debts	<u>1,725.48</u>	<u>3.65</u>
	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>
	<u>6,972.51</u>	<u>12,787.47</u>
	46,429.98	48,507.04

SCHEDULE : 8

31-03-2011 31-03-2010
Rs.in Lacs 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	<u>112.80</u>	<u>7.52</u>
	6,539.52	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	<u>34.34</u>	<u>34.34</u>
	415.00	695.81
	6,954.52	11,326.53

* 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

31-03-2011 31-03-2011
Rs.in Lacs Rs.in Lacs

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	<u>907.98</u>	=
	2,807.01	1,200.06

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	13,408.53		15,904.43
	15,020.47		
	15,020.47		17,435.16
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	758.19		-
	18,193.35		17,332.52
	<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	758.19	6,847.46	-
Add: Purchases		22,163.26	20,778.31
		29,010.72	27,451.53
Less :			
Closing Stock		<u>6,802.18</u>	<u>7,605.65</u>
		22,208.54	19,845.88

SCHEDULE : 12

31-03-2011 31-03-2010
Rs.in Lacs Rs.in Lacs

MANUFACTURING, SELLING & OTHER EXPENSES

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	13.74	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)	-	29.69	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	94.01	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

I N T E R E S T

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		<u>2.56</u>	-
		3,030.89	2,525.02

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.

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.

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

1. 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.
2. 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.
3. 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.
4. 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.
5. 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.
 1. 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.
 2. 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.
 3. 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.
 4. Estimated amount of contracts remaining to be executed on Capital account and not provided for Rs2.67 Lacs (Previous Year Rs. 2062.62 Lacs).
 5. 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.
 6. 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.

1. Derivative Instruments :

1. 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.
2. 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.
3. 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	
	Buy	Sell
EURO/ USD	(12.50)	(5.00)
GBP/ USD	(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.

I. Reconciliation of opening and closing balances of Defined Benefit Obligation

	(Rs. In Lacs)	
	Gratuity Leave Encashment	
	(Funded)	(Unfunded)
(a) Defined benefit obligation at the beginning of the year	90.38	19.92
	(65.20)	(16.92)
(b) Current Service Cost	10.18	6.54
	(25.09)	(7.63)
(c) Interest Cost	7.23	1.59
	(6.22)	(1.47)
(d) Actuarial (Gain)/Loss	(45.15)	3.88
	1.25	(1.81)
(e) Benefits paid	-	(13.69)
	4.89	7.91
(f) Defined benefit obligation at the end of the year	62.64	18.24
	(90.37)	(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	19.92
	(65.20)	(16.92)
(b) Expected Return on Plan Assets	5.61	-
	(1.12)	-
(c) Actuarial Gain / (Loss)	(45.15)	3.88
	1.25	(1.80)
(d) Contributions by employer	18.62	13.69
	(4.89)	(7.91)
(e) Benefits Paid	-	-
	4.88	-
(f) Fair Value of Plan Assets at the end of the year	88.31	18.24
	(64.08)	(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	18.24
	(90.37)	(19.92)
(c) Amount recognized in Balance Sheet	(25.68)	18.24
	26.29	(19.92)

IV. Expense charged to the Profit and Loss Account

(a) Current Service Cost	10.18	6.54
	(25.09)	(7.63)
(b) Interest Cost	7.23	1.59
	(6.22)	(1.47)
(c) Expected Return on Plan Assets	(5.61)	-
	1.12	-
(d) Actuarial (Gain)/Loss	(45.15)	3.88
	1.25	(1.81)
(e) Total expense charged to the Profit and Loss Account	(33.36)*	12.01**
	31.18*	(10.91)**

* 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.

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.

Related Party Disclosure in-accordance with Accounting Standard - 18 issued by The Institute of Chartered Accountants of India.

(I) List of Related Parties Name of the Person/ Company

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)

(II) Transactions with Related Parties

PARTICULARS	ASSOCIATES					Total	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)	
	-	650.00	-	-	-	650.00	
	-	(650.00)	-	-	-	(650.00)	
Remuneration Paid							48.00
							(96.48)
Balances as on 31st 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	(1,099.22)	1,084.39	(14.83)

19. Managerial Remuneration:

(Remuneration to Managing Director & Executive Director)

	Managing Director		Executive Director	
	2010-11 Rs. In Lacs	2009-10 Rs. In Lacs	2010-11 Rs. In Lacs	2009-10 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) 2,386.15	(43.60) 5,529.47
	7,336.11	6,887.23
Less : Assets Capitalised	6,779.80	1,937.27
Closing Balance	556.31	4,949.96

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.

		2010-11	2009-10
(a) Licenced Capacity	Silk Weaving / Embroidery	Not Applicable	Not Applicable
	Noil Silk Yarn	Not Applicable	Not Applicable
	Noil Silk Yarn		
(b) Installed Capacity	Silk Weaving / Embroidery	20.00 Lacs Mtrs.per annum	18.40 Lacs Mtrs.per annum
	Spun Silk Yarn	240 M/T per annum	240 M/T per annum
	Noil Silk Yarn	360 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		Closing Stock as on 31.03.2009	
		Quantity	Value	Quantity	Value	Quantity	Value
Fabrics	Mtrs.	39,44,299.65	11,098.99	35,37,613.87	13,788.19	35,73,080.61	14,098.41
Made-ups	Pcs.	3,53,054	1,267.54	4,00,592	1,347.27	35,979	217.37
Yarn	Kgs.	58,526.764	1,042.00	94,401.944	768.97	1,71,688.590	1,394.90
			13,408.53		15,904.43		15,710.68

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

ValueValue

(e) Purchases & Sales	Unit	P U R C H A S E S				S A L E S			
		2010-11		2009-10		2010-11		2009-10	
Class of Goods		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Finished Goods			Rs.in Lacs		Rs.in Lacs		Rs.in Lacs		Rs.in Lacs
Fabrics	Mtrs.	54,36,231.79	20,792.68	21,26,925.50	12,865.51	79,17,309.17	35,010.78	57,41,018.29	36,493.77
Made-ups	Pcs.	29,877	103.37	64,757	136.29	36,97,557	13,422.74	25,51,516	9,736.68
Yarn	Kgs.	7,03,882.180	13,347.06	4,68,460.710	6,466.45	8,07,371.39	14,202.27	6,76,065.69	67,858.26
Other Materials			84.51		208.53		256.73		304.38
			34,327.62		19,676.78		62,892.52		54,393.09

(f) Raw Materials Consumed :

Class of Goods	Unit	2010-11		2009-10	
		Quantity	Value	Quantity	Value

		Rs.in Lacs		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
			22,208.54	19,845.88

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

	Consumption		Percentage	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010
	Rs.in Lacs	Rs.in Lacs		
Raw Materials :	8,106.12	8,020.53	36.50	40.41
Imported	14,102.42	11,825.35	63.50	59.59
Indigenous	14,102.42	11,825.35	63.50	59.59
	22,208.54	19,845.88	100.00	100.00

Stores, Spares & Accessories :

Imported	61.67	16.92	26.11	8.19
Indigenous	174.48	189.66	73.89	91.81
	236.15	206.58	100.00	100.00

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

	31.03.2011	31.03.2010
	Rs. In Lacs	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 Share 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
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(j) Earnings in Foreign Currency :

Exports of goods calculated on F.O.B. (accrual basis)	41,627.38	41,900.20
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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)

Kolkata
The 2nd August,2011 (Mem.No.60742)

S. S. Shah

Chairman
Managing Director

Sundeep Shah

Executive Director

R. S. Rungta

Director Secretary

K. T. Sheth

Secretary