

ESKAY K'n'IT (INDIA) LIMITED

BOARD OF DIRECTORS

Mr. Navin Kumar Tayal – Chairman
Mr. Sanjeev Sharma – Managing Director
Mr. Mahesh Prasad Mehrotra
Mr. Naresh Chandra Sharma
Mr. Ajay Ramesh Gupta
Ms. Mrinal Tayal
Mr. Manmohan Ahluwalia

COMPANY SECRETARY

Ms. Astha Maheshwari

BANKERS

Indian Overseas Bank, Dena Bank and Federal Bank (Term Loan)
Bank of India, Andhra Bank, Indian Overseas Bank, Federal Bank & Dena Bank
(Working Capital)

AUDITORS

M/s. A. F. Khasgiwala & Co.
Chartered Accountants

REGISTERED OFFICE

Plot No.58-B, Danudyog Industrial Area
Piperia, Silvassa (Union Territory)

ADMINISTRATIVE OFFICE

11/12, Raghuvanshi Mills Compound,
Senapati Bapat Marg, Lower Parel (West)
Mumbai- 400 013

REGISTRAR & SHARE TRANSFER AGENT

Universal Capital Securities Private Limited
(Formerly known as Mondkar Computers Pvt. Ltd.)
21, Shakil Nivas, Opp. Satya Sai Baba Temple
Mahakali Caves Road, Andheri (East)
Mumbai - 400 093
info@unisec.in

PLANTS

Bhilad (Gujarat)
Silvassa (U.T. of Dadra & Nagar Haveli)
Dombivali (Maharashtra)
Baddi (Himachal Pradesh)

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ANNUAL GENERAL MEETING on Saturday, **9th July, 2011**, at 10.30 A.M.
at 65, Krishna Nagar, Samarvani, Silvassa, (Union Territory).

ESKAY K'n'IT (INDIA) LIMITED

NOTICE

Notice is hereby given that 24th Annual General Meeting of the Shareholders of **ESKAY K'n'IT (INDIA) LIMITED** will be held on Saturday, 9th July, 2011 at 10:30 a.m. at 65, Krishna Nagar, Samarvani, Silvassa (U.T.), to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and Profit and Loss Account for the year ended on that date and the Reports of Directors' and the Auditors' thereon.
2. To appoint a Director in place of Mr. Navin Kumar Tayal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Ajay Ramesh Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint M/s. A. F. Khasgiwala & Co., Chartered Accountants, as Statutory Auditor of the Company and to authorize the Board of Directors to fix the Auditor's remuneration and in this regard to consider and if thought fit to pass, with or without modification(s), the following resolution as an Ordinary Resolution:-

"RESOLVED THAT M/s A.F. Khasgiwala. & Co, Chartered Accountants be and is hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

NOTES:

1. A SHAREHOLDER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ANOTHER PERSON (WHETHER A SHAREHOLDER OR NOT) AS HIS/HER PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER. A PROXY SO APPOINTED SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING AND SHALL BE ENTITLED TO VOTE ONLY UPON A POLL.
2. The instrument(s) appointing the Proxy, if any, shall be delivered at the Registered Office of the Company not less than forty eight (48) hours before the commencement of the Meeting and the instrument of proxy shall be treated as invalid in case of default.
3. The Register of Members and Share Transfer Register of the Company will remain closed from 7th July, 2011 to 9th July, 2011 (both days inclusive) to comply with Annual Book Closure requirements.
4. Corporate members intending to send their Authorised Representatives to attend the Meeting are requested to send to the company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
5. All documents and agreements referred to in the Notice are open for inspection at the Registered Office of the Company on all working days, except holidays, between 10.00 A.M. and 1.00 P.M., up to the date of Annual General Meeting.
6. Members desiring any information with regard to accounts or operations are requested to write to the Company at its Administrative Office Address at least 7 days in advance of the Annual General Meeting so as to enable the Management to keep the information ready at the meeting.
7. Members holding shares under multiple folios in the identical order of names are requested to consolidate their holdings into one folio. Members are requested to immediately notify any change in their registered address specifying full address with Pin Code Number and quoting their registered Folio No. to the Company.
8. Green Initiatives in the Corporate Governance: - The Government of India - Ministry of Corporate affairs has vide the Circular No. 17-2011 dated 21st April, 2011, allowed service of documents to the shareholders in the electronic mode. Thus, having regard to the said circular read with the Information Technology Act, 2000 and section 53 of the Companies Act, 1956. The Company hereby requests the members to register their E-mail address (and any change therein from time to time) with Universal Capital Securities Private Limited (Formerly Known as Mondkar Computers Pvt. Ltd.) the Registrar and Share Transfer Agents of the Company. The Company Proposed to send the future Correspondences in electronic form to the Members whose E-mail Address is registered with the Registrar and Share Transfer Agent of the Company. Any Members desiring the said Correspondences in the Physical form should in the Company.

For and on Behalf of the Board of Directors

Place: Mumbai
Date: 29th April 2011

Sd/-
ASTHA MAHESHWARI
Company Secretary

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DIRECTORS' REPORT

To,
THE SHAREHOLDERS,

The Directors have pleasure in presenting 24th Annual Report on the business and operations of your Company and the Audited Statements of Accounts for the Financial Year ended 31st March 2011.

FINANCIAL HIGHLIGHTS

Particulars	2010-11 (₹ in Lacs)	2009-10 (₹ in Lacs)
Sales	93000.95	81675.56
Other Income	14.12	1.31
Profit (Loss) Before Depreciation, Interest and Tax	11830.48	11011.32
Interest & Finance Charges	3943.67	2678.80
Depreciation	7855.16	8027.78
Profit (Loss) before Tax	31.65	304.74
Add: Deferred Tax Assets	619.87	727.42
Less: Provision for Taxation	6.31	51.81
Net Profit (Loss) after Tax	645.21	980.35
Balance brought forward from previous year	7526.22	6545.87
Surplus (Deficit) carried to Balance Sheet	8171.42	7526.22

DIVIDEND

In view of current year inadequate profits, your Directors do not recommend any dividend on the equity shares for the year under review.

REVIEW OF OPERATIONS

The Company has achieved Sales Turnover of ₹ 93000.95 Lacs in Financial Year 2010-11 as against ₹ 81675.56 Lacs in Financial Year 2009-10 registering a growth of 13.87%.

The Company has registered Net Profit of ₹ 645.21 Lacs in Financial Year 2010-11 as against Net Profit of ₹ 980.35 Lacs in Financial Year 2009-10. During the year 2010-2011 Interest outgo of the company has registered at ₹ 3943.67 Lacs as against ₹ 2678.80 Lacs for the previous year 2009-2010. The Depreciation has registered at ₹ 7855.16 Lacs for the year 2010-11 as against ₹ 8027.78 Lacs for the previous year 2009-10.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Navin Kumar Tayal and Mr. Ajay Ramesh Gupta, Directors of the Company, retire by rotation and being eligible, have offered themselves for re-appointment.

The appointment / cessation of Directors during the year 2010-11 are as below.

Sr. No.	Name of the Director	Designation	Appointment/ Cessation	Date of Appointment/ Cessation
1.	Mr. Subhash Chandra Bhargava	Director	Cessation	22.10.2010
2.	Mr. Ram Bharosey Lal Vaish	Director	Cessation	04.02.2011

The Board of Directors record with appreciation the valuable services rendered by Mr. Subhash Bhargava, Mr. Ram Bharosey Lal Vaish during their tenure as Directors of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- That the applicable accounting standards had been followed along with proper explanation relating to material departures; if any, except revised AS-15 relating to accounting treatment for employee benefits in case of gratuity and leave encashment which have been accounted for on cash basis;
- That the selected accounting policies were applied consistently and judgments and estimates that are reasonable and prudent were made 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 Profit and Loss of the Company for the year under review;

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- (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 frauds and other irregularities;
- (iv) That the annual accounts were prepared for the financial year ended 31st March 2011 on a 'going concern basis'.

AUDIT COMMITTEE

The composition of Audit Committee is in accordance with the clause 49 of the Listing Agreement and the detailed information is given in the Report on Corporate Governance.

SHARE TRANSFER AND INVESTOR GRIEVANCES COMMITTEE

The composition of Shareholders'/Investor Grievance Committee is as given in the Report on Corporate Governance.

REPORT ON CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a Management Discussion and Analysis Report and a Corporate Governance Report are made as a part of this Annual Report.

A Certificate from M/s. A. F. Khasgiwala, Practicing Chartered Accountants regarding compliance of the conditions of Corporate Governance as stipulated by Clause 49 of the Listing Agreement is attached to this report.

SAFETY, HEALTH AND ENVIRONMENT

Sustained and meticulous efforts continue to be exercised by the Company at all plants of the company, towards greener production and environment conservation. The Company perseveres in its efforts to indoctrinate safe and environmentally accountable behavior in every employee, as well as vendors, by rigid compulsory annual training and refresher courses, as well as frequent awareness programme. Mock drills of emergency preparedness are regularly conducted at all the plants showing company's commitment towards safety, not only of its own men and plants, but also of the society at large.

Safety records, at all plants showed considerable improvement and accident statistics showed downward trend. This was made possible by strict adherence to laid down procedures and following of international guidelines. Involvement of workers in all safety matters has been encouraged by their participation in shop floor safety meetings.

ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the Annexure forming part of this Report.

