



NOTICE

The Sixty-Ninth Annual General Meeting of Eastern Silk Industries Ltd. (CIN. L17226WB1946PLC013554) will be held on Wednesday, the 23rd September, 2015 at 11:00 A.M. at Kala Kunj, 48, Shakespeare Sarani, Kolkata – 700 017, to transact the following business:

ORDINARY BUSINESS :

- To receive, consider and adopt the Statement of Profit & Loss for the year ended 31st March, 2015 and the Balance Sheet as at that date together with the report of the Directors and Auditors thereon.
- To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution; "RESOLVED that pursuant to the provisions of Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, the Company hereby ratifies the appointment of M/s B. K Shroff & Co, Chartered Accountants (Firm Registration No. 302166E), as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the Seventieth Annual General Meeting of the Company on such remuneration as may be determined by the Board of Directors of the Company."

SPECIAL BUSINESS :

- To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution: "RESOLVED THAT pursuant to the provisions of Section 196, 197 & 203 of the Companies Act, 2013 read with Schedule V of the said Act (including any amendment, modification, variation or re-enactment thereof) and subject to approval of the Central Government, if any, the approval of the Company be and is hereby accorded to the re-appointment of Sri Sundeep Shah (DIN. 00484311) as the Whole Time Director of the Company for a period of three years effective from 1st September, 2015 to 31st August, 2018 on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, things and deeds as may be necessary, proper and expedient to give effect to the above resolution."

- To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution: "RESOLVED THAT pursuant to the provisions of Section 196, 197 & 203 of the Companies Act, 2013 read with Schedule V of the said Act (including any amendment, modification, variation or re-enactment thereof), and subject to approval of the Central Government, if any, Ms. Megha Shah (DIN. 07172597) who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting, the approval of the Company be and is hereby accorded to her appointment as the Whole Time Director designated as the Executive Director of the Company for a period of three years effective from 1st September 2015 to 31st August 2018 on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, things and deeds as may be necessary to give effect to the above resolution."

- To appoint a Director in place of Sri G.D.Harnathka (DIN.01360829), who retires by rotation and being eligible offers himself for reappointment and if thought fit, to pass with or without modification, the following Resolution as a Special Resolution, being his age is in excess of 70 years.

"RESOLVED THAT Sri G.D.Harnathka (DIN.01360829), be and is hereby appointed as an Independent Director for tenure of three (3) years in pursuant to the provisions of sections 149(4), 149(6) and 152 of the Companies Act 2013."

- To adopt new regulations of the Articles of Association of the Company, pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013, (including any amendment thereto or re-enactment thereof), and if thought fit, to pass with or without modification, the following Resolution as a special Resolution.

"RESOLVED THAT pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013, (including any amendment thereto or re-enactment thereof), the Articles of Association of the Company be and are hereby altered by replacing all the existing regulations with the new regulations and the said regulations be and is hereby adopted as new regulations of the Articles of Association of the Company.

FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, Sri Sundeep Shah (DIN. 00484311), Executive Director of the Company be and is hereby authorized, on behalf of the Company, to do all acts, deeds, matters and things as deem necessary, proper or desirable and to sign and execute all necessary documents, applications and returns for the purpose of giving effect to the aforesaid Resolution along with filing of necessary E-forms with the Registrar of Companies, West Bengal."

Registered Office:
19, R. N. Mukherjee Road
Kolkata – 700 001
Dated : The 30th May, 2015.
CIN: L17226WB1946PLC013554
Email: esilk@giasci01.vsnl.co.in

By Order of the Board
DEEPAK AGARWAL
SECRETARY

NOTES :

- A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead and the proxy need not be a member of the Company. The proxy, in order to be effective, must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.
- The Register of Members and Share Transfer Books of the Company will remain closed from 17th September, 2015 to 23rd September, 2015, both days inclusive on account of Annual General Meeting.
- The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. Instructions and other information relating to e-voting are given below. The Company will also send communication relating to remote e-voting which inter alia would contain details about User ID and password along with a copy of this Notice to the members, separately.

Voting through electronic means

- In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35B of the Listing Agreement, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).
- The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- The members who have cast their vote by remote e-voting prior to the AGM, may also attend the AGM but shall not be entitled to cast their vote again.
- The remote e-voting period commences on 20th September, 2015 (9:00 am) and ends on 22nd September, 2015 (5:00 pm). During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 16th September, 2015, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- The process and manner for remote e-voting are as under:
 - In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participant(s)] :
 - Open email and open PDF file viz : "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
 - Launch internet browser by typing the following URL : <https://www.evoting.nsd.com/>
 - Click on Shareholder - Login
 - Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
 - Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
 - Select "EVEN" of "EASTERN SILK INDUSTRIES LTD".
 - Now you are ready for remote e-voting as Cast Vote page opens.



- (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
 - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
 - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to "esil.scrutinizer@gmail.com" with a copy marked to "evoting@nsdl.co.in."
- B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participant(s) or requesting physical copy] :
- (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:

EVEN (Remote e-voting Event Number)	USER ID	PASSWORD/PIN
 - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- VI. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsd.com or call on toll free no.: 1800-222-990.
- VII. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- VIII. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- IX. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 16th September, 2015.
- X. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 16th September, 2015, may obtain the login ID and password by sending a request at "evoting@nsdl.co.in" or RTA at "absconsultant@vsnl.net".
 However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsd.com or contact NSDL at the following toll free no.: 1800-222-990.
- XI. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- XII. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- XIII. Mr. Atish Kumar Shaw, Practicing Chartered Accountant (Membership No. 306098) has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- XIV. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- XV. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- XVI. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company "www.easternsilk.com" and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the NSE Limited, Mumbai.



- 4. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of Special Business set out in the Notice is annexed hereto.
- 5. Additional information pursuant to Clause 49 of the Listing Agreement with Stock Exchange regarding the Directors who are proposed to be reappointed at the Annual General Meeting are provided in the Annexure to this Notice.
- 6. Pursuant to the provisions of Section 123, 124 of the Companies Act, 2013, dividends which remain unpaid or unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund of the Central Government. Members, who have not encashed their dividend warrants pertaining to the year 2007-08, 2008-09, 2009-10 may approach the Company's Registrars and Share Transfer Agents for obtaining duplicate dividend warrants.
- 7. Pursuant to sub-division of each Equity share of ₹10/- into five Equity shares of ₹ 2/- each, members holding shares in physical form, were requested to surrender old share certificates to obtain new share certificates in lieu thereof. Those members, who have not surrendered their old share certificates to the Company's Registrars and Share Transfer Agents, are requested to do so at the earliest.
- 8. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' and allowed companies to share documents with its shareholders through an electronic mode. Members are requested to support this green initiative by registering/updating their e-mail addresses, in respect of shares held in dematerialized form with their respective Depository Participants and in respect of shares held in physical form with the Company's Registrars and Share Transfer Agents.

Explanatory Statement under Section 102 of the Companies Act, 2013.

Item No. 3

Sri Sundeep Shah was re-appointed as the Executive Director of the Company for a period of three (3) years with effect from 1st September, 2012 on the terms and conditions and remuneration as approved by the Members at the Annual General Meeting held on 26th September, 2012. As such, the present term of office of Sri Sundeep Shah shall expire on 31st August, 2015. Sri Sundeep Shah has been associated with the Company since past three decades and possesses immense experience of overseas business. Keeping in view the contribution made by Sri Sundeep Shah for the growth of the Company, the Board of Directors of the Company and Nomination and Remuneration Committee have recommended the appointment of Sri Sundeep Shah as the Executive Director for a period of three years effective from 1st September, 2015 on the following terms and conditions:

- 1. Salary : ₹ 1,25,000/- per month
- 2. Perquisites : Sri Sundeep Shah will be entitled to the perquisites / benefits of residential accommodation or house rent allowance in lieu thereof; Gas, Electricity, Water, Furnishings; Medical expenses reimbursement for self and family; leave travel concession, club fees and personal accident insurance in accordance with the rules of the Company subject to limit of an amount equal to the annual salary.
 In the event of loss or inadequacy of profits of the Company in any financial year, Sri Sundeep Shah will be entitled to such remuneration by way of salary, perquisites and allowance as specified above, subject to the approval of the Central Government if any pursuant to Schedule V of the Companies Act, 2013.
 Provisions for the use of the Company's car for official and personal use and telephone at residence shall not be included in the computation of the perquisites for the purpose of calculating the said ceiling.
 The Company's contribution to provident fund, gratuity payable as per rules of the Company and encashment of the leave at the end of the tenure shall not be included in the computation of the limits for the remuneration and perquisites as aforesaid.

The above may be treated as an abstract of the terms of appointment and Memorandum of concern or interest, pursuant to Section 190 of the Companies Act, 2013.

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

Item No. 4

Ms. Megha Shah was appointed as the Additional Director of the Company w.e.f 01.04.2015 in compliances with the provisions of the Companies Act, 2013 and amendments made in Clause 49 of the Listing Agreement, as one woman director is to be appointed in the Board. Ms. Megha Shah has been providing her valuable contribution to the Company in designing fabrics in specific orders from the customer and at present where the market is at its all time low, her inclusion in the management of the Company will strengthen the Board. Looking forward to boost the growth of the Company while keeping in mind the customer's specifications, the Board of Directors of the Company and Nomination and Remuneration Committee have recommended the appointment of Ms. Megha Shah as the Executive Director for a period of three years effective from 1st September, 2015 on the following terms and conditions:



1. Salary : ₹ 50,000/- per month
2. Perquisites : Ms. Megha Shah will be entitled to the perquisites / benefits of residential accommodation or house rent allowance in lieu thereof; Gas, Electricity, Water, Furnishings; Medical expenses reimbursement for self and family; leave travel concession, club fees and personal accident insurance in accordance with the rules of the Company subject to limit of an amount equal to the annual salary.

In the event of loss or inadequacy of profits of the Company in any financial year, Ms. Megha Shah will be entitled to such remuneration by way of salary, perquisites and allowance as specified above, subject to the approval of the Central Government if any pursuant to Schedule V of the Companies Act, 2013.

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

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

The above may be treated as an abstract of the terms of appointment and Memorandum of concern or interest, pursuant to Section 190 of the Companies Act, 2013.

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

Item No. 5

Your Directors recommend the resolution set out at Item No.5 of the Notice for approval of the Members, as Sri G.D Harnathka has completed 70 years of age and hence the Special Resolution.

Item No. 6

The Existing regulations of the Articles of Association are replaced by the new set of regulations and the same be adopted as new set of Articles of Association. The modification in the Articles of Association is carried out to give effect to the provisions of the Companies Act, 2013. Consent of the shareholders by passing a Special Resolution is required in this regard. New set of regulations of the Articles of Association shall be made available at the request of the shareholders.

Annexure to Notice dated 30th May, 2015

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

Name of the Director	Shri G. D. Harnathaka
Age	77 years
Date of Appointment on the Board	24.07.2000
Qualification	B. Com
Experience	Wide experience in textile & textile goods business.
Directorship held in other Public Companies	—
Memberships / Chairmanships of Committees of Public Companies	—
Shareholding of Non-Executive Directors	Nil

DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting their sixty-ninth Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 2015.