EMPLOYEES

The Directors are happy to state that the relations between the Company and its Employee remained cordial throughout the year. The Directors acknowledge and express their appreciation for the contributions made by the employees at all levels. Focused attention was given for knowledge updating and application of new technologies available to reduce costs and to meet the business challenges.

None of the employees drew remuneration of ₹ 60,00,000/- Lacs or more per annum or ₹ 5,00,000/- Lacs or more per month during the year. This information is furnished as required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

FIXED DEPOSITS

The Company has not invited/received any Fixed Deposits from the Public during the year under report.

INSURANCE

The properties / assets of your Company are adequately insured.

COST AUDITORS

The Company has re-appointed M/s. J. K. Kabra & Co., Cost Accountants, as Cost Auditors in respect of manufacture of textiles for the year ending 31st March 2011, as per the directives from Cost Audit Branch, Department of Company Affairs, Ministry of Industry, Government of India, New Delhi.

AUDITORS

M/s. A. F. Khasgiwala & Co., Chartered Accountants, the Statutory Auditor of the Company, hold office till the conclusion of the ensuing Annual General Meeting and are being eligible for reappointment. The Company has received a letter from M/s. A. F. Khasgiwala & Co. to the effect that their reappointment as Statutory Auditors, if made, would be within the limits under Section 224(1B) of the Companies Act, 1956.

ACKNOWLEDGMENT

The Directors have pleasure in recording their appreciation of the assistance, co-operation and support extended to your Company by the shareholders, all Government Authorities, Financial Institutions, Banks, Consultants, Solicitors, customers

By the order of the Board of Directors

Sd/-

NAVIN KUMAR TAYAL
Chairman

Place: Mumbai
Date: 29th April, 2011

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ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217(1)(e), read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, and forming part of the Directors' Report for the year 2010-11.

I. CONSERVATION OF ENERGY

a) Energy conservation measures taken :

The Company has been making concerted efforts for enhancement in capacity utilization, cost competitiveness and quality through systematic process monitoring and adherence to technological norms. Sophisticated instruments are used for regulation and adjustment as per parameters. Efforts are also made for upgradation of the quality of the Plant Operation. Utilities are being combined for effective energy conservation.

b) Additional Investments and Proposals, if any, being implemented for reduction of consumption of energy:

Studies to reduce energy consumption of existing units are constantly on and suitable investments continue to be made in these areas.

c) Impact of the measures (a) & (b) above for reduction of energy consumption and consequential impact on the cost of production of goods:

The Company is constantly exploring avenues for cost saving as an on-going process.

d) Total energy consumption and energy consumption per unit of production in accordance with Form 'A' of the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988, in respect of industries specified in the Schedule thereof:

	Year ended 31.03.2011	Year ended 31.03.2010
A. Power and Fuel Consumption in respect of:		
1. Electricity		
(a) Purchased		
1. Units (KWH in Lacs)	178.08	164.25
2. Total amount (₹ in lacs)	731.32	681.63
3. Rate per unit (₹/unit)	4.25	4.15
(b) Own Generation		
(Through Diesel Generator/Furnace Oil)		
1. Units (KWH in Lacs)	885.95	825.75
2. Units per litre of fuel	3.77	3.75
3. Cost per unit (₹/unit)	6.57	6.12
2. Coal	—	—
3. Furnace Oil		
1. Furnance Oil (Ltr. in lacs)	—	—
2. Total amount (₹ in lacs)	—	—
3. Cost ₹/ltr.	—	—
4. Others/Internal Generation	—	—
B. Consumption per unit of production		
(Product : Yarn & Fabric)		
1. Electricity (KWH/Tonne)	2035.52	1897.21
2. Coal (Kgs.)		
3. Furnace Oil (Ltrs.)		
4. Steam (Tonnes)		

Note : Since the Company manufactures different qualities of yarns / fabrics with product-mix changing significantly, there are no specific norms for per unit of production.

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II. TECHNOLOGY ABSORPTION :

EFFORTS MADE IN TECHNOLOGY ABSORPTION AS PER "FORM B" OF THE ANNEXURE TO THE RULES.

1. Research and Development (R & D)
 - a) Specified areas in which R & DR & D activities are being carried out by the Company activities are continuously to produce better quality of yarn and fabrics.
 - b) Benefits derived as a result of the above As a result of R & D activities, the Company has been able to produce quality yarn and fabrics conforming to international standards.
 - c) Future Plan of Action Efforts aimed at cost reduction, improvement in quality of products and development of new process will continue.
 - d) Expenditure on R & D Expenditure on R & D is being booked under the respective heads in the Profit & Loss Account as no separate account is maintained.
2. Technology Absorption, Adaption and Innovation The Company has not utilized any imported technology.

III. FOREIGN EXCHANGE EARNINGS AND OUT-GO :

- a) Activities relating to export Markets for products and services and export plan
- b) Foreign Exchange Outgo (₹ in Lacs)

(2010-11)	(2009-10)
—	—
- c) Foreign Exchange earned (₹ in Lacs)

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For and on behalf of the Board of Directors

Place: Mumbai
Date: 29th April, 2011

Sd/-
NAVIN KUMAR TAYAL
Chairman

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CORPORATE GOVERNANCE REPORT

This brief report on matters required to be stated on Corporate Governance pursuant to Clause 49 of the Listing Agreements is as under:

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

In **ESKAY K'n'IT (INDIA) LIMITED**, the concept of Corporate Governance hinges on total transparency, integrity and accountability of the management team. The main goal of Corporate Governance is maximization of shareholder's value and protection of the interests of all the stakeholders. It includes the policies and procedures adopted by the company in achieving its objective in relation to its shareholders, employees, customers, and suppliers, regulatory authorities and society at large.

The Company has ensured that the Directors of the Company are conscious to their duties, obligations and responsibilities to the best interest of the Company, to give direction and remain accountable to their shareholders and other beneficiaries for their actions. The responsibilities of the Board includes setting out the Company's strategic aims, providing the leadership to put them into effect, supervision of the management of the business and reporting to the shareholders on their stewardship.

It is a recognized philosophy of the Company that effective and good Corporate Governance is a must, not only in order to gain credibility and trust, but also as a part of strategic management for the survival, consolidation and growth.

2. BOARD OF DIRECTORS

The Board of Directors consists of 9 Directors.

During the year 2010-2011, the board met 4 times on the following dates namely 25th May, 2010, 10th July, 2010, 15th October, 2010, and 3rd February, 2011. There was no time gap of four months or more between any two meetings.

The following table gives details of Directors, attendance of Directors at the Board Meetings and at the 23rd Annual General Meeting held on 10th July, 2010, number of membership held by Directors in the board / committees of various companies: -

Name	Category	Attendance Particulars		Number of other Directorships and total Committee Member/Chairmanships as on 31 st March, 2011		
		Board Meetings	Last AGM	Directorship in other Indian Public Limited Companies	Total Committee Membership	Total Chairmanship Chairmanship
Mr. Navin Kumar Tayal	NEC	3	No	2	2	2
Mr. Sanjeev Sharma	MD	4	Yes	1	Nil	Nil
Mr. Yashpal Aggarwal*	ID	Nil	No	—	—	—
Mr. Manmohan Ahluwalia	ID	2	No	Nil	Nil	Nil
Mr. Ajay Ramesh Gupta	NED	3	Yes	7	5	4
Mr. Naresh C. Sharma	ID	4	No	3	6	4
Ms. Mrinal Tayal	ID	4	No	4	NIL	NIL
Mr. Mahesh P. Mehrotra	ID	4	No	14	5	5
Mr. Ram Bharosey Lal Vaish**	ID	4	No	—	—	—
Mr.S.C.Bhargava***	ID	2	No	—	—	—

"NEC" = Non Executive Chairman, "MD" = Managing Director, "ID" = Independent Director, "NED" = Non-Executive Director, * Resigned w.e.f. 29th April, 2011** Resigned w.e.f. 4th February 2011.*** Resigned w.e.f. 22nd October 2010.

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Appointment/Re-Appointment of Directors

As required under Clause 49 (VI) of the Listing Agreement the brief details of the directors seeking appointment/re-appointment at the ensuing Annual General Meeting are furnished hereunder: -

Sl. No	Name of Director	Brief Resume	Area of Expertise	Other Director-ships	Other Committee Memberships	Committee Chairmanship
1.	Mr. Navin Kumar Tayal	B.Com	20 years of rich experience in execution of various Textiles projects & Administration	2	2	2
2.	Mr. Ajay Ramesh Gupta	B. Com , M.B.A.	Textiles and Marketing	7	5	4

3. BOARD COMMITTEES

The requirement that a Director shall not be a member of more than 10 committees and Chairman of more than 5 committees has been complied with while constituting the Committees of Director.

3.1) Audit Committee

The Audit Committee of the Company has been re-constituted twice. In the Meeting of the Board of Directors held on 15th October, 2010, the Audit Committee was re-constituted and comprised of Shri M.P. Mehrotra, Chairman, Shri Manmohan Ahluwalia and Shri Yashpal Aggarwal Members.

However, due to resignation of Shri Yashpal Aggarwal. The Audit Committee was re-constituted again on 29th April, 2011.

The Audit Committee now comprises of:

Shri M.P. Mehrotra	Chairman
Shri Manmohan Ahluwalia	Member
Shri N.C. Sharma	Member

The constitution of Audit Committee meets with the requirements of Section 292A of the Companies Act, 1956 as introduced by the Companies (Amendment) Act, 2000.