FINANCIAL RESULTS

	(₹ in Lacs)	
	2015	2014
Profit/(Loss) before depreciation / Exceptional items and taxation	(3,411.77)	(11,771.01)
Less : Depreciation	2,023.08	1,567.52
Profit/(Loss) before taxation	(5,434.85)	(13,338.53)
Add/(Less) : Exceptional Items	1,746.61	(306.21)
	(3,688.24)	(13,644.74)
Add/(Less) : Provision for Earlier Year Taxation	-	-
	(3,688.24)	(13,644.74)
Add/(Less) : Deferred Tax Liability	-	-
Profit/(Loss) after tax	(3,688.24)	(13,644.74)
Add: Balance brought forward from previous year	(18,337.52)	(4,692.78)
Add: Transferred from Depreciation Adjustments	75.94	-
(Less): Depreciation on Revalued Assets	(817.64)	-
Which the Directors have decided to carry forward to the next year	(22,767.46)	(18,337.52)

PERFORMANCE REVIEW

Highlights of performance during the financial year 2014-15 are:

- Total Revenue from Operation of the Company is ₹.6,101.77 lacs as against ₹.7,962.76 lacs in the previous year.
- Operating Profit / ((Loss) is ₹.(3,411.77) lacs as against ₹.(11,771.01) lacs in the previous year.
- Profit / (Loss) before taxation is ₹.(5,434.85) lacs as against ₹.(13,338.53) lacs in the previous year.
- Profit / (Loss) after Tax is ₹.(3,688.24) lacs as against ₹.(13,644.74) lacs in the previous year.

The performance of the Company for the year has not been very encouraging as the markets did not support and the off-take of the company's products also slowed down resulting in sluggish sales.

The Company is a referred company under the Sick Industrial Companies (Special Provision) Act, 1985 (SICA) and the process of registering the same in the Board for Industrial and Financial Reconstruction (BIFR) is under way. The notices in respect of the same have already been issued to all the stakeholders.

The company's main stay i.e. Silk Textiles have undergone sea change in terms of tapering of demand on a year-to-year basis. As compared to the previous year the sale of silk products have come down by more than 15% - 18%. The resultant gap created is filled by low-end products fetching a very meager realization. Your company in spite of all the hardships and difficulties in the market has been diligently introducing new designs and new blends and also exploring new markets.

FUTURE OUTLOOK

To bring down the cost of production, your company will have to increase the scale of operation which requires infusion of machineries and technology. But unfortunately, considering financial condition of the company it may not be possible to undertake this exercise. However, the management is doing its best by ploughing back the small surplus created from weaving capacity and wherever re-engineering is required, the same is being done. Within the limited scope under restricted market condition, your management is very positively responding to matching situation in the global market.

DIVIDEND

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

**PUBLIC DEPOSIT SCHEME**

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Sri G.D. Harnathka, Director of the Company retires from the office by rotation and is eligible for re-appointment in accordance with the provisions of the Act and Articles of Association of the Company.

The members approved the re-appointment of Sri S.S. Shah, Managing Director for a period of 3 years effective from 1st September, 2014 to 31st August, 2017, during the year under review. Members also approved the re-appointment of Sri. H.S. Gopalka and Sri R.S. Rungta, Non-Executive Directors for a period of 3 years.

Requisite declarations from all the Independent Directors of the Company confirming that they met the criteria of Independence as prescribed both under the Act and Clause 49 of the Listing Agreement with the NSE, Mumbai has been received.

Necessary policies and the criteria for the performance evaluation of Directors as Individual, Board and Committees are devised by the Company. Evaluation of Board and Committees are being done under best practices prevalent in the Industry. The Company ensures constitution of the Board of Directors with an appropriate composition, size, diversified expertise and experience and commitment to discharge their responsibilities and duties effectively. Nomination & Remuneration Committee formulated by the Company's Board in accordance with the provisions of Section 178 of the Companies Act, 2013 and Clause 49 of the Listing Agreement evaluates the each individual whether they met the specified criteria and provides valuable contribution to the Company. At the time of appointment/re-appointment of Independent Director, Nomination & Remuneration Committee assess the independence of the directors as referred in Section 149(6) of the Companies Act, 2013 and Clause 49(II)(B) of the Listing Agreement and re-assess the same when any new interest or relationships are disclosed by them. The Independent Directors shall abide by the "Code of Independent Directors" as specified in Schedule IV to the Companies Act, 2013. Nomination & Remuneration Committee ensures that all the requisite and applicable provisions of the Companies Act, 2013 rules and regulations made thereunder and Clause 49 of the Listing Agreement as amended from time to time are complied with.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors state that:

- i) in the preparation of the annual accounts for the year ended March 31, 2015, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the year under review.
- iii) that the Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) that the Directors have prepared the accounts for the financial year ended 31st March, 2015 on a going concern basis.
- v) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- vi) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of corporate governance and adhere to the corporate governance requirements set out by SEBI. The report on Corporate Governance as stipulated under the Listing Agreement forms an integral part of this Report. The requisite certificate from the Auditors of the Company confirming compliance with the conditions of corporate governance is attached to the report on Corporate Governance. A separate section on Corporate Governance and Management Discussion and Analysis together with the Auditors' Certificate confirming the compliance of conditions on Corporate Governance as per Clause 49 of the Listing Agreement with the Stock Exchange form part of the Annual Report as "Annexure II".

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

Your Directors draw attention of the members to Note 41 to the financial statement which sets out related party disclosures.

CORPORATE SOCIAL RESPONSIBILITY

The Company has formulated the Corporate Social Responsibility Committee (CSRC) in consultation with the Board during the year pursuant to introduction of Section 135 under the Companies Act, 2013. Sri Sundeep Shah, Sri H. S. Gopalka and Sri G.D Harnathka are the members of the CSRC. Since the Company has been incurring cash losses in the last three preceding financial years, the Board does not recommend any amount to be spent on the CSR activities. However the Board ensures that once the Company will start earning profits, they shall after taking into account the recommendations of the CSRC, approve the Corporate Social Responsibility Policy of the Company and shall disclose contents of such policy in its report and will also place the same on the Company's website.

BANK LOANS

The One Time Settlement proposal given by the management to the banks for the outstanding dues to them, have been in the process of negotiation bilaterally with the Company. Two banks namely ICICI Bank and State Bank of Hyderabad have settled on One Time Settlement basis. Your management has paid the entire amount of the money to them. Negotiation with the other banks on a bilateral basis is going on.

RISK MANAGEMENT

The Company has been addressing various risks impacting the Company and the policy of the Company. During the year, your Directors made sure that all the risks that the organization faces such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory, reputational and other risks have been identified and assessed and there is an adequate risk management infrastructure in place capable of addressing those risks.

The Company manages, monitors and reports on the principal risks and uncertainties that can impact its strategic long term objectives. The risk management process is reviewed periodically in order to keep it aligned with the emerging risks across the globe. Various programmes involve risk identification, assessment and risk mitigation planning for strategic, operational, financial and compliance related risks across various levels of the organization.

INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

DISCLOSURE OF PARTICULARS

Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo required under the Companies (Accounts) Rules, 2014 is annexed as "Annexure I":

AUDITORS

Messrs B.K. Shroff & Company, Chartered Accountants, holds office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. They have confirmed their eligibility to the effect that their re-appointment, if made, would be within the prescribed limits under the Act and that they are not disqualified for re-appointment.

The remarks of the Auditors regarding losses of the company, interest on debt outstanding, reference to BIFR, provision for bad and doubtful debts, recognition of Net Deferred Assets have been duly explained in Note No. 33(b), 35, 36(a) and 37 to the accounts respectively.

COST AUDITORS

Pursuant to the Companies (Cost Records And Audit) Rules, 2014 notified w.e.f 30th June, 2014 Textile Industry has been exempt from maintaining the cost records and for conducting the audit of such records. However Your Company is continuing its association with M/s. N. Radhakrishnan & Co., a firm of Cost Auditors, for assisting and directing the Company with regard to allocation of direct and indirect costs to the various products and suggesting various measures lowering the cost without compromising with the quality.

SECRETARIAL AUDITOR

The Board has appointed Ms. Garima Gupta, Practicing Company Secretary, to conduct Secretarial Audit for the financial year 2014-15. The Secretarial Audit Report for the financial year ended March 31, 2015 is annexed herewith marked as "Annexure III" to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

**EXTRACT OF ANNUAL RETURN**

Extract of Annual Return of the Company is annexed herewith as “Annexure IV” to this Report.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

Your Directors appreciate the significant contribution made by the employees to the operations of your Company during the period. In terms of provisions of Section 197(12) of the Act read with Rules 5(1), 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars and disclosures of the employees drawing remuneration in excess of the limits set out in the said rules are provided in the Annual Report.

Having regard to the provisions of the first proviso to Section 136(1) of the Act and as advised, the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection at the registered office of the Company during working hours and any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request.

VIGIL MECHANISM/ WHISTLE BLOWER POLICY

In pursuance to the provisions of section 177(9) & (10) of the Companies Act, 2013, the Company has formulated a vigil mechanism (whistle blower policy) for its directors and employees of the Company for reporting genuine concerns about unethical practices and suspected or actual fraud or violation of the code of conduct of the Company as prescribed under the Companies Act, 2013 and Clause 49 of the Listing Agreement. This vigil mechanism shall provide a channel to the employees and Directors to report to the management concerns about unethical behaviour, and also provide for adequate safeguards against victimization of persons who use the mechanism and also make provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases. The Policy is available on the website of the Company.

GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the period under review:

1. Details relating to deposits covered under Chapter V of the Act.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except ESOS referred to in this Report.
4. Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.
5. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

ACKNOWLEDGEMENT

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

Registered Office:

19 R. N. Mukherjee Road
Kolkata 700 001
Dated: The 30th May, 2015.

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

**ANNEXURE TO DIRECTORS' REPORT****“Annexure I”**

Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo required under the Companies (Accounts) Rules, 2014 are as follows:

CONSERVATION OF ENERGY :

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

(A) Power and Fuel Consumption :		FORM A		
			Current Year	Previous Year
1.	Electricity			
	(a) Purchased	Units	23,91,630	26,80,730
	Total Amount	₹	1,65,59,509.44	1,73,91,706
	Rate/Unit	₹	6.92	6.49
	(b) Own Generation through Diesel Generator	Units	1,84,728	1,86,388
	Total Amount	₹	30,95,297	34,13,006
	Cost/Unit	₹	16.76	18.31
2.	(a) Briquettes			
	Quantity	Kgs	10,48,896	4,71,099
	Total Amount	₹	61,29,384	25,26,839
	Cost/Unit	₹	5.84	5.36
	(b) Fire Wood			
	Quantity	Kgs	1,14,580	9,63,750
	Total Amount	₹	5,35,449	35,72,123
	Cost/Unit	₹	4.67	3.72
(B) Consumption per unit of products:				
	Fabrics	Mts.	5,08,411.18	5,47,391.40
	Electricity	₹	32.57	31.77
	Briquettes	₹	12.06	4.62
	Fire Wood	₹	1.05	6.54
	Diesel	₹	6.09	6.24

TECHNOLOGY ABSORPTION**FORM B****Research & Development**

- | | |
|---|---|
| 1. Specific areas in which R&D carried out by the Company | R&D activities are carried out for development of new products. |
| 2. Benefits derived as a result of above R&D | Improvement in quality and customer satisfaction |
| 3. Future plan of action | Development of new varieties of products. |
| 4. Expenditure on R & D | Capital ₹ Nil
Recurring ₹ 88.44 lakhs
R&D Expenditure as a percentage of turnover 1.53% |



Technology Absorption, Adaptation & Innovation

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

Latest softwares are used for better design development
Improved products
Not Applicable.

FOREIGN EXCHANGE EARNINGS & OUTGO

- (a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for product and services and export plans.

Participating in the international trade fairs to showcase the Company's new developments and also invite the different Company's selling agents as well as customers to provides a platform of interaction in order to procure orders for the Company's products as well as scout for new customers.

Travelling expenses in respect of such activities are also expensive. Travelling by the sales personnel also brings in orders for the Company's products.