The terms of reference specified by the Board to the Audit Committee are as contained under Clause 49 of the Listing Agreement. They are as follows:

- Oversight of the company's financial reporting process and the disclosure of its financial information.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the annual financial statements before submission to the board, focusing primarily on (i) any changes in accounting policies and practices (ii) major accounting entries based on exercise of judgment by management (iii) qualifications in draft audit report (iv) significant adjustments arising out of audit (v) the going concern assumption (vi) compliance with accounting standards (vii) compliance with stock exchange and legal requirements concerning financial statements and (viii) any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large.
- Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
- Reviewing the adequacy of internal audit functions.
- Discussion with internal auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Discussion with external auditors before the audits commences nature and scope of audit as well as has post-audit discussion to ascertain any area of concern.
- Reviewing the company's various financial and risk management policies.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

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During the year 2010-2011, the Audit Committee met 4 times on the following dates:
24th May, 2010, 9th July, 2010, 14th October, 2010 and 3rd February, 2011.

Name of Member	Designation	Attendance
Mr. M. P. Mehrotra #	Chairman	1
Mr. Ajay Ramesh Gupta*	Member	3
Mr. Manmohan Ahluwalia	Member	4
Mr. Yashpal Agarwal**	Member	2
Mr. N. C. Sharma***	Member	—

* Resigned w.e.f.15th Oct, 2010

** Resigned w.e.f. 29th April, 2011

*** Appointed w.e.f. 29th April, 2011

Appointed w.e.f. 15th October, 2010

3.2) Remuneration Committee

The Company does not have a Remuneration Committee. The remuneration payable to the Managing Director and the Non-Executive Directors is approved by the Board of Directors with the overall limits fixed by the members of the Company at the general meetings.

(A) Remuneration to Managing Director and Non-Executive Directors for the year 2010-2011.

Name	Salary	Commission	Sitting Fees	Total
Mr. Sanjeev Sharma, Managing Director	6,00,000	—	—	6,00,000
Non Executive Directors	—	—	2,62,000	2,62,000
TOTAL	6,00,000	—	2,62,000	8,62,000

(B) Details of sitting fees paid to Non-Executive Directors for attending Board meetings.

Sl. No.	Name of Directors	Relationship with the other Directors	Sitting Fees (₹)
1.	Mr. Navin Kumar Tayal	Nil	8,000
2.	Mr. Naresh Chandra Sharma	Nil	40,000
3.	Mr. Yashpal Aggarwal	Nil	10,000
4.	Mr. Manmohan Ahluwalia	Nil	28,000
5.	Mr. Ajay Ramesh Gupta	Nil	34,000
6.	Mr. M. P. Mehrotra	Nil	42,000
7.	Ms. Mrinal Tayal	Nil	40,000
8.	Mr. R. B. L Vaish	Nil	40,000
9.	Mr. S. C. Bhargava	Nil	20,000
	TOTAL		2,62,000

(C) Non executive Directors of the Company do not have any pecuniary relationship with the Company other than sitting fees.

3.3) Share Transfer and Investors' Grievances Committee

The Share Transfer and Investor's Grievances Committee was re-constituted on 29th April, 2011, due to resignation of Mr. Yashpal Aggarwal from the Directorship of the Company. The Committee now comprises of Mr. Navin Kumar Tayal, Chairman, Mr. Ajay Ramesh Gupta and Mr. Sanjeev Sharma, as the Members of the Committee. The Committee, inter alia, looks into redressing of shareholders'/investors' complaints like transfer of shares, non-receipt of balance sheet, non-receipt of dividends etc. The Committee oversees the performance of the Company and recommends measures for overall improvement of the quality of investor services.

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During the year 2010-2011, the Share Transfer and Investor Grievance Committee met 4 times on the following dates: 24th May, 2010, 9th July, 2010, 14th October, 2010 and 3rd February, 2011.

Name of Member	Designation	Attendance
Mr. Navin Kumar Tayal	Chairman	4
Mr. Ajay Ramesh Gupta	Member	4
Mr. Yashpal Agarwal*	Member	4
Mr. Sanjeev Sharma**	Member	-

* Resigned w.e.f. 29th April, 2011

** Appointed w.e.f. 29th April, 2011

Name & Designation of Compliance Officer	:	Ms. Astha Maheshwari, Company Secretary
No of Shareholder's Complaint received so far	:	76
Number not solved to the satisfaction of shareholders	:	76
Number of pending complaints	:	Nil

4. GENERAL BODY MEETINGS

The last three Annual General Meetings of the Company were held as under: -

Year	Location	Date	Time
2009-2010	65, Krishna Nagar, Samarvani, Silvassa (U.T.)	10 th July, 2010	10.30 A.M
2008-2009	65, Krishna Nagar, Samarvani, Silvassa (U.T.)	22 nd August, 2009	11.30 A.M.
2007-2008	65, Krishna Nagar, Samarvani, Silvassa (U.T.)	08 th August, 2008	10.00 A.M.

5. DISCLOSURES

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

None of the transactions with any of the related parties were in conflict with the interests of the Company.

(b) **Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.**

There were no instances of non-compliance of any matter related to the capital markets during the last three years.

(c) **Disclosure of accounting treatment:**

The Company has followed Accounting Standards as applicable and proper explanation has been given in the Financial Statement relating to any treatment different from that prescribed in Accounting Standards.

(d) **Risk Management:**

The Board of Directors have laid down procedures to inform Board Members about the risk assessment and minimization procedures and such procedures are reviewed periodically.

(e) **Proceeds from Public issues, Right issues, Preferential Issues, etc.**

The Company has not raised any money through Public Issues, Right Issues and Preferential Issues etc. during the year under report.

(f) **Remuneration to Directors:**

The Company has not paid any remuneration except sitting fees to the Non-Executive Directors and Independent Directors. None of the Non Executive Directors of the Company hold any Shares of the Company. The Company has paid a sum of ₹ 6.00 Lacs as managerial remuneration to Mr. Sanjeev Sharma, Managing Director of the Company from April 1, 2010 to March 31, 2011.

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6. MEANS OF COMMUNICATION

- (a) The Company has published its quarterly results in Free Press Journal (English) and Loksatta-Jansatta (Gujarati).
 (b) Management Discussion and Analysis forms integral part of this annual report.

7. GENERAL SHAREHOLDER INFORMATION

7.1 Annual General Meeting

- Date and time : 9th July, 2011 at 10.30 a.m.
- Venue : 65, Krishna Nagar, Samarvani, Silvassa (Union Territory of Dadra & Nagar Haveli)

7.2 Financial Year

Financial Calendar 2011-2012

- : 1st April to 31st March
- : Annual General Meeting – (Tentative Year-Next July 2012)

Board Meetings

- Results for the quarter ending June 30, 2011 : Second Week of August 2011
- Results for the quarter ending September 30, 2011 : Second Week of November 2011
- Results for the quarter ending December 31, 2011 : Second Week of February 2012
- Results for the year ending March 31, 2012 : Fourth Week of May 2012

7.3 Book Closure Date

- : 7th July to 9th July, 2011 (both days inclusive)

7.4 Dividend Payment Date

- : N. A.

7.5 (a) Listing of Equity shares

- : Bombay Stock Exchange Ltd.

(b) Demat ISIN Numbers in NSDL

- : Equity shares: INE220A01032

7.6 Stock Code

- : 514118 (Bombay Stock Exchange Ltd.)

(Note: Annual listing fees for the year 2011-2012 have been duly paid to Bombay Stock Exchange Ltd., Mumbai)

7.7 Stock Market Data

ESKAY K'n'IT (INDIA) LIMITED (Bombay Stock Exchange, Ltd.)						
Month	Open Price	High Price	Low Price	Close Price	No. of Shares	No. of Trades
April 10	3.02	3.64	3.00	3.13	10,91,402	1,435
May 10	3.06	3.26	2.62	2.69	7,94,556	1,077
June 10	2.74	3.15	2.32	2.94	7,65,506	1,166
July 10	2.90	3.28	2.60	2.72	9,28,618	1,347
August 10	2.95	3.06	2.56	2.79	14,44,957	1,887
September 10	2.68	3.05	2.68	2.74	14,59,535	1,532
October 10	2.88	3.05	2.60	2.71	15,81,104	1,677
November 10	2.70	3.41	2.40	2.69	17,90,034	1,963
December 10	2.42	2.85	2.02	2.64	9,41,452	1,224
January 11	2.72	2.83	2.00	2.10	6,14,481	847
February 11	2.07	2.40	1.58	1.75	6,27,071	924
March 11	1.75	2.11	1.56	1.86	15,33,281	698

Sources: www.bseindia.com

7.8 Performance in comparison to broad –based indices such as BSE Sensex, CRISIL index etc.

The shares of the Company are listed at Mumbai Stock Exchange, the Stock Market Details of which has been given as above.

ESKAY K'n'IT (INDIA) LIMITED

- 7.9 Registrar & Transfer Agent** : Universal Capital Securities Pvt. Ltd. (Formerly known as Mandkar Computers Pvt. Ltd.)
21, Shakil Nivas, Opp Satya Sai Baba Temple,
Mahakali Caves Road, Andheri (East), Mumbai - 400 093.
Email: info@unisec.in.
- 7.10 Share Transfer System** : The shares of the Company, being in compulsory Demat list, are transferable through the depository system. All transfers received are processed and approved by the Share Transfer Committee, which normally meets twice a month. Shares under objection are returned within two weeks.
- 7.11. a) Distribution of Shareholding as on 31st March 2011**
- | Category | | | Number of Shareholders | Number of Shares held |
|--------------|----|--------|------------------------|-----------------------|
| From | To | | | |
| Upto | – | 5000 | 36263 | 42357165 |
| 5001 | – | 10000 | 798 | 6146860 |
| 10001 | – | 20000 | 291 | 4197866 |
| 20001 | – | 30000 | 128 | 3218815 |
| 30001 | – | 40000 | 45 | 1584981 |
| 40001 | – | 50000 | 40 | 1892792 |
| 50001 | – | 100000 | 52 | 3809446 |
| 100001 | – | Above | 56 | 217623927 |
| Total | | | 37673 | 280831852 |
- 7.11. b) Shareholding pattern as on 31st March 2011**
- | | Category | No. of shares held | Percentage of shareholding |
|----|--|--------------------|----------------------------|
| 1. | Promoter's Holding | 160972278 | 57.32 |
| 2. | Mutual Funds, Banks, Financial Institutions, FIIs, NRIs & OCBs | 9654545 | 3.44 |
| 3. | Domestic Companies | 37026063 | 13.18 |
| 4. | Resident Individuals | 70629093 | 25.16 |
| | Total | 280831852 | 100.00 |
- 7.12.a) Dematerialization of Shares** : Approximately 84.53% of the Shares issued by the Company have been dematerialized upto 31st March 2011
- 7.12.b) Liquidity** : The Company's shares are listed on The Bombay Stock Exchange Ltd., Mumbai
- 7.13 Outstanding GDR/ADR/Warrants Or any other convertible instruments, Conversion date and likely impact on Equity** : The Company has not issued any such instruments.
- 7.14 Plant Location** : Bhilad (Gujarat), Silvassa (U.T. of D & N. H)
Dombivali (Maharashtra), Baddi (Himachal Pradesh)
- 7.15.i) Address for Investor Correspondence For transfer / dematerialization of** : Universal Capital Securities Pvt. Ltd. (Formerly known as Mandkar Computers Pvt. Ltd.)
21, Shakil Nivas, Opp Satya Sai Baba Temple
Mahakali Caves Road, Andheri (East)
Mumbai - 400 093
Email: info@unisec.in
- Shares payment of dividend on shares, interest and redemption of debentures and any other query relating to the shares and debentures of the Company.
- Note : Shareholders holding shares in electronic mode should address all correspondence to their respective depository participants.
- ii) Any query on Annual Report** : Plot No. 58B, Dhanudyog Industrial Area,
Piperia, Silvassa (U.T.)

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CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of **ESKAY K'n'IT (INDIA) LIMITED**

We have examined the compliance of the conditions of Corporate Governance by **ESKAY K'n'IT (INDIA) LIMITED** for the year ended 31st March 2011 as stipulated in Clause 49 of the Listing Agreement of the Company with Stock Exchanges in India.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an 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, the Company has complied with the conditions of Corporate Governance as stipulated in the above Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March 2011 no investor grievances are pending against the Company as on 29th April, 2011 as per the records maintained by the Company and presented to the Share Transfer/ Investors' Grievances Committee.

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.

**For A. F. Khasgiwala & Co.
Chartered Accountants**

**Sd/-
A. F. Khasgiwala
Partner**

**Membership No. 006491
Firm Regn. No. 105114W**

**Place: Mumbai
Date: 29th April, 2011**

CEO CERTIFICATION

I, *Sanjeev Sharma*, Managing Director of the **EsKay K'n'it (India) Limited** to the best of my knowledge and belief, certify that:

1. I have reviewed the Balance Sheet and Profit & Loss Account (consolidated and unconsolidated), and all its Schedules and Notes on Accounts, as well as the Cash Flow Statements and the Directors' Report;
2. Based on my knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the statements made;
3. Based on my knowledge and information, the financial statements, and other financial information included in this report, fairly present in all material respects, the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report, and are in compliance with the existing Accounting Standards and/or applicable laws and regulations;
4. To the best of my knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's Code of Conduct;
5. I accept the responsibility for establishing and maintaining Internal Controls and that I have evaluated the effectiveness of the Internal Control System of the Company and has not found any deficiencies in the design or operation of the Internal Control System.
6. I further certify that: -
 - a. there have been no significant changes in Internal Control (except increase in scope of work of Internal auditor) during this year.
 - b. There have been no significant changes in accounting policies during this year.
 - c. There have been no instances of significant fraud of which we have become aware and the involvement therein, of Management or an Employee having a significant role in the Company's Internal Control System.
7. I further declare that all Board Members and Senior Managerial Personnel have affirmed compliance with the Code of Conduct for the Financial Year 2011-2012.

For ESKAY K'n'IT (INDIA) LIMITED

**Sd/-
Sanjeev Sharma
Managing Director**

**Place: Mumbai
Date: 29th April, 2011**

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE CODE OF CONDUCT

This is to confirm that the Company has adopted the Code of Conduct for its Board Members and Senior Management Personnel. I confirm that the Company has in respect of the financial year ended 31st March, 2011, received from the senior management team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them. For the purpose of this declaration, Senior Management Team means the Members of the Management one level below the Executive Directors as on 31st March, 2011.

For ESKAY K'n'IT (INDIA) LIMITED

**Sd/-
Sanjeev Sharma
Managing Director**

**Place: Mumbai
Date: 29th April, 2011**

ESKAY K'n'IT (INDIA) LIMITED

REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT

The Management of ESKAY K'N'I'T (INDIA) LIMITED presents its Analysis report covering performance and outlook of the Company. The Report has been prepared in compliance with the requirement of Corporate Governance as laid down in the Listing Agreement. The Management accepts responsibility for the integrity and objectivity of the financial statements. However, investors and readers are cautioned that this discussion contains certain forward looking Statements that involve risk and uncertainties.

INDUSTRY STRUCTURE AND DEVELOPMENTS

TEXTILE INDUSTRY:

The Textile Industry occupies a unique place in our Country by contributing around 4% of India's GDP, 14% of the Country's Industrial Production, 18% of Industrial employment and 17% of the export earnings. It is the second largest provider of employment after agriculture. It provides direct employment to over 35 million people and indirect employment to around another 60 million people in the Country.

The Industry contributes around 25% share in the world trade of cotton yarn. India is the largest exporter of yarn in the international market and has a share of 25% in world cotton yarn export market. India contributes for 12% of the world's production of textile fibers and yarn. Indian textile industry is second largest after China in terms of spindlage, and has share of 23% of the world's spindle capacity. India has around 6% of global rotor capacity.

The industry is expected to grow from the present US\$ 70 billion to US\$ 220 billion by 2020; India's textile export is expected to reach US\$ 25 billion by 2012.

India has the potential to increase its textile and apparel share in the world trade from the current level of 4.5 per cent to 8 per cent and reach US\$ 80 billion by 2020.

— **Cotton**

India is the second largest producer of cotton in the world. According to Cotton Outlook, a cotton trade journal, cotton production in India for the 2011-2012 season is estimated to be 5.9. M.T. Cotton is the predominant fabric used in the Indian industry, accounting for nearly 60 per cent of production. The average yield of cotton per hectare in Indian is about 400 kilograms which is considered low. During the year India produced total 32 million bales.

— **Spinning**

The Spinning Industry in India is on set to hit the global market with its enthusiasm and consistency in work. The spinning sector in India is globally competitive in terms of variety, process and production quantity. It has already reached a phenomenal status in India by beating the obstacles that caused a downfall since past few years and is now on its way to cover a wider area in the spinning sector. India has about 40 million spindles (23 per cent of the world).

— **Knitting**

Weaving and knitting converts cotton, man-made, or blended yarns into woven or knitted fabrics. India's weaving and knitting sector remains highly fragmented, small-scale, and labour intensive.

This sector consists of about 3.9 million handlooms, 380,000 power loom enterprises that operate about 1.7 million looms, and just 137,000 looms in the various composite mills. Power looms are small firms, with an average loom capacity of four to five owned by independent entrepreneurs or weavers. Modern shuttleless looms account for less than 1 percent of loom capacity.

Knitting units are successful in export channels. Some of the prominent weaving / knitting clusters include Tirupur in Tamil Nadu and Ludhiana in Punjab.

1) Opportunity and Threats

The textile industry is undergoing a major reorientation towards non-clothing applications of textiles, known as technical textiles, which are growing roughly at twice rate of textiles for clothing applications and now account for more than half of total textile production. Technical textiles segment is expected to employ over 3,00,000 additional workers increasing the total employment to 1.2 million by 2012. The Government of India has set up 4 Centres of Excellence for Meditech, Agrotech, Geotech and Protech group of technical textile providing one-stop facility for testing, human resource development and research and development.

The present global economic scenario provides ample opportunities for strong integrated textile companies such as like your company. Over the years the Company has built up capacities of scale by installing state-of-art production facilities. By reinforcing its position across the value chain and presenting customers with diversified range of products, the company has developed sustainable business model with strength and resilience to combat any down turn in demand.

Strengths:

- Self reliant industry producing the entire supply-chain i.e., cotton and fibres.
- Highly competitive spinning sector.
- Large and growing domestic market.
- Second-largest textile producer in the world.