- (b) (i) Overseas Travelling
(ii) Commission to Agents
(iii) Consultation Fees
(iv) Others

The information on foreign exchange earnings and outgo is contained in Note No. 45 & 46 of Notes on Financial Statements.

Kolkata 700 001
Dated : The 30th May, 2015

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

“Annexure II”

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company lays emphasis on good corporate practices which will enable the management to conduct the affairs of the Company in a transparent manner and culminate in optimum use of its resources for achieving highest standards of corporate governance.

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, a Report on Corporate Governance for the year 2014-15 is given below.

BOARD OF DIRECTORS

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

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



During the year under review, Board Meetings were held on 28th May, 2014, 27th of June, 2014, 14th August, 2014, 14th November, 2014 and 13th February, 2015. The attendance of the Directors for the Board Meeting and the last Annual General Meeting (AGM) was as follows :

Name of the Director	Meeting Attended	Whether attended the last AGM
Shri S.S. Shah	5	Yes
Shri Sundeep Shah	5	Yes
Shri G.D. Harnathka	2	No
Shri H.S. Gopalka	5	Yes
Shri R.S. Rungta	5	Yes

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Board Committees.

BOARD COMMITTEES

Audit Committee

I. Constitution

The Audit Committee of the Company was constituted to exercise powers and discharge functions as stipulated in Section 177 of the Companies Act, 2013, Clause 49 of the Listing Agreement with Stock Exchange and other relevant statutory / regulatory provisions.

II. Composition

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

III. Meetings and Attendance

During the financial year ended 31st March, 2015, four Audit Committee meetings were held on 27th May, 2014, 13th August, 2014, 13th November, 2014 and 12th February, 2015 which were attended by all the members of the Committee.

Nomination & Remuneration Committee (Formerly known as “Remuneration Committee”)

I. Constitution

The Nomination & Remuneration Committee of the Company is formed to recommend remuneration packages for Whole-Time Directors. Such recommendations are based on the overall financial performance and profitability of the Company and on evaluation of the personal contribution of the individual directors.

II. Composition

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

III. Meeting and Attendance

During the financial year ended 31st March, 2015 no Nomination & Remuneration Committee Meeting was held.

The details of the remuneration to the directors for the year ended 31st March, 2015 are presented in the extract of Annual Return of the Company, which is annexed herewith as Annexure IV to this Report.

SHAREHOLDERS COMMITTEE:

Share Transfer Committee

I. Constitution

Share Transfer Committee was constituted to deal with various matters relating to transfer and transmission of shares, issue of duplicate share certificates and approving the split and consolidation requests and other matters relating to transfer and registration of shares.



II. Composition

The members of the Committee are Shri S. S. Shah, Shri Sundeep Shah and Shri Deepak Agarwal. Shri S. S. Shah acts as the Chairman of the Committee.

III. Meeting & Attendance

During the financial year ended 31st March, 2015, Seven Share Transfer Committee meetings were held. No sitting fee was paid to any member of the Share Transfer Committee.

Investors' Grievance Committee

I. Constitution

Investors' Grievance Committee was formed to oversee the redressal of shareholders' and investors' grievances in relation to transfer of shares, non-receipt of annual report, non-receipt of dividend etc.

II. Composition

The Committee comprises of two non-executive independent directors namely Shri H. S. Gopalka and Shri R. S. Rungta and one Executive Director namely Shri Sundeep Shah. Shri R.S. Rungta is the Chairman of the Committee.

III. Meeting & Attendance

During the financial year ended 31st March, 2015, four Investors' Grievance Committee meetings were held.

GENERAL BODY MEETING

i) General Meetings:

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

Date	Time	Venue
26 th September, 2012	11:00 A.M.	Kala Kunj 48 Shakespeare Sarani Kolkata – 700 017.
5 th September, 2013	11:00 A.M.	– DO –
25 th June, 2014	11:00 A.M.	– DO –

ii) Special Resolutions:

Special resolutions were passed during the year at the AGM held as on 25th June, 2014 for the re-appointment of Shri. S.S Shah, Shri, H.S. Gopalka and Shri R.S. Rungta.

iii) Ballot Voting :

Ballot Voting was conducted during the year at the AGM held as on 25th June, 2014 to get in line with the e-voting provisions newly introduced under the Companies Act, 2013.

DISCLOSURES

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

MEANS OF COMMUNICATION

The financial results of the Company are published in English and Regional newspapers in India. The results are also displayed on the Company's website. Press releases are also made by the Company from time to time to facilitate better communication with the shareholders and investors.

GENERAL SHAREHOLDERS INFORMATION

i) Sixty Ninth Annual General Meeting

Venue : Kala Kunj, 48 Shakespeare Sarani, Kolkata – 700 017
Date : 23rd September, 2015
Time : 11:00A.M.



ii) Financial Calendar

First quarter results - By mid of August
Second quarter results - By mid November
Third quarter results - By mid of February
Fourth quarter results - By end May

iii) Book Closure

The date of book closure is from 17th September, 2015 to 23rd September, 2015 (both days inclusive).

iv) Listing on Stock Exchange

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

Listing fee for the year 2014-15 has been paid to National Stock Exchange of India Ltd.

v) Stock Market Data

The Company's high and low prices recorded on National Stock Exchange of India Ltd. during the financial year 2014-15 are given below:

MONTH	HIGH (₹)	LOW (₹)
APRIL 2014	1.65	1.40
MAY 2014	1.65	1.30
JUNE 2014	1.95	1.80
JULY 2014	4.05	2.40
AUGUST 2014	2.45	2.00
SEPTEMBER 2014	3.15	2.50
OCTOBER 2014	2.35	2.10
NOVEMBER 2014	2.65	2.40
DECEMBER 2014	2.65	2.00
JANUARY 2015	2.85	2.00
FEBRUARY 2015	2.35	2.00
MARCH 2015	1.95	1.50

vi) Share Holding (as on 31st March, 2015)

The shareholding distribution as at 31st March, 2015 is as follows:

No. of Shares	Number of Share Holders	% To Total Holders	No. of Shares held	% To total Holding
Upto 500	14,630	67.81	31,77,510	4.02
501 – 1000	3,177	14.72	27,85,825	3.53
1001 – 2000	1,574	7.30	25,26,618	3.20
2001 – 3000	676	3.13	17,55,573	2.22
3001 – 4000	295	1.37	10,73,327	1.36
4001 – 5000	329	1.52	15,69,303	1.99
5001 – 10000	466	2.16	34,74,609	4.40
10001 & above	429	1.99	6,25,89,855	79.28
TOTAL	21,570	100.00	7,89,52,620	100.00



The shareholding pattern as at 31st March, 2015 is as follows:

Category	No. Shares	% age of Holding
Promoters including NRI Promoters	4,04,88,351	51.28
Financial Institutions, Banks, Mutual Fund Etc.	43,09,460	5.46
Non Resident Indians / OCBs / FIIs	15,26,105	1.93
Private Corporate Bodies	86,17,541	10.91
Indian Public	2,40,11,163	30.42
TOTAL	7,89,52,620	100.00

vii) Dematerialisation of Shares

As directed by Securities Exchange Board of India (SEBI) Equity shares of the Company are being traded in compulsory dematerialised form by all the investors. The Company has entered into an agreement with both depositories viz., National Security Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) enabling the investors to hold shares of the Company in electronic form. The ISIN of Eastern Silk for transactions of shares in depository mode is INE 962CO1027. As on 31.03.2015 the dematerialised shares were 7,65,66,447 which represents 96.97% of the total subscribed capital. The equity shares of the Company are regularly traded on the National Stock Exchange.

viii) Share Transfer System

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

ix) Registrar and Share Transfer Agents

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

x) Plant Location

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

xi) Address for Correspondence

Eastern Silk Industries Ltd.
(CIN: L17226WB1946PLC013554)
19, R. N. Mukherjee Road
Kolkata – 700 001.
Phone : 2243 – 0817 – 19 (3 Lines)
Fax : 2248 – 2486
Email : esilk@viascl01.vsnl.co.in
Website : www.easternsilk.com

CODE OF PROFESSIONAL CONDUCT

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

“Annexure III”

**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015
[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To,
The Members
Eastern Silk Industries Limited
19 R.N. Mukherjee Road
Kolkata – 700 001

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Eastern Silk Industries Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2015 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):—
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(Not applicable to the Company during the Audit Period)**;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28th October, 2014 **(Not applicable to the Company during the Audit Period)**;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Company during the Audit Period)**.
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company during the Audit Period)**; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not applicable to the Company during the Audit Period)**.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India **(Not notified hence not applicable to the Company during the audit period)**.



(ii) The Listing Agreements entered into by the Company with Stock Exchanges.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above. **I further report that**, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the laws applicable specifically to the Company.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors that took place during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period:

- a. The Company has made a reference to the Board for Industrial and Financial Reconstruction (BIFR) under Section 15(1) of Sick Industrial Companies Act, 1985 as on 28/07/2014. The aforesaid reference has been registered by the BIFR as Case No.75/2014 as on 28/11/2014. As directed by the Board, the Company duly submitted the "Form A" to the concerned State Government, Banks and financial Institutions and reported the compliance to the BIFR in due time.

Place: Kolkata
Date: May 30, 2015

Garima Gupta
ACS No. 23738, C P No: 9308

"Annexure IV"

Form No. MGT-9

**EXTRACT OF ANNUAL RETURN
as on the financial year ended 31st March, 2015**

[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS	
i) CIN	L17226WB1946PLC013554
ii) Registration Date	09-04-1946
iii) Name of the Company	Eastern Silk Industries Limited
iv) Category/Sub-Category of the Company	Public Company / Limited by Shares
v) Address of the Registered Office and contact details	19 R. N. Mukherjee Road, Kolkata 700001
vi) Whether listed Company	Yes / No
vii) Name, Address and Contact details of Registrar and Transfer Agency, if any	ABS Consultant Pvt. Ltd. 99, Stephen House, 6 th floor 4 B.B.D Bag (East) Kolkata 700001 Ph.033 2230-1043 / 2243-0153 Fax : 033 2243-0153
II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-	
	As per Attachment A
III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES	
	As per Attachment B
IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)	
i) Category-wise Share Holding	As per Attachment C
ii) Shareholding of Promoters	As per Attachment D
iii) Change in Promoters' Shareholding	As per Attachment E
iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)	As per Attachment F
v) Shareholding of Directors and Key Managerial Personnel	As per Attachment G
V INDEBTEDNESS Indebtedness of the Company including interest outstanding/accrued but not due for payment	
	As per Attachment H
VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL	
A Remuneration to Managing Director, Whole-time Directors and/or Manager	As per Attachment I
B Remuneration to other directors	As per Attachment J
C Remuneration to Key Managerial Personnel other than MD/MANAGER/WTM	As per Attachment K
VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES	
	As per Attachment L

ATTACHMENT A

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company are given below :

Sl.No.	Name and Description of main products/services	NIC Code of the product/service *	% to total turnover of the Company #
1.	Textile & Textile Goods	131 – Spinning Weaving and Furnishing of Textiles	97.16%
		139 – Manufacture of Other Textiles	2.84%



* As per National Industrial Classification – Ministry of Statistics and Programme Implementation
On the basis of Gross Turnover

ATTACHMENT B

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name of Company	Address of Company	CIN / GLN	Holding/Subsidiary/ Associate	% of Shareheld	Applicable Section
1.	P K TEXTILES LIMITED	19, R.N. Mukherjee Road Kolkata 700001	L67120WB1974PLC029267	Associate	NIL	2(69)
2.	LUCKY GOLDSTAR COMPANY LIMITED	19, R.N. Mukherjee Road Kolkata-700001	L27205WB1985PLC038901	Associate	NIL	2(69)
3.	ETHICS COMMERCIALS LIMITED	19, R.N. Mukherjee Road Kolkata-700001	L51502WB1985PLC039193	Associate	NIL	2(69)
4.	GEMINI OVERSEAS LIMITED	5, Mission Row Kolkata-700001	L51909WB1945PLC012223	Associate	NIL	2(69)
5.	TARUN FABRICS LIMITED	19, R.N. Mukherjee Road Kolkata-700001	U18101WB1983PLC081801	Associate	NIL	2(69)