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- Abundant Raw Material availability that helps industry to control costs and reduces the lead-time across the operation;
- Low labour cost and availability of skilled and technical labour force.
- Excellence in fabric and garment designing.
- Vast textile production capacity and efficient multi-fiber raw material manufacturing capacity.
- Availability of large varieties of cotton fiber and has a fast growing synthetic fiber industry;
- Promising export potential

Weaknesses:

- Small size and technologically outdated plants result in lack of economies scale, low productivity and weak quality control.
- Cotton availability is vulnerable to erratic monsoon and low per hectare yield.
- With the exception of spinning, other sectors are fragmented. Sectors such as knitted garments still remaining as a SSI domain
- Labour laws and policies lack reforms.
- Infrastructure bottlenecks for handling large volumes.
- India lacks in trade pact memberships, which leads to restricted access to the other major markets.
- Huge unorganized and decentralized sector.

Opportunities:

- End of quota system and full integration of the textile industry.
- Low per-capita consumption of textile indicating significant potential growth.
- Increased use of CAD to develop designing capabilities and for developing greater options.
- Shift in domestic market towards readymade garments, and domestic textile consumption increasing with growing disposable income.
- Cheaper production and marketing costs and enormous opportunities have tempted Taiwanese Companies to work on Joint Ventures with the Indian Companies specially for the manufacture of man-made fabrics.

Threats:

- Survival of the fittest-in term of quality, size delivery and cost. There is an increased global competition in the post 2005 trade regime under WTO.
- Pricing pressures.
- Stiff competition from other Asian countries.
- Increase in regional trade could reduce share of market opened for India, China and other countries.
- High production cost with respect to other Asian competitors

ii) GOVERNMENT INITIATIVES

In an effort to increase India's share in the world textile market, the government has introduced a number of progressive steps.

- ❖ 100 per cent FDI allowed through the automatic route.
- ❖ De-reservation of readymade garments, hosiery and knitwear from the small-scale industries sector in end-2000.
- ❖ Technology Mission on Cotton was launched in February 2000 to make quality raw material available at competitive prices.
- ❖ Technology Upgradation Fund Scheme (TUFS) which was launched to facilitate the modernisation and upgradation of the textiles industry in 1999 has been given further extension till 2011-12. During 2010-11 (upto June 2010, provision figures), 256 applications have been sanctioned at a project cost of US\$ 89.2 million. The cumulative progress as on June 30, 2010, includes 28,302 applications sanctioned at a project cost of US\$ 46.71 billion. The Ministry of Textile has sanctioned a total of US\$ 133 million under TUFS during September 2010. The TUFS subsidy has been suspended for the new loans w.e.f. 29th June, 2010.
- ❖ The Scheme for Integrated Textile Park (SITP) was approved in July 2005 to facilitate setting up of textiles parks with world class infrastructure facilities. Forty parks have been sanctioned till December 31, 2010 in nine states with total project cost of about US\$ 931.1 million with Government contribution of US\$ 320 million. When fully functional the parks would have an investment of US\$ 4.3 billion.
- ❖ The government extended 10 per cent capital subsidy and 4 per cent interest subsidy on installation of Spinning Machines and 5% interest subsidy on installation of Knitting Machines under the TUFs.
- ❖ The government has set to launch US\$ 44.21 million mission for promotion of technical Textiles.
- ❖ The Government has launched the Integrated Skill Development Scheme for the Textiles & Apparel Sector, with an objective of capacity building of Institutions providing skill development & training in Textiles Sector. Under this Scheme, the Government has envisaged skill development of 2.7 million persons with an overall cost of US\$ 530 million over the next five years.

ESKAY K'n'IT (INDIA) LIMITED

iii) AREA OF CONCERNS

The major areas of concerns are however as follows:

1. Certain Regional trade blocks and trade agreements can change competitive parameters.
2. Enhancement of Preferential Access Programme for select countries. For instance, under the new GSP scheme, formulated by the EU, India's textile sector has been graduated while those from Pakistan and other countries (excluding China) have been included.
3. Evolution of Non Tariff Barriers in the form of packaging/labeling requirements, customs and other formalities; environmental safeguards, sanitary and phyto-sanitary measures.
4. The developed countries continue to seek quantitative restrictions on textiles and clothing. Their imports show that quotas are still being used as an instrument of restraining growth. The recent settlement arrived at by the European Commission under intense domestic pressure undermines the free play of market forces.

iv) OUTLOOK

As the industrial and economic growth of the Country is showing steady improvement, the Company has drawn out and is implementing an action plan which comprises thrust on high margin products, reduction in raw material costs, rationalization of operations and over-heads, optimizing inventory level, selective credit policy to customers and liquidation of slow-moving inventories and overdue receivables.

The Company with its superior product mix and higher value-addition, coupled with the change in industry scenario like more fiscal incentives as announced by Government of India for textile industry, change in consumer preferences from woven to knitted clothes etc., has benefitted significantly during the financial year 2010-2011 and is expected to do the same in the years to come.

v) RISK AND CONCERN

There are no major risk and concern to the Company's operation except from the competitive pricing pressure from cheaper imports, unethical competitions from sick units, free market policies and removal of quantitative restrictions.

vi) INTERNAL CONTROL SYSTEM

The Company has been maintaining a well-established procedure for internal control system. For the purpose financial control, Company is adequately staffed with experienced and qualified personnel at all levels and play an important role in implementing and monitoring the statutory and Internal policy control environment. There has been a review conducted by M/s. B. James & Co., the Internal Auditor, about the financial and operating controls. The Audit Committee of the Company reviews the adequacy of internal audit functions.

vii) FINANCIAL PERFORMANCE VS. OPERATIONAL PERFORMANCE

The Company has achieved a Sales Turnover of ₹ 93000.95 Lacs as against ₹ 81675.56 Lacs in respect of the previous Financial Year ended 31st March, 2010. The Company has registered profit after tax of ₹ 11011.32 Lacs during the year as against profit after tax of ₹ 980.35 Lacs in the previous Financial Year. The Profit before Depreciation, Interest and Tax is ₹ 11830.48 Lacs in the Financial Year ended 31st March, 2011 as against ₹ 645.21 Lacs in the previous Financial year ended 31st March, 2010.

viii) DEVELOPMENT IN HUMAN RESOURCES/INDUSTRIAL RELATION FRONT

As part of HR-initiatives, thrust is given for Leadership Development to meet the aspirations and long-term goals of the Company. The Company has also laid qualitative objectives to maximize overall growth. Emphasis was placed on building a cohesive workforce to maximize returns to all stakeholders. Focused attention was given for knowledge updating and application of new technologies available to reduce costs and to meet the business challenges.

The focus of Human resource is on building and developing intellectual capital through innovative ideas. The industrial relation climate of the Company continues to remain harmonious with focus on quality and safety.

ix) RESEARCH AND DEVELOPMENT

Increased globalization has made the marketing of products and retention of customers highly competitive. The need of the hour is total customer satisfaction and value for money from the products marketed. Keeping this objective as paramount, the research and development activities were focused into prompt attention to major customer complaints/suggestions in order to retain/enhance customer satisfaction. The Company has started launching products of better quality and new look as per customer requirements.

x) CAUTIONARY STATEMENT

Statements Made in this Report may be "forward looking statements" within the meaning of applicable securities laws and regulations. These statements are based on certain assumptions and expectations of the future events that are subject to risks and uncertainties. Actual future results and trend may differ materially from historical results, depending on variety of factors like changes in economic conditions affecting demand/supply, price conditions in which the Company operates, Government regulations, tax laws and other statutes and incidental factors.

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AUDITORS' REPORT

To,
The Members of
ESKAY K'n'IT (INDIA) LIMITED.

1. We have audited the attached Balance Sheet of **ESKAY K'n'IT (INDIA) LIMITED** as at 31st March, 2011 and also the Profit and Loss Account of the Company for the year ended on that date 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 (Auditor's Report) Order, 2003(CARO) and the Companies (Auditor's Report) (Amendment) order 2004 issued by the Central Government in terms of section 227(4A) of the Companies Act, 1956, and on the basis of such checks of the books of records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters 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
 - a) 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.
 - b) 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 the books.
 - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account of the company.
 - d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Companies (Accounting Standard) Rules, 2006.
 - e) On the basis of the written representations received from the directors as on 31st March, 2011 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 of the Company in terms of Section 274(1)(g) of the Act.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India :
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011,
 - ii) in the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date and ;
 - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For A. F. KHASGIWALA & CO.
Chartered Accountants

Sd/-
(A. F. KHASGIWALA)
PARTNER

Membership No. 6491
Firm Regn. No. 105114W

Place: Mumbai
Dated: 29.04.2011

ESKAY K'n'IT (INDIA) LIMITED

ANNEXURE REFERRED TO IN PARAGRAPH 2 OF AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2011 OF ESKAY K'N'IT (INDIA) LIMITED.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of audit, we state that:

1. In respect of its Fixed Assets
 - (a) The Company has maintained proper records to show full particulars, including quantitative details and situation of the Fixed Assets.
 - (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies between the books records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
 - (c) In our opinion, and according to the information and explanation given to us, the Company has not disposed of substantial part of fixed assets during the year and on going Concern status of the Company is not affected.
2. In respect of its inventories:
 - a) The stocks of finished goods, stores, spare parts and raw materials of the company, at all its locations, have been physically verified by the management at reasonable intervals during the year.
 - b) In our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - c) The discrepancies noticed on physical verification of the above referred stocks as compared to the book records were not material and have been properly dealt with in the books of account.
 - d) In our opinion, valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
3.
 - (a) The Company has not granted any loans, Secured or Unsecured to Companies, Firms And other parties covered in the register maintained under Section 301 of the Companies Act,1956
 - b) The Company has not taken any loans secured or unsecured from Companies, firms or parties covered in the register maintained under 301 of the Companies acts, 1956.
4. In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchase of stores, raw materials including components, plant & machinery, equipment and similar assets & purchase of goods and for the sale of goods. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. In respect of transaction covered under Section 301 of the Companies Act,1956:

According to the information and explanations given to us, purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and aggregating ₹5,00,000 or more during the year in respect of each party have been made at prices which are reasonable having regards to the prevailing market price for such goods, materials or services or the prices at which the transactions for similar goods are services have been made with other parties, where applicable.
6. In our opinion and According to the information and explanations given to us, the Company has not taken any public deposit.
7. In our opinion, the internal audit system of the Company is commensurate with the size of the company and nature of its business 8. We are of the opinion that, prima facie, the cost records and accounts prescribed by the Central Government of India under Section 209 (1) (d) of the Act have been maintained. We have, however, not made a detailed examination of such accounts and records.
9. In respect of statutory dues:

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- a) According to the information and explanations given to us, and the records of the company examined by us, in our opinion, the company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income Tax, sales tax, wealth tax, service tax, excise duty, customs duty, cess and other material statutory dues as applicable with the appropriate authorities.
10. According to the records of the company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or bank as at the Balance Sheet date.
 11. Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and/or advances on the basis of security by way of pledge of shares, debentures and other securities.
 12. The provisions of any special statute applicable to Chit fund & Nidhi /Mutual benefit / societies are not applicable to the company.
 13. During the year, the Company does not have any transactions in respect of dealing and trading in shares, securities, debentures and other investments. All shares, debentures and other securities held as investments by the company have been held by the Company in its own name.
 14. According to the information and explanations given to us, during the year the Company has given guarantee of ₹40 Cr in favour of Allahabad Bank for Loans taken by K-Lifestyle & Industries Ltd, an Associate Company, covered under section 301 of the Companies Act, 1956.
 15. According to the information and explanations given to us, the working capital term loans raised during the year were used for the purpose for which they were raised.
 16. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the Company has used no funds raised on Short-term basis for long-term investment.
 17. The Company has not made any preferential allotment of shares during the year.
 18. During the year covered by our audit report the Company has not issued any secured debentures.
 19. The Company has not raised any money by public issues during the year covered by our report.
 20. The Company has no accumulated losses as at 31st March, 2011 and has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
 21. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of frauds on or by the company, noticed or reported during the year, nor have been informed of such case by the management.

**For A.F.KHASGIWALA & CO.
Chartered Accountants**

**Sd/-
(A.F. KHASGIWALA)
Partner
Membership No.6491
Firm Regn no.105114W**

**Place: Mumbai
Dated: 29.04.2011**

ESKAY K'n'IT (INDIA) LIMITED

BALANCE SHEET AS AT 31.03.2011

	Schedules		As at 31.03.2011 (₹in lacs)	As at 31.03.2010 (₹in lacs)
SOURCES OF FUNDS				
SHAREHOLDERS' FUND				
Share Capital	1	2808.32	2808.32	
Reserves & Surplus	2	29878.46	29233.26	32041.58
LOAN FUNDS				
Secured Loans	3	35390.88	28526.69	
Unsecured Loans	4	14500.00	14500.00	43026.69
TOTAL FUNDS			82577.66	75068.27
APPLICATION OF FUNDS				
FIXED ASSETS				
Gross Block	5	79340.67	67518.90	
Less : Depreciation		45972.12	38116.92	
Net Block		33368.55	29401.98	
Capital Work-in-Progress		0.00	1521.68	
		33368.55	30923.65	
INVESTMENTS	6		2448.91	2448.91
CURRENT ASSETS, LOANS AND ADVANCES				
Inventories	7	20367.17	16337.97	
Sundry Debtors	8	21480.95	19786.65	
Cash & Bank Balances	9	104.72	67.35	
Loans and Advances	10	1995.14	2714.63	
LESS : CURRENT LIABILITIES & PROVISIONS		43947.98	38906.60	
Current Liabilities	11	1967.32	1376.88	
Provisions	12	58.11	51.81	
		2025.44	1428.69	
NET CURRENT ASSETS			41922.54	37477.92
Deffered Tax Assets			4837.66	4217.79
TOTAL ASSETS (NET)			82577.66	75068.27
NOTES ON ACCOUNTS	20			

As per our report of even date attached

For and on behalf of the Board of Directors

For A. F. KHASGIWALA & CO.
Chartered Accountants

Sd/-
A. F. Khasgiwala
Partner
Membership No. 6491
Firm Regn No.105114W

Sd/-
Chairman

Sd/-
Managing Director

Sd/-
Company Secretary

Place : Mumbai
Date : 29.04.2011

ANNUAL REPORT 2010–2011

PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED ON 31.03.2011

	Schedules	As at 31.03.2011 (₹ in Lacs)	As at 31.03.2010 (₹ in Lacs)
INCOME			
Sales	13	93000.95	81675.56
Other Income	14	14.12	1.31
Increase in Stock of Finished Goods	15	(501.69)	(604.87)
		92513.38	81072.00
EXPENDITURE			
Raw Materials consumed	16	65800.58	57606.07
Manufacturing Expenses	17	12421.98	10336.78
Interest & Finance Charges	18	3943.67	2678.80
Selling & Administrative Expenses	19	2460.34	2117.84
Depreciation		7855.16	8027.78
		92481.73	80767.27
Profit (Loss) before tax		31.65	304.74
Less: Provision for Taxation		6.31	51.81
Add: Deffered Tax Assets		619.87	727.42
Profit (Loss) after tax		645.21	980.35
Balance brought forward from previous year		7526.22	6545.87
Surplus (Deficit) Carried to Balance Sheet		8171.42	7526.22
Basic / Diluted Earning per share		0.23	0.35
NOTES ON ACCOUNTS	20		

As per our report of even date attached

For A. F. KHASGIWALA & CO.
Chartered Accountants

Sd/-
A. F. Khasgiwala
Partner
Membership No. 6491
Firm Regn No.105114W

Place : Mumbai
Date : 29.04.2011

For and on behalf of the Board of Directors

Sd/-
Chairman

Sd/-
Managing Director

Sd/-
Company Secretary

ESKAY K'n'IT (INDIA) LIMITED

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2011

	As at 31.03.2011 (₹in Lacs)	As at 31.03.2010 (₹in Lacs)
SCHEDULE '1'		
SHARE CAPITAL		
Authorised		
1,50,00,00,000 Equity Shares of ₹1/- each	15000.00	15000.00
1,50,00,000 Redeemable Preference Shares of ₹10 each	1500.00	1500.00
Issued, Subscribed and Paid-up		
28,08,31,852 Equity Shares of ₹1/- each	2808.32	2808.32
(Previous year 28,08,31,852 Shares of ₹1 each)	2808.32	2808.32
SCHEDULE '2'		
RESERVE & SURPLUS		
General Reserve		
As per last Balance Sheet	11001.26	10201.26
Add: Transferred from Debenture Redemption Reserve	0.00	800.00
	11001.26	11001.26
Debenture Redemption Reserve		
As per last Balance Sheet	0.00	800.00
Less: Transferred to general reserve	0.00	800.00
	0.00	0.00
Capital Redemption Reserve Account		
	300.00	300.00
Capital Reserve		
	107.61	107.61
	107.61	107.61
SHARE PREMIUM		
As per last Balance Sheet	10298.17	10298.17
	10298.17	10298.17
Profit And Loss Account		
Surplus	8171.42	7526.22
	8171.42	7526.22
	29878.46	29233.26
SCHEDULE '3'		
SECURED LOANS		
<u>Term Loans (From Banks)</u>		
(Secured by first charge on all Fixed assets & second charge on Current assets on pari passu basis and personal guarantees of Promoters/Directors)	8691.12	10158.54
(Repayable within one year ₹2496 Lacs (Prev. yr ₹2496 Lacs))		
Interest Accrued & due	162.06	103.63
<u>Medium Term Loan (From SICOM)</u>		
(Secured by first charge on Immovable Assets and Personal guarantee of promoters/directors)	3943.59	0.00
<u>Working Capital Loans</u>		
<u>Banks</u>		
(Secured by first charge on all current assets & second charge on fixed assets on pari passu basis with other banks and personal guarantees of Promoters/Directors)	22594.11	18264.52
	35390.88	28526.69

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	As at 31.03.2011 (₹ in Lacs)	As at 31.03.2010 (₹ in Lacs)
SCHEDULE '4'		
UNSECURED LOANS		
LONG TERM		
From Corporates	14500.00	14500.00
	14500.00	14500.00

SCHEDULE '5' :- FIXED ASSETS AS ON 31.03.2011

(₹ In Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At 01.04.2010	Additions During	Deductions	As At 31.03.2011	Upto 01.04.2010	Written Back	During the Year	Upto 31.03.2011	As on 31.03.2011	As on 31.03.2010
Land	402.78	0.00	0.00	402.78	0.00	0.00	0.00	0.00	402.78	402.78
Residential flat	5.42	0.00	0.00	5.42	4.98	0.00	0.02	5.01	0.41	0.43
Factory buildings	9359.64	236.60	0.00	9596.24	3698.55	0.00	500.80	4199.35	5396.89	5661.09
Plant & machinery	57025.35	11574.67	0.00	68600.02	34230.19	0.00	7139.59	41369.78	27230.23	22795.15
Furniture & fixtures	57.77	2.50	0.00	60.27	47.49	0.00	2.12	49.60	10.67	10.28
Computer	16.37	0.00	0.00	16.37	15.38	0.00	0.40	15.77	0.60	0.99
Delivery van	4.65	0.00	0.00	4.65	4.63	0.00	0.00	4.64	0.01	0.02
Vehicles	646.93	8.00	0.00	654.93	115.74	0.00	212.23	327.97	326.96	531.19
Total	67518.90	11821.77	0.00	79340.67	38116.96	0.00	7855.16	45972.12	33368.55	29401.94
Capital work in progress	1521.68	10256.09	11777.77	0.00	0.00	0.00	0.00	0.00	0.00	1521.68
Total	69040.58	22077.86	11777.77	79340.67	38116.96	0.00	7855.16	45972.12	33368.55	30923.62
Previous year	61899.47	15627.41	8486.30	69040.59	30632.32	543.14	8027.78	38116.96	30923.62	31267.16