ATTACHMENT C

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of shareholders	No. of Shares held at the beginning of the year (As on 01.04.2014)				No. of shares held at the end of the year [As on 31.03.2015]				% of change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. PROMOTERS									
(1) Indian									
a) Individual/HUF	1,72,75,615	-	1,72,75,615	21.88	1,72,75,615	-	1,72,75,615	21.88	-
b) Central Govt.									
c) State Govt.(s)									
d) Bodies Corporate	2,32,12,736	-	2,32,12,736	29.40	2,32,12,736	-	2,32,12,736	29.40	-
e) Banks/FII's									
f) Any Other..									
(f.i) Petroleum Trust (through Trustees for sole beneficiary)									
SUB-TOTAL (A)(1)	4,04,88,351	-	4,04,88,351	51.28	4,04,88,351	-	4,04,88,351	51.28	-
(2) Foreign									
a) NRIs-Individuals									
b) Other-Individuals									
c) Bodies Corporate									
d) Banks/FII's									
e) Any other...									
SUB-TOTAL(A)(2)									
TOTAL SHAREHOLDING OF PROMOTER(A)= (A)(1)+(A)(2)	4,04,88,351	-	4,04,88,351	51.28	4,04,88,351	-	4,04,88,351	51.28	-
B. PUBLIC SHAREHOLDING									
1. Institutions									
a) Mutual funds	-	12,915	12,915	0.02	-	12,915	12,915	0.02	-
b) Banks/FII's	500	1,250	1,750	0.00	500	1,250	1,750	0.00	-
c) Central Govt.									
d) State Govt(s)									
e) Venture Capital/Funds									
f) Insurance Companies	42,94,795	-	42,94,795	5.44	42,94,795	-	42,94,795	5.44	-
g) FII's									
h) Foreign Venture Capital Funds									
i) Others									
SUB-TOTAL (B)(1)	42,95,295	14,165	43,09,460	5.46	42,95,295	14,165	43,09,460	5.46	-

2. Non-institutions									
a) Bodies Corporate	88,04,486	42,645	88,47,131	11.21	85,74,896	42,645	86,17,541	10.91	0.29%
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	2,01,60,063	18,34,192	2,19,94,255	27.86	1,98,48,347	18,26,864	2,16,75,211	27.45	0.40%
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	17,50,789	-	17,50,789	2.22	23,35,952	-	23,35,952	2.96	0.74%
c) Others									
(c-i) NRI's	10,60,135	69,400	11,29,535	1.43	10,23,606	69,400	10,93,006	1.38	0.05%
(c-ii) Overseas Corporate Bodies	-	1,000	1,000	0.00	-	1,000	1,000	0.00	-
(c-iii) Foreign Bodies	-	4,32,099	4,32,099	0.55	-	4,32,099	4,32,099	0.55	-
SUB TOTAL (B)(2)	3,17,75,473	23,79,336	3,41,54,809	43.26	3,17,82,801	23,72,008	3,41,54,809	43.26	-
TOTAL PUBLIC SHAREHOLDING (B)=(B)(1)+(B)(2)	3,60,70,768	23,93,501	3,84,64,269	48.72	3,60,78,096	23,86,173	3,84,64,269	48.72	-
GRAND TOTAL (A+B)	7,65,59,119	23,93,501	7,89,52,620	100.00	7,65,66,447	23,86,173	7,89,52,620	100.00	-

ATTACHMENT D

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01.04.2014)			Shareholding at the end of the year (As on 31.03.2015)			
		No. of Shares	% of shares of the Company	% of shares pledged/encumbered to total shares	No. of Shares	% of shares of the Company	% of shares pledged/encumbered to total shares	% change in shareholding during the year
1	Megha Shah	33,750	0.04	100.00	33,750	0.04	100.00	-
2	Varun Shah	1,20,000	0.15	100.00	1,20,000	0.15	100.00	-
3	Neha Shah	1,68,750	0.21	100.00	1,68,750	0.21	100.00	-
4	Pramod Kumar Shah	2,65,000	0.34	100.00	2,65,000	0.34	100.00	-
5	Preeti Shah	5,01,240	0.63	100.00	5,01,240	0.63	100.00	-
6	Kavita Shah	6,62,750	0.84	100.00	6,62,750	0.84	100.00	-
7	Shyam Sunder Shah	13,96,750	1.77	100.00	13,96,750	1.77	100.00	-
8	Sundeep Shah	16,64,000	2.11	100.00	16,64,000	2.11	100.00	-
9	Ginia Devi Shah	53,24,170	6.74	100.00	53,24,170	6.74	100.00	-
10	Shyam Sunder Shah	71,39,205	9.04	100.00	71,39,205	9.04	100.00	-
11	P K Textiles Limited	15,27,380	1.93	100.00	15,27,380	1.93	100.00	-
12	Lucky Goldstar Company Limited	17,51,580	2.22	100.00	17,51,580	2.22	100.00	-
13	Ethics Commercials Limited	26,88,696	3.41	100.00	26,88,696	3.41	100.00	-
14	Gemini Overseas Limited	76,69,580	9.71	100.00	76,69,580	9.71	100.00	-
15	Tarun Fabrics Limited	95,75,500	12.13	100.00	95,75,500	12.13	100.00	-



ATTACHMENT E

IV. SHARE HOLDING PATTERN (Equity Share Capital Break up as percentage of Total Equity)

iii) Change in Promoters' Shareholding

Sl.No.		Shareholding at the beginning of the year (As on 01.04.2014)		Cumulative Shareholding during the year (01.04.2014 to 31.03.2015)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
	At the Beginning of the year	4,04,88,351	51.28	4,04,88,351	51.28
	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc)#	#			
	At the End of the year	4,04,88,351	51.28	4,04,88,351	51.28

Note: # There is no change in the total shareholding of promoters between 01.04.2014 and 31.03.2015

ATTACHMENT F

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	Name	Shareholding				Reason	Cumulative Shareholding during the year (01.04.14 to 31.03.15)	
		No. of Shares at the beginning (01.04.14)/ end of the year (31.03.15)	% of total shares of the Company	Date	Increase/ Decrease in shareholding		No. of Shares	% of total shares of the Company
1.	Universal Overseas Ltd.	35,81,167	4.54%	01.04.14	0	Nil Movement during the year	35,81,167	4.54%
		35,81,167	4.54%	31.03.15				
2.	Vikramsila Fabrics Pvt.Ltd	20,54,753	2.60%	01.04.14	0	Nil Movement during the year	20,54,753	2.60%
		20,54,753	2.60%	31.03.15				
3.	General Insurance Corpn. Of India	17,23,770	2.18%	01.04.14	0	Nil Movement during the year	17,23,770	2.18%
		17,23,770	2.18%	31.03.15				
4.	United India Insurance Co.Ltd	10,71,025	1.36%	01.04.14	0	Nil Movement during the year	10,71,025	1.36%
		10,71,025	1.36%	31.03.15				
5.	Life Insurance Corpn.Of India	7,50,000	0.95%	01.04.14	0	Nil Movement during the year	7,50,000	0.95%
		7,50,000	0.95%	31.03.15				
6.	National Insurance Co. Ltd.	7,50,000	0.95%	01.04.14	0	Nil Movement during the year	7,50,000	0.95%
		7,50,000	0.95%	31.03.15				
7.	Morgan Wright Pte. Ltd.	4,32,099	0.55%	01.04.14	0	Nil Movement during the year	4,32,099	0.55%
		4,32,099	0.55%	31.03.15				
8.	Eilkay Developers Pvt Ltd	4,00,000	0.51%	01.04.14		Transfer	2,50,100	0.32%
				14/15	1,49,900			
9.	Angel Holdings Pvt. Ltd.	1,54,468	0.20%	01.04.14		Transfer	3,42,600	0.43%
				14/15	1,88,132			
10.	Eilkay Builders Pvt. Ltd	2,98,200	0.38%	01.04.14		Transfer	0	0
				14/15	2,98,200			
11.	Chitrakoot Projects Ltd.	2,08,330	0.26%	01.04.14	0	Nil Movement during the year	2,08,330	0.26%
		2,08,330	0.26%	31.03.15				

ATTACHMENT G

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

v. Shareholding of Directors and Key Managerial Personnel

Sl. Name No.	Shareholding No. of Shares at the beginning (01.04.14)/ end of the year (31.03.15)	% of total shares of the Company	Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.14 to 31.03.15)	
						No. of Shares	% of total shares of the Company
A. DIRECTORS:							
1. Shyam Sunder Shah Chairman & Managing Director	71,39,205	9.04%	01.04.14	0	Nil Movement during the year.	71,39,205	9.04%
	71,39,205	9.04%	31.03.15				
2. Sundeep Shah Executive Director	16,64,000	2.11%	01.04.14	0	Nil Movement during the year	16,64,000	2.11%
	16,64,000	2.11%	31.03.15				
3. H.S Gopalka Non-Executive Director	14,700	0.01%	01.04.14	0	Nil Movement during the year	14,700	0.01%
	14,700	0.01%	31.03.15				
4. R.S Rungta Non-Executive Director	2,625	0.00%	01.04.14	0	Nil Movement during the year	2,625	0.00%
	2,625	0.00%	31.03.15				
5. G.D Harnathka Non-Executive Director	Nil	Nil	01.04.14	0	Nil Movement during the year	Nil	Nil
	Nil	Nil	31.03.15				
B. Key Managerial Personnel(KMP's)							
6. U.S. Gutgutia Chief Financial Officer	Nil	Nil	01.04.14	0	Nil Movement during the year	Nil	Nil
	Nil	Nil	31.03.15				
7. Deepak Agarwal Company Secretary	Nil	Nil	01.04.14	0	Nil Movement during the year	Nil	Nil
	Nil	Nil	31.03.15				

ATTACHMENT H

V. INDEBTENDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Amount (₹ in lakhs) Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2014)				
i) Principal Amount	46,411.27	1,474.00	-	47,885.27
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
TOTAL (I+II+III)	46,411.27	1,474.00	-	47,885.27
Change in indebtedness during the financial year				
Addition	701.77	-	-	701.77
Reduction	2,609.86	-	-	2,609.86
Exchange Difference				
Net change Indebtedness at the end of the financial Year (31.03.2015)	-	-	-	-
i) Principal Amount	44,503.18	1,474.00	-	45,977.18
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
TOTAL (I+II+III)	44,503.18	1,474.00	-	45,977.18



ATTACHMENT I

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹)

Sl No	Particulars of Remuneration	S.S Shah	Name of MD/WTD/Manager Sundeeep Shah	Total Amount
1.	Gross Salary			
	a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	22,80,000/-	15,00,000/-	37,80,000/-
	b) Value of perquisites u/s. 17(2) of the Income tax Act, 1961	2,60,277/-	-	2,60,277/-
	c) Profits in lieu of salary under section 17(3) of the Income tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- As % of profit	-	-	-
	- Others	-	-	-
5.	Others	3,96,000/-	2,58,000/-	6,54,000/-
	TOTAL (A)	29,36,277/-	17,58,000/-	46,94,277/-

ATTACHMENT J

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

B. Remuneration to other directors:

(₹)