	No. of Shares	As at 31.03.2011 Amount (₹ in Lacs)	No. of Shares	As at 31.03.2010 Amount (₹ in Lacs)
SCHEDULE '6'				
INVESTMENTS				
Long Term - Trade				
A) Quoted, (at Cost)				
K-Lifestyle & Industries Limited				
Equity Shares of ₹1 each fully paid up	32711500	1398.91	32711500	1398.91
B) Unquoted, (at cost)				
Krishna Knitwear Technology Limited				
Equity Shares of ₹10 each fully paid up	10000000	1000.00	10000000	1000.00
C) Bonds				
13.5% I.D.B.I. Bonds-sixty sixth series (2003)	1	50.00	1	50.00
		2448.91		2448.91
Aggregate Book Value of Quoted Investments		1398.91		1398.91
Aggregate Market Value of Quoted Investments		206.08		340.20

SCHEDULE '7'		
INVENTORIES		
(Valued certified by the Management)		
Raw Material	13686.43	9972.64
Work-in-Progress	3639.09	2855.91
Finished Goods	2977.92	3479.61
Stores, Spare parts, etc.	63.73	29.81
	20367.17	16337.97

ESKAY K'n'IT (INDIA) LIMITED

	As at 31.03.2011 (₹in Lacs)	As at 31.03.2010 (₹in Lacs)
SCHEDULE '8'		
SUNDRY DEBTORS		
(Unsecured, Considered Good)		
Over six months	93.71	126.19
Less than Six month	21387.24	19660.46
	<u>21480.95</u>	<u>19786.65</u>
SCHEDULE '9'		
CASH AND BANK BALANCES		
Cash in Hand	24.36	9.06
Balances with Scheduled Banks in current accounts	55.24	34.12
Fixed Deposit (Pledged with Bank)	25.12	24.17
	<u>104.72</u>	<u>67.35</u>
SCHEDULE '10'		
LOANS AND ADVANCES		
(Unsecured, Considered Good)		
Advances recoverable in cash or in kind or for value to be received	901.51	2587.24
Advance Payment of Taxes	179.03	127.39
Subsidy Receivable (under TUF)	914.60	0.00
	<u>1995.14</u>	<u>2714.63</u>
SCHEDULE '11'		
CURRENT LIABILITIES		
Sundry Creditors	616.27	528.06
Other liabilities	1351.05	848.82
	<u>1967.32</u>	<u>1376.88</u>
SCHEDULE '12'		
PROVISIONS		
Provision for Taxation	58.11	51.81
	<u>58.11</u>	<u>51.81</u>

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011

	As at 31.03.2011 (₹in Lacs)	As at 31.03.2010 (₹in Lacs)
SCHEDULE '13'		
SALES		
Gross Sales	93000.95	81675.56
Domestic	<u>93000.95</u>	<u>81675.56</u>
SCHEDULE '14'		
OTHER INCOME		
Other Income	14.12	1.31
	<u>14.12</u>	<u>1.31</u>

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	As at 31.03.2011 (₹in Lacs)	As at 31.03.2010 (₹in Lacs)
SCHEDULE '15'		
INCREASE/DECREASE IN FINISHED GOODS		
Closing Stock	2977.92	3479.61
Opening Stock	3479.61	4084.48
Increase / (Decrease)	<u>(501.69)</u>	<u>(604.87)</u>
SCHEDULE '16'		
RAW MATERIALS CONSUMED		
Opening Stock		
Raw Material	9972.64	4540.28
Work-in-progress	2855.91	3265.25
	<u>12828.55</u>	<u>7805.53</u>
Add : Purchases	70297.55	62629.09
	<u>83126.10</u>	<u>70434.62</u>
Less : Closing Stock		
Raw Material	13686.43	9972.64
Work-in-progress	3639.09	2855.91
	<u>17325.52</u>	<u>12828.55</u>
Raw Material Consumed	<u>65800.58</u>	<u>57606.07</u>
SCHEDULE '17'		
MANUFACTURING EXPENSES		
Power & Fuel	6153.27	5735.24
Labour & Processing Charges	4698.16	3376.98
Stores, Chemicals and Packing Materials	1192.31	897.31
Machinery & Electricals Repairs & Maintenance	378.24	327.25
	<u>12421.98</u>	<u>10336.78</u>
SCHEDULE '18'		
INTEREST & FINANCE CHARGES		
Term Loans	1148.77	734.81
Cash Credit Accounts	2709.04	1868.00
Bank Charges	85.86	75.99
	<u>3943.67</u>	<u>2678.80</u>
SCHEDULE '19'		
SELLING & ADMINISTRATIVE EXPENSES		
Rent, Rates and Taxes	20.35	10.52
Insurance	7.88	44.45
Conveyance & Travelling	110.66	73.67
General & Misc. Expenses	127.26	92.26
Legal, Professional & Consultancy	97.62	81.59
Transportation	271.26	265.26
Auditors' Remuneration	1.05	0.91
Directors' Remuneration	6.00	6.00
Directors' Sitting Fees	2.62	2.50
Printing and Stationery and postage	85.45	81.49
Listing Fee	0.41	0.48
Repairs & Maintenance	64.76	40.62
Telephone and Telex	86.57	65.46
Discount Commission and Brokerage	852.55	780.46
Salary & Staff Welfare	639.87	496.73
Publicity & Advertisements	43.87	34.85
Service & Maintenance Charges	42.16	40.59
	<u>2460.34</u>	<u>2117.84</u>

ESKAY K'n'IT (INDIA) LIMITED

SCHEDULE '20'

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

SIGNIFICANT ACCOUNTING POLICIES

1. a. The Company maintains its accounts on accrual basis following the historical cost Convention in accordance with Generally Accepted Accounting Principles ("GAAP"), and in compliance with the Accounting Standards referred to in section 211 (3C) and other requirements of the Companies Act, 1956 The preparation of financial statements in conformity with GAAP requires that the Management of the Company makes estimates and assumptions that affect the Reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include the useful lives of fixed assets etc. Actual results could differ from these estimates.
- b. **FIXED ASSETS**
Fixed Assets are stated at cost of acquisition less depreciation. The cost comprises of the purchase price and other attributable costs.
- c. **DEPRECIATION**
The Company follows the written down value method of providing depreciation at the rates prescribed in Schedule XIV of the Companies (Amendment) Act 1988 read with Section 205(2) (b) of the said Act on pro-rata basis uniformly in respect of all Assets. From January 2010 depreciation has been provided on Plant & Machinery on Triple shift basis on term of schedule XIV of the Companies (Amendment) Act 1988. As against till December 2009 depreciation was provided on single shift basis.
- d. **INVESTMENTS**
Long Term Investments are carried at cost less provision for diminution other than Temporary, if any, in value of such investments.
- e. **INVENTORIES**
Inventories are valued at cost or Net realizable value, whichever is lower.
2. Retirement benefits:
 - (a) Provident fund has been paid regularly in time by the company
 - (b) Gratuity & Leave Encashment is accounted for in cash basis as and when paid.
3. Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.
4. The company has only one business segment that is "textile" and hence segment reporting as required under AS-17 issued by ICAI is not applicable.
5. AS-18 related party disclosure:
Related party disclosures as required by AS-18 "Related Party Disclosures" are given below. [Related parties are as identified by the Company and relied upon by the Auditors]:
 - A. List of Related Parties.
 1. Parties where control exists: Nil
 2. Other parties with whom the company has entered into transaction during the year.
 - i) Associates where key management personnel and their relatives have significant influence; Nil
 - ii) Key Management Personnel:
Mr. Sanjeev Sharma – Managing Director
 - iii) Relative of Key Management Personnel: Nil
 - B. During the year, the following transactions were carried out with the related parties in the normal course of business.

Transaction	Associates	Key Management Personnel (in Lacs)	Relative of Key Management Personnel	Total (in Lacs)
Remuneration	Nil (Nil)	6.00 (6.00)	Nil (Nil)	6.00 (6.00)

Note : Figures in brackets represent corresponding amount of previous year.

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6. AS-19 LEASES

Company has not taken any assets on lease basis.

7. AS-22 Accounting for taxes on Income:

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provision of the Income Tax Act, 1961, and based on expected outcome of assessment / appeals.

Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

8. There is no payment overdue to small-scale industries.

9. The balance of advances, debtors and creditors are confirmed by majority of parties and efforts are being made for obtaining confirmations from remaining parties

10. **CENVAT:** Capital expenditure and raw materials have been taken at net value after adjusting cenvat, wherever applicable as per guidelines issued by The Institute of Chartered Accountants of India.