Sl.No.	Particulars of Remuneration	Name of Directors			Total Amount
1.	Independent Directors	H.S Gopalka	R.S Rungta	G.D Harnathka	
	- Fee for attending board/ committee meetings	33,000/-	33,000/-	10,000/-	76,000/-
	- Commission				
	- Others				
	TOTAL (1)	33,000/-	33,000/-	10,000/-	76,000/-
2.	Other Non-Executive Directors				
	- Fee for attending board/ committee meetings				
	- Commission				
	- Others				
	TOTAL (2)				
	TOTAL (B)= (1+2)	33,000/-	33,000/-	10,000/-	76,000/-
	TOTAL MANAGERIAL REMUNERATION				47,70,277/- *

(* Total Remuneration to Managing Director, Whole Time Director and all other director)

ATTACHMENT K

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

C. REMUNERATION TO KEY MANAGERIAL PERSONEL OTHER THAN MD/MANAGER/WTD

(₹)

SlNo	Particulars of Remuneration	Name of CEO/CFO/CS		Total Amount
		U.S Gutgutia Chief financial Officer	Deepak Agarwal Company Secretary	
1.	Gross Salary			
	a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	5,28,000/-	5,28,000/-	10,56,000/-
	b) Value of perquisites u/s. 17(2) of the Income tax Act, 1961	63,360/-	63,360/-	1,26,720/-
	c) Profits in lieu of salary under section 17(3) of the Income tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- As % of profit	-	-	-
	- Others	-	-	-
5.	Others	73,750/-	73,750/-	1,47,500/-
	TOTAL (A)	6,65,110/-	6,65,110/-	13,30,220/-

ATTACHMENT L

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES (Company, Directors & Other Officers in default)

Type	Section of the Companies Act	Brief Description	Details of Penalty/punishment/ compounding fees imposed	Authority (RD/NLT/ COURT)	Appeal made, if any (give details)
Penalty					
Punishment					
Compounding					

MANAGEMENT'S DISCUSSION AND ANALYSIS:

Overall Review, Industry Structure and Developments

Mixed signals of revival emanating from some areas of Europe and US has created a flutter amidst the exporters in India and since the outlook is very positive and the trade fairs across Europe and US have shown more attendance, it is expected that the demand for good products will improve in the near future. The company is very careful in exploring new markets and introducing new products in the market in terms of realizations and continuity. The company is developing standard designs in common warps for regular products to reduce cost and it is hoped that these measures will bring the positive results for the future.

Opportunities and Threats

The uncertainty of crude oil prices and fluctuating polyester prices coupled with high inflation of transition in India, have put lot of pressure on the management to keep the cost low. The opportunities are available to ensure good services and quality products without which it would be impossible to survive in the competitive market conditions.

Segment wise Performance

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

Outlook

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

Internal Control System

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

Human Resources

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

Cautionary Statement

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



CEO/ FM Certificate

(Issued in accordance with provisions of Clause 49 of the Listing Agreement)

The Board of Directors
Eastern Silk Industries Ltd.

Dear Sirs,

We have reviewed the financial statements and cash flow statement for the year ended 31st March, 2015 and to the best of our knowledge and belief, we state that

- (a) i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- (b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2015 are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- (d) i) There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and
- ii) We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee.

Kolkata
The 30th May, 2015

U. S. Gututia
Chief Financial Officer

Yours sincerely,
S. S. Shah
Chairman & Managing Director



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

We have examined the compliance of conditions of corporate governance by EASTERN SILK INDUSTRIES LTD. for the year ended on 31st March, 2015 as stipulated in clause 49 of the listing agreement of the said Company with stock exchanges.

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

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

We state that based on the report given by the Registrars & Share Transfer Agent of the Company to the Investors Grievance Committee, as on 31st March, 2015 there were no investors' grievance matter against the Company remaining unattended / pending for more than 30 days.

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

23A, Netaji Subhas Road,
Kolkata
The 30th May, 2015

For **B. K. SHROFF & CO.**
Firm Registration No.: 302166E
Chartered Accountants
(L.K.Shroff)
PARTNER
Membership No. : 060742

**Independent Auditors' Report**

To
The Members
Eastern Silk Industries Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Eastern Silk Industries Limited which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its loss and its cash flows for the year ended on that date.

EMPHASIS OF MATTER

We draw attention to;

- a) Note No. 33 (b) to the financial statements which states that the company has not provided interest to lenders amounting to ₹ 6,557.70 lacs
- b) Note No. 35 to the financial statements which states that the company is a BIFR company pending registration as per the provisions of the SICA Act 1985.



- c) Note No. 36(a) to the financial statements which states that a fresh provision of ₹ 3,697.22 Lacs has been made during the year for bad & doubtful debts, thus aggregating to ₹ 12,665.10 Lacs as at 31st March 2015 against a total Overdue Trade Receivables of ₹ 29,468.25 lacs, of which ₹ 16,803.15 Lacs is considered good for recovery by the management. We are unable to express any opinion on correctness and/or adequacy of the provision for bad & doubtful debts.
- d) Note No. 37 to the financial statements regarding non recognition of Net Deferred Tax Assets (DTA) of ₹ 429.77 lacs in the accounts. We are unable to express any opinion regarding non-recognition of DTA and about its adjustment against future profits of the company.

Report on Other Legal and Regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the act, 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 purpose 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 those books;
 - c) The Balance sheet, Statement of Profit and Loss and Cash Flow Statement, dealt with by this Report are in agreement with the books of account;
 - d) In our opinion, the Balance sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of written representation received from the directors as at 31st March, 2015 and taken on record by the Board of Directors, none of the directors is disqualified as at 31st March, 2015, from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) In our opinion, the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls are adequate.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note No.27 to the financial statements
 - The Company has no long-term contracts including derivative contracts hence no provision is required under the applicable law or accounting standards
 - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

Place : Kolkata
Date : The 30th May, 2015

For **B. K. SHROFF & CO.**
Firm Registration No.: 302166E
Chartered Accountants
(L.K.Shroff)
PARTNER
Membership No. : 060742



ANNEXURE REFERRED TO IN PARAGRAPH 1 OF REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- i) a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. The management has physically verified certain fixed assets during the year in accordance with a programme of verification, which, in our opinion, provides for physical verification of the fixed assets at reasonable intervals having regard to the size of the Company and nature of its assets. According to the information and explanations given to us no material discrepancies were noticed on such verification.
- c. In our opinion and according to explanations given to us, Fixed Assets disposed off during the year were not substantial and as such the disposal has not affected the going concern concept of the Company.
- ii) a. As explained to us, inventories have been physically verified by the management at regular intervals during the year.
- b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification as compared to the book records.
- iii) The company has not granted any loans, secured or unsecured to companies firms or other parties covered in the register maintained under section 189 of the Act and as such clauses (iii) (a) and (b) of the order are not applicable to the company.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of inventory, fixed assets and also for the sale of goods and services. During the course of our audit, we have not observed any major weakness in internal controls.
- v) The Company has not accepted any deposits from the public and as such clause (v) of the Order is not applicable.
- vi) We have broadly reviewed the books of account maintained by the company pursuant to the order made by the Central Government for the maintenance of cost records under section 148(1) of the Act, and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of such accounts and records.
- vii) According to the information and explanations given to us in respect of the statutory dues:
 - a. The Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Cess and other applicable statutory dues with the appropriate authorities during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2015 for a period of more than six months from the date they became payable.
 - b. According to the information and explanations given to us, details of dues of Customs Duty/ Excise Duty/Income Tax & Sales Tax, Wealth Tax, Service Tax and Cess which have not been deposited on account of any dispute are as follows :



Name of the Statute	Name of the Dues	Amount (₹ in lacs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act	Excise Duty and Penalty	26.72	2002-03	Deputy Commissioner, Central Excise
Employees State Insurance Act	Employees State Insurance	6.03	1995-96 & 2002-03	Asst. Director, ESIC
Custom Duty Act	Custom Duty	109.77	2001-02	Hon'ble High Court of Karnataka
Customs Duty Act	Custom Duty	148.50	2005-06	Commissioner of Custom (Port), Kolkata
Customs Duty Act	Custom Duty	78.92	2003-04	CESTAT, Bangalore
Customs Duty Act	Custom Duty	28.70	2003-04	Commissioner of Custom
Customs Duty Act	Custom Duty	44.07	2002-03	Commissioner of Custom
Customs Duty Act	Custom Duty	205.00	2010-11	CESTAT, Kolkata
Income Tax Act	Income Tax	2.31	2004-05	I.T.A.T (Kolkata)
Income Tax Act	Income Tax	71.51	2010-11	I.T.A.T (Kolkata)

- c. Required amount was transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 2013 and rules made there under.
- viii) The Company's accumulated losses at the end of the financial year under Audit has eroded more than 100% of the net worth. The company has incurred Cash Losses during the financial year and in the immediately preceding financial year.
- ix) In our opinion and according to the information and explanation given to us the company has defaulted in repayment of the following amount to Banks & to Financial Institutions :
 - a) Term Loan ₹ 5,341.59 Lacs
 - b) Other Loans ₹ 38,472.59 Lacs
 - c) * Interest ₹ 8,951.87 Lacs

* ₹ 2,394.17 Lacs provided in Statement of Accounts and ₹ 6,557.70 Lacs not provided in the Statement of Accounts.
- x) In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- xi) The company has not obtained any fresh term loans during the year under review. Accordingly, the provisions of clause (xi) of the Order are not applicable to the company.
- xii) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For **B. K. SHROFF & CO.**
 Firm Registration No.: 302166E
 Chartered Accountants
 (L.K.Shroff)
PARTNER
 Membership No. : 060742

Place : Kolkata
 Date : The 30th May, 2015

**BALANCE SHEET**
AS AT 31ST MARCH, 2015

	Note No.	31st March, 2015 ₹	(₹ in lacs) 31st March, 2014 ₹
I. EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	2	2,979.05	2,979.05
Reserves and Surplus	3	(8,513.13)	(3,800.13)
Non-Current Liabilities			
Long-term borrowings	4	40,111.46	41,661.24
Long-term provisions	6	16.06	17.76
Current Liabilities			
Short-term borrowings	7	5,865.72	6,224.03
Trade payables	8	446.44	274.08
Other current liabilities	9	2,723.73	3,090.21
Short-term provisions	10	147.22	113.45
		<u>43,776.55</u>	<u>50,559.69</u>
II. ASSETS			
Non-current assets			
Fixed assets	11		
(i) Tangible assets		9,104.02	11,652.40
(ii) Capital work-in-progress		6.28	408.40
Non-current investments	12	0.39	0.39
Deferred Tax Asset	5	4,572.98	4,572.98
Long term loans and advances	13	79.44	79.41
Current assets			
Inventories	14	7,650.20	8,471.68
Trade receivables	15	18,347.02	21,972.16
Cash and cash equivalents	16	3,412.53	2,727.83
Short-term loans and advances	17	603.69	674.44
		<u>43,776.55</u>	<u>50,559.69</u>
Significant Accounting Policy	1		
The Noes are an integral part of financial statements			

As per our report attached

For and on behalf of the Board

For **B. K. SHROFF & CO.**
Firm Registration No. : 302166E
Chartered Accountants**(L.K.Shroff)**
Partner
(Mem.No.060742)

Kolkata The 30 th May, 2015	S. S. Shah Chairman & Managing Director DIN. 00491097	Sundeep Shah Executive Director DIN. 00484311	H. S. Gopalka Director DIN. 01099359	Deepak Agarwal Secretary	U.S. Gutgutia Chief Financial Officer
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**STATEMENT OF PROFIT & LOSS**
FOR THE YEAR ENDED 31ST MARCH, 2015

	Note No.	31st March, 2015 ₹	(₹ in lacs) 31st March, 2014 ₹
Revenue from operations	18	6,101.77	7,962.76
Other Income	19	1,031.52	2,549.81
Total Revenue		<u>7,133.29</u>	<u>10,512.57</u>
Cost of materials consumed	20	1,133.72	891.77
Purchase of Stock-in-Trade	21	1,206.83	2,276.98
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	22	966.61	2,222.53
Employee benefit expenses	23	732.86	567.28
Finance cost	24	234.53	4,826.41
Depreciation and amortization expense	25	2,023.08	1,567.52
Other expenses	26	6,270.51	11,498.61
Total Expenses		<u>12,568.14</u>	<u>23,851.10</u>
Profit / (Loss) before exceptional items and tax		<u>(5,434.85)</u>	<u>(13,338.53)</u>
Exceptional Items	34	1,746.61	(306.21)
Profit / (Loss) before tax		<u>(3,688.24)</u>	<u>(13,644.74)</u>
Tax expense:			
Deferred tax		-	-
Earlier Year Taxation		-	-
Profit / (Loss) for the year		<u>(3,688.24)</u>	<u>(13,644.74)</u>
Earning per equity share:			
Basic & Diluted		- 4.84	-17.45
Significant Accounting Policy	1		
The Notes are an integral part of financial statements.			

As per our report attached

For and on behalf of the Board

For **B. K. SHROFF & CO.**
Firm Registration No. : 302166E
Chartered Accountants**(L.K.Shroff)**
Partner
(Mem.No.060742)

Kolkata The 30 th May, 2015	S. S. Shah Chairman & Managing Director DIN. 00491097	Sundeep Shah Executive Director DIN. 00484311	H. S. Gopalka Director DIN. 01099359	Deepak Agarwal Secretary	U.S. Gutgutia Chief Financial Officer
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**CASH FLOW STATEMENT**

for the Year Ended 31st March, 2015

	(₹ in lacs)	
	31st March, 2015	31st March, 2014
	₹	₹
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit / (Loss) Before Tax and Exceptional Items	(5,434.85)	(13,338.53)
Add : Adjustments for :		
Depreciation	2,023.08	1,567.52
Bad Debt	1,764.65	-
Interest	234.53	4,826.41
Provision for Doubtful Debts (net)	2,016.25	8,981.39
Irrecoverable Balance Written Off	2.86	6.50
Loss on Sale of Fixed Assets	14.59	2.57
Less : Adjustments for :		
Interest & Dividend Received	140.27	100.81
Unrealised Foreign Exchange(Net)	565.95	1,913.31
Profit on Sale of Fixed Assets	6.83	-
Profit on Sale of Investments	19.27	81.87
Sundry Balances Adjusted	299.99	69.66
Operating Profit Before Working Capital Changes	(411.20)	(119.80)
(Increase)/Decrease in Inventories	821.48	1,810.25
(Increase)/Decrease in Trade Receivables	410.20	2,087.99
(Increase)/Decrease in Long Term Loans & Advances	(2.89)	(2.66)
(Increase)/Decrease in Short Term Loans & Advances	90.95	(20.22)
Increase/(Decrease) in Trade Payables	472.35	(551.58)
Increase/(Decrease) in Other Liabilities	(366.47)	2,289.32
Increase/(Decrease) in Long Term Provisions	(1.70)	(14.59)
Increase/(Decrease) in Short Term Provisions	33.76	2.43
Cash Generated From Operations	1,046.48	5,481.14
Interest paid on Working Capital	234.26	692.60
Taxes paid	20.21	13.78
Cash Flow From Operation before Exceptional Item	792.01	4,774.76
Exceptional Item	1,746.61	(306.21)
Net Cash Flow From Operating Activities	2,538.62	4,468.55
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Add : Inflows		
Sale of Fixed Assets	48.14	5.13
Sale of Investments	519.26	2,617.86
Interest Received	140.19	100.78
Dividend Received	0.08	0.03
Less : Outflows		
Purchase of Fixed Assets	153.23	160.82
Purchase of Investment	500.00	2,209.98
Net Cash Used In Investing Activities	54.44	353.00

**CASH FLOW STATEMENT**

for the Year Ended 31st March, 2015

	(₹ in lacs)	
	31st March, 2015	31st March, 2014
	₹	₹
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Increase / (Decrease) in Short Term Borrowings	(358.32)	698.97
Increase / (Decrease) in Long Term Borrowings	(1,549.78)	-
Less :		
Interest paid on Term loan,WCTL,FITL & others	0.26	4,133.81
Net Cash Used In Financing Activities	(1,908.36)	(3,434.84)
Net Changes In Cash & Cash Equivalents (A+B+C)	684.70	1,386.71
* Cash & Cash Equivalents - Opening Balance	2,727.83	1,341.12
* Cash & Cash Equivalents - Closing Balance	3,412.53	2,727.83

* Represents Cash & Cash Equivalents as indicated in Note No.16

As per our report attached

For and on behalf of the Board

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

(L.K.Shroff)
Partner
(Mem.No.060742)

Kolkata
The 30th May, 2015

S. S. Shah
Chairman &
Managing Director
DIN. 00491097

Sundeep Shah
Executive Director
DIN. 00484311

H. S. Gopalka
Director
DIN. 01099359

Deepak Agarwal
Secretary

U.S. Gutgutia
Chief Financial
Officer



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

1. SIGNIFICANT ACCOUNTING POLICIES

i) Basis of Accounting :

The financial statements are prepared under the historical cost convention using accrual method of accounting in accordance with the generally accepted accounting principles in India, unless otherwise stated.

ii) Use of Estimates :

The preparation of financial statements requires estimates and assumptions to be made based on the current working that affect the reported amount of assets and liabilities (including contingent liabilities) on the date of financial statements and the reported amount of revenues and expenses for the reporting period. Difference between the actual and the estimates, if any, are accounted for in the period in which such differences are known/materialized.

iii) Fixed Assets :

Fixed assets are stated at its purchase price including direct expenses, finance cost till it is put to use net of recoverable taxes. If the fixed assets are revalued then they are stated at revalued amount. Accumulated depreciation, impairment loss, if any, is reduced from the fixed assets and shown under the net asset value on the reporting date. The cost including additions, improvements, renewals, revalued amount and accumulated depreciation of assets which are sold and/or discarded and/or impaired, are removed from the fixed assets and any profit or loss resulting there from is included in the Statement of Profit & Loss and the residual value of the revalued amount is withdrawn from such reserves created for the purpose.

iv) Leased Assets :

Leased assets are stated at premium paid on such assets. Rentals, if any, are expensed with reference to the lease terms and other conditions. No amortization of the lease premium in respect of Land is done in cases where conditions are stipulated for conversion from leasehold to freehold.

v) Depreciation :

Depreciation is calculated on all the fixed assets based on the method prescribed under Schedule II of the Companies Act, 2013. Depreciation on the assets hitherto calculated on Written Down Value/Straight Line method is charged based on the remaining useful life of the assets as prescribed under the Act. Depreciation on the assets added/disposed off/impaired during the year is provided on pro-rata basis.

Depreciation on the revalued assets is calculated at the rates prescribed under Schedule II of the Act and such depreciation is withdrawn from capital reserve.

vi) Impairment of Assets :

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value being higher of value in use and net selling price. Value in use is computed at net present value of cash flow expected over the balance useful life of the assets. An impairment loss is recognized as an expense in the Statement of Profit & Loss in the year in which an asset is identified as impaired. In case of impaired revalued assets, the impaired loss on the residual value is withdrawn from such reserves created for the purpose. The impairment loss recognized in earlier accounting period is reversed if there has been an improvement in recoverable amount.

vii) Capital Work-in-Progress :

Capital work-in-progress is stated at cost which includes expenses incurred during the construction period, interest on account of borrowed money for acquisition of assets and other expenses incurred in connection with project implementation so far as such expenses related to the assets prior to the commencement of the commercial production.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

viii) Foreign Currency Transactions :

- a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of transaction.
- b) Year end balance of assets and liabilities in foreign currencies are translated at the year-end rates and difference between year-end balance and such restated balance are dealt in under Exchange rate difference in the profit and loss statement.
- c) The difference arising out of the actual settlement on realization / payment are dealt with in the Statement of Profit & Loss under Exchange Rate Difference arising on such transactions.
- d) The Company uses foreign currency forward contract and currency options to hedge its risks associated with foreign currency fluctuation relating to certain firm commitments and forecasted transactions. The Company designates this 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). Profit/loss over and above the hedged/forecasted amounts are accounted for in the Statement of Profit & Loss in the year of maturity.

ix) Investments :

Investments wherever readily realizable and intended to be held not more than one year from the date of such investments are made, are qualified as current investments. Current investments are carried at lower of cost and quoted/fair value, computed category-wise.

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

x) Inventories:

Items of inventories such as raw materials and Stock-in-Trade, Finished Goods are measured at lower of cost or net realizable value after providing for obsolescence if any. Work-in-progress is valued at estimated cost and stocks & spare parts, dyes & chemicals, packing materials etc. are valued at cost.

Work-in-progress comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing them in their present condition.

xi) Revenue Recognition :

Revenue is recognized only when it can be definitely measured and it is reasonable to expect final collection. Revenue from operations includes sale of goods after adjustment of discounts (net) and return of goods. Earnest deposits from customers are recognized as Revenue on obligatory failures. Export benefit entitlement to the Company under Drawback, DEPB, DFIA is recognized in the year of export on accrual basis wherever it is ascertainable with reasonable accuracy.

Dividend income is recognized on actual receipt basis.

xii) Employee Benefits :

a) 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.

b) Post employment Benefits

- 1) Defined Contribution Plans
Contributions towards provident funds are recognized as expense. Provident fund contributions in respect of certain employees are made to Trust administered by the Company, the interest rate payable to the members of the Trust 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 government administered provident fund towards which the Company has no further obligations beyond its monthly contributions.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

2) **Defined Benefit Plans**

Liability towards gratuity, covering eligible employees is provided and funded through LIC managed Group Gratuity Policy 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 in the Statement of Profit and Loss as income/expense for the year in which they occur.

xiii) **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. Capitalization of borrowing costs ceases when the qualifying asset is ready for intended use.

xiv) **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.

xv) **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 weighted average number of equity shares outstanding during the year after adjusting for the effects of dilutive options.

xvi) **Events occurring after Balance Sheet Date :**

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

xvii) **Contingent Liabilities :**

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

xviii) **Research & Development Expenditure :**

a) Capital Expenditure is included in Fixed Assets and depreciation is provided as per Schedule II of the Companies Act, 2013.

b) Revenue Expenditure is charged in the Statement of Profit & Loss during the year in which they are incurred.

xix) **Cash Flow Statement :**

The Company adopts the Indirect Method in preparation of Cash Flow Statement. For the purpose of Cash Flow Statement Cash & Cash equivalents consists of Cash on Hand, Cash at Bank, Term Deposits & Cheques in Hand.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

(₹ in lacs)

		<u>31st March, 2015</u>		<u>31st March, 2014</u>
		₹		₹
Note 2 : Share Capital				
No. of Shares	Authorised			
15,00,00,000	Equity Shares of ₹ 2/- each	3,000.00		3,000.00
(15,00,00,000)				
20,00,000	8 % Redeemable Cumulative Preference Shares of ₹ 100/- each	2,000.00	5,000.00	2,000.00
(20,00,000)				5,000.00
7,91,10,120	Issued			
(7,91,10,120)	Equity Shares of ₹ 2/- each	1,582.20		1,582.20
14,00,000	8 % Redeemable Cumulative Preference Shares of ₹100/- each	1,400.00	2,982.20	1,400.00
(14,00,000)				2,982.20
7,89,52,620	Subscribed & Paid Up			
(7,89,52,620)	Equity Shares of ₹ 2/- each	1,579.05		1,579.05
14,00,000	8 % Redeemable Cumulative Preference Shares of ₹ 100/- each	1,400.00	2,979.05	1,400.00
(14,00,000)				2,979.05
			2,979.05	2,979.05

- a) There is no change/movement in number of shares outstanding at the beginning and at the end of the reporting period.
- b) The Company has two class of issued shares i.e. Equity Shares of ₹ 2/- each and Redeemable Cumulative Preference Shares of ₹ 100/- each. Every Equity Share is entitled to one vote and equal right for dividend after payment of preference dividend to preference share holders. The dividend proposed by the Board of Directors is subject to approval of shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the share holders are eligible to receive the remaining assets of the Company after payment of all preferential amounts in proportion to their shareholding.
- c) The Company does not have any Holding Company.
- d) Details of shareholders holding more than 5% shares in the Company.