11. EARNING PER SHARE

Basic and Diluted Earnings Per Share is calculated as under:

	31-03-2011 (₹ in Lacs)	31-03-2010 (₹ in Lacs)
a. Numerator :		
Net Profit As per Profit and Loss Account	645.21	980.35
Net Profit considered for EPS Calculation	645.21	980.35
b. Denominator :		
No. of Equity Shares	280831852	280831852
c. Basic & Diluted Earnings per Share	(₹) 0.23	(₹) 0.35
d. Nominal value of Equity Share	(₹) 1.00	(₹) 1.00

12. In the opinion of the Board, Current Assets, Loans and Advances are approximately of the value stated, if realised in the ordinary course of business, the provisions for all known liabilities are adequate and not in excess than reasonably necessary.

13. Payment of Audit Fees

	31.03.2011 (₹ in Lacs)	31.03.2010 (₹ in Lacs)
Remuneration to Auditors:		
Audit Fee	0.90	0.78
Tax Audit Fee	0.15	0.13
Remuneration to Managing Director	6.00	6.00

15. Particulars in respect of goods manufactured :

	As at 31.03.2011 (In tonnes Per annum)	As at 31.03.2010 (In tonnes per annum)
I. Licensed Capacity	N.A.	N.A.
II. Installed Capacity		
a) Spinning Division :	30000	30000
b) Knitting of specialty fabrics	38500	29000
c) T.F.O.	10000	10000
d) Processing	28000	28000
e) Garments (Pcs.)	1000000	1000000

ESKAY K'n'IT (INDIA) LIMITED

16. Quantitative information in respect of Opening Stock, Purchases Sales and consumption of Raw Materials.

Description	2010 – 2011		2009–2010	
	Quantity (Tonnes)	Quantity (Tonnes)	Quantity (Tonnes)	Value (₹ in Lacs)
Opening Stock				
Finished Goods	2323.89	2323.89	2615.93	4084.48
Work in Progress	2705.19	2705.19	3024.63	3265.25
Raw Material	12686.03	12686.03	6341.73	4540.28
Closing Stock				
Finished Goods	1366.96	2977.92	2323.89	3479.61
Work in Progress	1953.93	3639.09	2705.19	2855.91
Raw Material	8822.33	13686.43	12686.03	9972.64
Purchases	42899.55	70297.55	66129.03	62629.09
Sales				
Finished Goods	44015.78	93000.95	52473.84	81675.56
Raw Material Consumed		65800.58		57606.07
Production (Fabric/Cloth)	43058.84		52181.80	
Garments (Pcs in Lacs)	9.76		8.51	

17. Expenditure in Foreign Currency :

a) Value of Imported capital goods on CIF	NIL	NIL
b) Travelling Expenses	NIL	NIL
c) Remittance of dividend to NRIs AND FIIs	NIL	NIL

18. Earnings in Foreign Currency **0.00** 0.00

19. Break-up Expenditure on employees who were in receipt of remuneration aggregating not less than ₹ 60,00,000/-, if employed through-out the year or not less than ₹ 5,00,000/- p.m. if employed for part of the year

a. Employed throughout the year - Number of Employees	NIL	NIL
b. Employed for the part of the year - Number of Employees	NIL	NIL

20. Contingent liabilities: Bank Guarantees ₹41.53 Cr.

21. Figures of previous year have been re-grouped/re-arranged wherever necessary.

As per our report of even date attached

For A. F. KHASGIWALA & CO.

Chartered Accountants

Sd/-

A. F. Khasgiwala

Partner

Membership No. 6491

Firm Regn No.105114W

Place : Mumbai

Date : 29.04.2011

For and on behalf of the Board of Directors

Sd/-

Chairman

Sd/-

Managing Director

Sd/-

Company Secretary

ANNUAL REPORT 2010–2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2011

	2010–2011 (₹ in Lacs)	2009–2010 (₹ in Lacs)
CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax and extraordinary activities	31.65	304.74
Adjustments for :		
Depreciation & amortisation	7855.16	8027.78
Interest (net)	3943.67	2678.80
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	11830.48	11011.31
Adjustments for :		
Trade & other receivables	(974.81)	(1984.20)
Inventories	(4029.20)	(4403.50)
Current Liabilities & Provisions	596.75	(313.98)
CASH GENERATED FROM OPERATIONS	7423.22	4309.63
Interest paid	(3943.67)	(2678.80)
Direct taxes paid	(6.28)	(318.70)
CASH FLOW BEFORE EXTRAORDINARY ITEMS		
NET CASH FROM OPERATING ACTIVITIES	3473.27	1312.14
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(10300.10)	(7684.23)
NET CASH USED IN INVESTING ACTIVITIES	(10300.10)	(7684.23)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds From Issue of Share Capital Including Share Premium	0.00	0.00
Total Proceedings From Borrowings (Net of Repayment)	6864.19	5059.68
Dividend Paid	0.00	0.00
NET CASH USED IN FINANCING ACTIVITIES	6864.19	5059.68
NET DECREASE /INCREASE IN CASH AND CASH EQUIVALENTS	37.37	(1312.44)
CASH AND CASH EQUIVALENTS (Opening Balance)	67.35	1379.79
CASH AND CASH EQUIVALENTS (Closing Balance)	104.72	67.35

As per our report of even date attached

For and on behalf of the Board of Directors

For **A. F. KHASGIWALA & CO.**

Chartered Accountants

Sd/-

A. F. Khasgiwala

Partner

Membership No. 6491

Firm Regn. No. 105114W

Place: Mumbai

Date: 29.04.2011

Sd/-

Chairman

Sd/-

Managing Director

Sd/-

Company Secretary

Auditors Certificate

We have examined the attached cash flow statement of **Eskay K 'n' IT (India) Ltd.** For the year ended 31st March, 2011. The Statement has been prepared by the company in accordance with the requirements of Listing Agreement Clause 32 with various Stock Exchanges and is based on and is in Agreement with the corresponding Profit and Loss account and Balance Sheet of the company by our report to the members of the company.

For **A. F. KHASGIWALA & CO.**

Chartered Accountants

Sd/-

A. F. Khasgiwala

Partner

Membership No. 6491

Firm Regn. No. 105114W

Place: Mumbai

Date: 29.04.2011

ESKAY K'n'IT (INDIA) LIMITED

ADDITIONAL INFORMATION UNDER PART IV OF THE SCHEDULE VI TO THE COMPANIES ACT, 1956

I. REGISTRATION DETAILS

Registration	No.L18109DN1987PLC000034	State Code	54
Balance sheet Date	31.03.2011		

II. CAPITAL RAISED DURING THE YEAR

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III. POSITION TO THE MOBILISATION AND DEPLOYMENT OF FUNDS(Amount in Lacs)

Total Liabilities	82577.66	Total Assets	82577.66
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SOURCE OF FUNDS

Paid-up Capital	2808.32	Reserves & Surplus	29878.46
Secured Loans	35390.88	Unsecured Loans	14500.00

APPLICATION OF FUNDS

Net Fixed Assets	33368.55	Investments	2448.91
Net Current Assets	41922.54	Deffered Tax Assets	4837.66

IV PERFORMANCE OF COMPANY(Amount in Lacs)

Turnover & Other Income	92513.38	Total Expenditure	92481.73
Profit/(Loss) before Tax	31.65	Profit/(Loss) after Tax	645.21
Earning Per Share	0.23	Dividend Rate %	Nil

V Item Code No.(ITC Code)

Item Code No.(ITC Code)	60-02
Product description	Knitted fabrics

As per our report of even date attached

For A. F. KHASGIWALA & CO.
Chartered Accountants

Sd/-
A. F. Khasgiwala
Partner
Membership No. 6491
Firm Regn No.105114W

Place : Mumbai
Date : 29.04.2011

For and on behalf of the Board of Directors

Sd/-
Chairman

Sd/-
Managing Director

Sd/-
Company Secretary

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ESKAY K'n'IT (INDIA) LIMITED

ATTENDANCE SLIP

ESKAY K'NI'T (INDIA) LIMITED

Registered Office: Plot No.58-B, Danudyog Industrial Area, Piperia, Silvassa (Union Territory)
(PLEASE COMPLETE THIS SLIP AND HAND IT OVER AT THE ENTRANCE OF MEETING HALL)

24TH ANNUAL GENERAL MEETING

Member's Name (in capital letters)

Regd. Folio No. No. of Shares held

DP. ID*	
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Client ID*	
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I hereby record my presence at the 24th Annual General Meeting of the Members of the Company being held on Saturday, 9th July, 2011, at 10.30 a.m. at 65, Krishna Nagar, Samarvani, Silvassa, (Union Territory).

.....
Signature of the Shareholder or Proxy

* Applicable for investors holding shares in electronic form

..... CUT HERE

PROXY FORM

ESKAY K'NI'T (INDIA) LIMITED

Registered Office: Plot No.58-B, Danudyog Industrial Area, Piperia, Silvassa (Union Territory)

DP. ID*	
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Regd. Folio No.	
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Client ID*	
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I/We

of in the District of

being a member/members of the Company, hereby appoint

of in the District of

or failing him of in the District of

as my/our Proxy to vote for me/us on my/our behalf at the 24th Annual General Meeting of the Members of the Company to be held on Saturday, 9th July, 2011 at 10.30 a.m. or at any adjournment thereof.

Signed this Day of 2011.

* Applicable for investors holding shares in electronic form.

Affix ₹1/- Revenue Stamp

Note: The Proxy form duly completed and signed must be deposited at the Registered Office of the Company, not less 48 hours before the meeting.