	<u>31st March, 2015</u>		<u>31st March, 2014</u>	
Equity Shares of ₹ 2/- each fully paid	No. of Shares	% of Holding	No. of Shares	% of Holding
Shri Shyam Sunder Shah	71,39,205	9.04	71,39,205	9.04
Smt. G.D. Shah	53,24,170	6.74	53,24,170	6.74
Gemini Overseas Ltd.	76,69,580	9.71	76,69,580	9.71
Tarun Fabrics Ltd.	95,75,500	12.13	95,75,500	12.13

- e) No Equity Shares have been reserved for issue under options and contracts/commitments for the sale of shares/disinvestment as at the Balance Sheet date.
- f) No shares have been allotted or has been bought back by the Company during the 5 years preceeding the date at which Balance Sheet is prepared.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015**Note 2 :- Share Capital (Contd.)**

- g) No securities convertible into Equity/Preference shares issued by the Company during the year.
- h) No calls are unpaid by any Director or Officer of the Company during the year.
- i) During 1995-96 the company offered 1,18,13,725 Equity Shares of ₹ 2/- each to the existing Shareholders in the ratio of 1 share for every 2 shares held, at a premium of ₹ 6/- per share as per letter of offer dated December 21, 1995. Out of the above shares, allotment of 6,000 Equity Shares are kept in abeyance under Court Order.
- j) 6,00,000 Redeemable Cumulative Preference Shares were allotted by the Company on 21.01.2004, 2,00,000 Redeemable Cumulative Preference Shares were allotted by Erstwhile Eastern Jingying Ltd. on 09.02.2004 & 6,00,000 Redeemable Cumulative Preference Shares were allotted by Erstwhile 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. However the redemption of the preference shares can only be made after the entire dues of Banks & Institutions are repaid.
- k) The Promoter's shareholding remains encumbered in favour of Allahabad Bank, Leader Bank of consortium of Banks.

	31st March, 2015 ₹	(₹ in lacs) 31st March, 2014 ₹
Note 3 :- Reserves & Surplus		
Capital Reserve		
Opening Balance	308.64	382.96
Add :- Erstwhile S.S.L's non-payable loans written back	-	24.73
Less :Depreciation on Revalued Asset	283.06	99.05
Closing Balance	25.58	308.64
Capital Redemption Reserve		
Opening Balance	1,400.00	1,400.00
Closing Balance	1,400.00	1,400.00
Securities Premium Account		
Opening Balance	11,428.75	11,428.75
Closing Balance	11,428.75	11,428.75
Preference Share Redemption Reserve		
Opening Balance	1,400.00	1,400.00
Closing Balance	1,400.00	1,400.00
Surplus/(Deficit)		
Opening Balance	(18,337.52)	(4,692.78)
Add: Transitional Depreciation Adjustments	75.94	-
Less :Depreciation on Revalued Asset	(817.64)	-
Net Loss For the Year	(3,688.24)	(13,644.74)
Closing Balance	(22,767.46)	(18,337.52)
	(8,513.13)	(3,800.13)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

	31st March, 2015 ₹	(₹ in lacs) 31st March, 2014 ₹
Note 4 :- Long Term Borrowings		
Secured		
Term Loan	5,341.59	5,341.59
Working Capital Term Loan	27,662.97	29,600.57
Funded Interest Term Loan	4,943.90	5,245.08
Loans From Others	689.00	-
Unsecured		
Loans From Promoters		
Smt Ginia Devi Shah	367.00	367.00
Shri Shyam Sunder Shah-Chairman & M.D.	367.00	367.00
Loans From Related Parties		
Ethics Commercials Ltd	350.00	350.00
P.K.Textiles Ltd.	390.00	390.00
	40,111.46	41,661.24

Nature of Security**Term Loan**

- i) Pari passu first charge over entire movable fixed assets excluding assets charged to other lenders.
- ii) Pari passu second charge over the company's entire current assets excluding assets charged to other lenders
- iii) Equitable Mortgage of the Company's Property No. 84 in Sy. No. 39 measuring to an extent of 4 Acres 34 guntas situated at Kammasandra, Agrahara, Village- Kasaba Hobli, Anekal Taluk, Bangalore Dist together with all buildings & structures thereon and all plant & machinery attached to the earth; both present & future.
- iv) Equitable mortgage of the Company's property on Plot No: 209 in Bommasundra Industrial Area, Anekal Taluk, Hosur Road, Bangalore, admeasuring 10896 sq. mtrs together with all buildings & structures thereon.
- v) Personal guarantee of Shri S.S. Shah and Shri Sundeep Shah.

Working Capital Term Loan

- i) Secured against first pari-passu charge on all Assets, excluding assets exclusively charged to respective lenders.
- ii) Equitable Mortgage of the Company's Property at Plot No. 11A of Nanjangud Industrial area situated in Sy No. 184, 185 and 169 of Kallahally Village, Chikkaiahna, Chatra, Hobli, Nanjangud Taluk, Mysore District containing by admeasurement 58686.00 sq. mtrs.
- iii) Second charge on the Company's property at 411, Telugarahalli Road, Anekal, Bangalore 562106
- iv) Second charge on the Company's property at Kammasandra Agrahara Kasaba Hobli, Anekal, Bangalore 562106.
- v) Second Charge on the Company's Plot No: 209 in Bommasundra Industrial Area, Anekal Taluk, Hosur Road, Bangalore, admeasuring 10896 sq. mtrs together with all buildings & structures thereon.
- vi) Personal guarantee of Shri S.S. Shah and Shri Sundeep Shah.

Loan from others

Secured by residual charge on the Company's Assets to the extent of satisfaction of charge under OTS with Banks.

Loan from Related Parties

Promoters Contribution (free of interest) to remain subordinate to the Bank Loans.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

Bank	Term Loan		WCTL		FITL	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
	₹	₹	₹	₹	₹	₹
Allahabad Bank	-	-	7,398.00	7,398.00	962.35	962.35
Edelweiss Asset Reconstruction Co.ltd (Canara Bank)	-	-	2,243.12	2,243.12	333.06	333.06
Exim Bank	2,984.60	2,984.60	-	-	493.81	493.81
ICICI Bank	-	-	-	787.68	-	118.48
IDBI	-	-	770.00	770.00	119.00	119.00
State Bank of Hyderabad	-	-	-	1,130.16	-	179.70
State Bank of India	2,356.99	2,356.99	6,399.00	6,399.00	1,362.97	1,362.97
State Bank of Mysore	-	-	3,137.61	3,157.37	484.64	487.64
The Federal Bank Ltd	-	-	2,973.00	2,973.00	459.00	459.00
Edelweiss Asset Reconstruction Co.ltd (Uco Bank)	-	-	2,769.00	2,769.00	427.00	427.00
Union Bank of India	-	-	1,973.24	1,973.24	302.07	302.07
Total	5,341.59	5,341.59	27,662.97	29,600.57	4,943.90	5,245.08

Note 5:-Deferred Tax (Liability) /Asset :- *

Deferred Tax (Liability) / Asset :	31st March, 2015	31st March, 2014
	₹	₹
Opening Balance	4,572.98	4,572.98
Net Deferred Tax (Liability) / Asset	4,572.98	4,572.98

* Refer to Note : 37

Note 6:- Long Term Provisions

Provisions for Employees Benefit	31st March, 2015	31st March, 2014
	₹	₹
Leave Encashment	16.06	17.76
Total	16.06	17.76

Note 7 :- Short Term Borrowings

Secured Loan *	31st March, 2015	31st March, 2014
	₹	₹
Loans repayable on demand	5,865.72	6,224.03
(Cash Credit/Packing Credit/Foreign Bills Payable/Letter of Credit)	5,865.72	6,224.03

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015**Note 7:- Short Term Borrowings (Contd.)*****Nature of Security**

- Hypothecation of entire current assets including book debts of the Company on first charge basis ranking pari passu with Bankers without any preference or priority of one over the other.
- Hypothecation of realizable non-current assets of the Company on first charge basis ranking pari passu.
- Hypothecation of all tangible,moveable plant & machineries,equipment,etc.located at the Company's unit at Anekal Unit I & II on second charge basis ranking pari passu.
- Exclusive pari passu charge on specific plant and machinery installed at Anekal unit,Karnataka created out of sale proceeds of the Company's Noida unit.
- Second Charge on the company's Plot No: 209 in Bommasundra Industrial Area, Anekal Taluk,Hosur Road,Bangalore,admeasuring 10896 sq.mtrs together with all buildings & structures thereon.
- Personal Guarantee of Shri S.S.Shah and Shri Sundeep Shah.

Note 8 :- Trade Payables

Sundry Creditors for Goods & Services*	31st March, 2015	31st March, 2014
	₹	₹
	446.44	274.08
Total	446.44	274.08

* For dues to Micro, Small & Medium enterprises refer note no. 38

Note 9 :- Other Current Liabilities

Other Current Liabilities	31st March, 2015	31st March, 2014
	₹	₹
Advance from customers	101.55	131.98
Unclaimed Dividend	14.29	24.10
Statutory Dues	19.70	12.90
Others	2,588.19	2,921.23
Total	2,723.73	3,090.21

Note 10 :- Short Term Provisions

Provision for employee benefits	31st March, 2015	31st March, 2014
	₹	₹
Salary and Reimbursement	134.91	106.44
Contribution to P.F. & ESIC	8.54	3.53
Leave Encashment	3.77	3.48
Total	147.22	113.45



Note 11:- Fixed Assets

Particulars	Leasehold (a)	Land Freehold	Building	Plant & Machinery	Electric Installations	Office Equipment & Furniture	Vehicles	Total	Capital Work In Progress	Total
Cost or valuation										
At 1st April 2013	239.51	139.27	3,227.23	30,060.33	803.42	498.12	128.69	35,096.57	350.83	35,447.40
Additions	-	-	-	22.90	0.20	75.52	4.63	103.25	130.86	234.11
Impairment	-	-	-	-	-	-	-	-	-	-
Other Adjustment	-	-	-	-	-	-	20.76	20.76	73.29	94.05
Sales/Deductions	-	-	-	-	-	-	112.56	35,179.06	408.40	35,587.46
At 31st March 2014	239.51	139.27	3,227.23	30,083.23	803.62	573.64	3.21	555.36	114.89	670.25
Additions	-	-	432.94	91.95	18.44	8.82	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-	-
Other Adjustment	-	-	-	-	-	-	-	-	-	-
Sales/Deductions	-	-	-	153.16	-	1.46	4.14	158.75	517.01	675.76
At 31st March 2015	239.51	139.27	3,660.17	30,022.02	822.06	581.00	111.63	35,575.67	6.28	35,581.94
Depreciation										
At 1st April 2013	-	-	1,367.05	19,589.57	531.92	312.84	71.77	21,873.15	-	21,873.15
Charges for the year	-	-	110.35	1,453.75	29.26	58.05	15.16	1,666.57	-	1,666.57
Impairment for the year	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	13.06	13.06	-	13.06
At 31st March 2014	-	-	1,477.40	21,043.32	561.18	370.89	73.87	23,526.66	-	23,526.66
Charges for the year	-	-	95.28	2,779.92	151.22	86.50	10.86	3,123.78	-	3,123.78
Impairment for the year	-	-	-	-	-	-	-	-	-	-
Transitional Adjustments*	-	-	-	69.74	-	6.20	-	75.94	-	75.94
Disposals	-	-	-	99.15	-	0.90	2.80	102.85	-	102.85
At 31st March 2015	-	-	1,572.68	23,654.34	712.40	450.29	81.93	26,471.65	-	26,471.65
NET BLOCK										
At 31st March 2014	239.51	139.27	1,749.83	9,039.91	242.44	202.75	38.69	11,652.40	408.40	12,060.80
At 31st March 2015	239.51	139.27	2,087.49	6,367.68	109.66	130.71	29.70	9,104.02	6.28	9,110.30

(a) Depreciation includes depreciation on Revalued Asset amounting to ₹ 1,100.70 lacs (Previous Year ₹ 99.05 lacs).

(b)* Transitional adjustments are towards bringing the assets in line with Schedule II of The Companies Act, 2013.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

	31st March, 2015	31st March, 2014
	₹	₹
Note 12:- Non-Current Investments		
Other Investments		
Equity Instruments		
Other than Trade-Quoted		
Tata Consultancy Services Ltd.	0.14	0.14
64 (Previous year 64) Equity Shares of ₹ 1/- each fully paid up		
Other than Trade-Unquoted		
India Exposition Mart Ltd.	0.25	0.25
2570 (Previous Year 2570) Equity Shares of ₹ 10/- each fully paid up	0.39	0.39
Aggregate amount of quoted investments.	0.14	0.14
Market value of Tata Consultancy Services Ltd. is ₹ 1.61 lacs (Previous Year ₹ 1.37 lacs)		
Note 13 :- Long Term Loans & Advances		
Secured, Considered Good		
Security Deposits	74.63	74.60
Unsecured, Considered Good		
Others	4.81	4.81
	79.44	79.41
Note 14 :- Inventories		
Raw Materials and components	1,750.90	1,804.44
Work-in-progress	653.51	493.42
Finished goods	5,063.17	5,997.72
Stores and spares & Others	182.62	176.10
	7,650.20	8,471.68
Note 15:- Trade Receivables		
Unsecured and Considered Good		
Over Six Months	16,803.15	20,504.33
Others	1,543.87	1,467.83
Unsecured and Considered Doubtful (Over Six months)	12,665.10	10,648.85
	31,012.12	32,621.01
Less : Provision for Doubtful Debts	12,665.10	10,648.85
	18,347.02	21,972.16

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

	31st March, 2015 ₹	(₹ in Lacs) 31st March, 2014 ₹
Note 16:-Cash & Cash Equivalents		
Cash Balance		
Cash on hand	5.52	6.78
Balance with banks		
Earmarked Balance	14.29	24.10
Term Deposit as Margin money*	48.30	58.57
Term Deposit as No-lien Deposit *	557.57	2,256.79
Term Deposit as No-lien Deposit (utilised for adjustment by Banks)	1,809.40	209.00
Current Account	441.10	161.56
Cheques in Hand	527.94	-
Foreign Currency Account	8.41	11.03
	<u>3,412.53</u>	<u>2,727.83</u>
* Term Deposit's Due for Maturity above 12 months	56.41	4.64
Note 17:-Short Term Loans & Advances		
Secured, Considered Good		
Others	6.86	22.33
Unsecured Considered Good		
Others	513.35	588.84
Advance Income Tax & Other taxes.	83.48	63.27
	<u>603.69</u>	<u>674.44</u>
Note 18:-Revenue From Operations		
Sale of products	5,605.71	7,573.99
Sale of Service	186.96	230.10
Other Operating Revenue		
Drawback & Other incentives	261.33	158.67
Earnest Deposit forfeited	47.77	-
	<u>6,101.77</u>	<u>7,962.76</u>
Note 19:- Other Income		
Interest Income		
On Bank Deposits	128.29	87.69
On Other Deposits	11.91	13.09
Dividend Income		
On Long Term Investment	0.08	0.03
Net gain/loss on sale of investments		
On Current Investment	19.27	81.87
Other Non-Operating Income		
Exchange Rate Difference	564.68	2,281.11
Sundry Balances & Liabilities No Longer Required Written Back	299.99	69.66
Profit on Sale of Fixed Assets	6.83	-
Rent Received	0.25	0.16
Other Miscellaneous Income	0.22	16.20
	<u>1,031.52</u>	<u>2,549.81</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

	31st March, 2015 ₹	(₹ in Lacs) 31st March, 2014 ₹
Note 20:- Cost of Material Consumed		
Opening Stock	1,804.44	2,167.43
Add: Purchases	1,272.33	1,240.26
Less : Transferred to Finished Goods	192.15	711.48
Less:Closing Stock	<u>1,750.90</u>	<u>1,804.44</u>
	<u>1,133.72</u>	<u>891.77</u>
Raw Material Consumption		
Yarn	<u>1,133.72</u>	<u>891.77</u>
	<u>1,133.72</u>	<u>891.77</u>
Note 21:-Purchase of Stock in Trade		
Purchase of Finished Goods	<u>1,206.83</u>	<u>2,276.98</u>
	<u>1,206.83</u>	<u>2,276.98</u>
Note 22:-Changes in Inventories of Finished Goods,WIP & Stock in Trade		
Opening Stock of Work In Progress	493.42	1,575.73
Opening Stock of Finished Goods	5,997.72	6,426.46
Add :Transferred From Raw Marterial	<u>192.15</u>	<u>711.48</u>
	<u>6,683.29</u>	<u>8,713.67</u>
Less:Closing Stock of Work in Progress	653.51	493.42
Closing Stock of Finished Goods	<u>5,063.17</u>	<u>5,997.72</u>
	<u>966.61</u>	<u>2,222.53</u>
(Increase) / Decrease in Stock		
Note 23:-Employees Benefit Expenses		
Salaries and incentives	521.85	431.63
Contributions to Provident & Other Fund	83.06	75.25
Contribution to Gratuity Fund	87.67	15.14
Staff welfare expenses	<u>40.28</u>	<u>45.26</u>
	<u>732.86</u>	<u>567.28</u>
Note 24:-Finance Cost		
Interest Expense		
To Bank on Term Loan	-	265.60
To Bank On WCTL,FITL,Cash Credit & Packing Credit Limit & Others	234.26	4,125.47
To Financial Institution on Term loan	-	328.31
To Financial Institution on WCTL,FITL & Cash credit Limit & Others	-	106.94
Other Borrowing Cost		
Other Financial Charges	0.27	0.09
	<u>234.53</u>	<u>4,826.41</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

	31st March, 2015	(₹ in lacs) 31st March, 2014
	₹	₹
Note 25:- Depreciation & Amortization Expense		
On Tangible Assets	3,123.78	1,666.57
Less: Depreciation on Revalued Assets	1,100.70	99.05
	<u>2,023.08</u>	<u>1,567.52</u>
Note 26:- Other Expenses		
Manufacturing Expenses		
Conversion, Machining & Other Direct Expenses	857.53	832.74
Stores, Spares & Accessories Consumed	56.53	20.16
Dyes & Chemicals Consumed	130.60	145.94
Power & Fuel	262.51	278.33
	<u>1,307.17</u>	<u>1,277.17</u>
Administrative Expenses		
Legal, Professional & Syndication Charges	37.58	34.66
Rent	54.52	47.67
Rates & Taxes	9.40	14.21
Insurance	36.77	131.78
Travelling Expenses	107.69	92.62
Mailing & Communication Expenses	17.42	18.34
Bank Charges & Commission	23.36	30.00
Directors' Meeting Fee	0.76	0.66
Managerial Remuneration	46.94	48.62
Auditor's Remuneration for		
Audit Fee	6.74	6.74
Tax Audit Fee	1.40	1.40
For Other Services	4.04	4.66
Miscellaneous Expenses	288.48	276.90
Donation	-	1.00
Loss on sale of Fixed Assets	14.59	2.57
Expenses Relating to Previous Year	2.49	1.46
Repairs & Maintenance		
Building	-	0.94
Plant & Machinery	22.49	8.42
Others	19.31	18.99
Bad-debt	1,764.65	0.55
Irrecoverable Balances written off	2.86	6.50
Software Development Expenses	5.42	29.68
Provision for doubtful debts (net)	2,016.25	8,981.39
	<u>4,483.16</u>	<u>9,759.76</u>
Selling and Distribution Overhead		
Brokerage & Commission to Selling Agents	101.17	144.53
Sales Promotion	82.86	68.68
Freight, Packing, Forwarding, etc.	296.15	248.47
	<u>480.18</u>	<u>461.68</u>
	<u>6,270.51</u>	<u>11,498.61</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

27) Contingent Liabilities not provided for in respect of :

	2014-15 ₹ In Lacs	2013-14 ₹ In Lacs
(a) Guarantees given by the Bankers	47.00	47.00
(b) Excise, Sales tax, Custom Duty, ESIC & Other Claims	389.44	184.44
(c) Dividend on Cumulative Preference Shares (Including tax)	655.07	520.68

- 28) 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.
- 29) The Company had executed bonds worth ₹ 5,403.04 Lacs in favour of President of India being the customs duty for import of capital goods under the EPCG License. Under the said license it is obligatory on the part of the Company to export products worth ₹ 43,224.32 Lacs over a period of 8 years from the date of issue of the license i.e. between 20th December, 2002 to 19th February, 2019 for availing the concessional rate of customs duty on imports. The Company has completed the entire export obligation of ₹ 43,224.32 Lacs up to the year ended 31st March, 2012. On completion of the export obligation bonds executed by the Company to the extent of ₹ 5,273.79 Lacs (P.Y. ₹ 4,849.67 lacs) have been released and the balance bonds of ₹ 129.25 Lacs (P.Y. ₹ 553.37 lacs) is under process of being released by the Commissioner of Customs.
- 30) Claims against the Company not acknowledged as debts:
- Demand by the Department of Commercial Taxes, Government of Karnataka, levying a sum of ₹ 20.00 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.
 - Demand by the Commissioner of Customs, Bangalore for ₹ 109.77 lacs have been stayed by the Customs, Excise and Service Tax Act Appellate Tribunal, Chennai. The Company has deposited a sum of ₹ 38.00 lacs with the Customs Authorities under protest.
- 31) Lining Fabrics valued at ₹ 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 ₹ 154.50 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. On remand of the Order, the Commissioner of Customs (Port) has once again confirmed the Order in original and the Company's second appeal before the CESTAT is being heard.
- 32) Export of goods made by the company from SEZ unit on specific order from the overseas customers have become subject of dispute in relation to its valuation. A show cause notice issued by DRI Kolkata was heard and adjudicated by the Customs Appellate and the matter was adjudicated imposing a fine and penalty amounting to ₹ 205.00 Lacs. The order of the Adjudicating authority has been challenged by the company before the CESTAT and a pre-deposit of ₹ 5.00 Lacs have been made and shown as an advance and no provision has been made against adjudicated liability of ₹ 205.00 Lacs in the statement of accounts.
- 33) a) After exit from the CDR Scheme on 20th August, 2014 the Company has bilaterally settled its dues with two Banks on one-time basis against the aggregated outstanding of ₹ 2,873.98 Lacs with a payment of ₹ 840.00 Lacs. The resultant amount of interest waiver is included as income under 'Other Incomes' and the rebate on principal is included under 'Exceptional Items'.
- b) No provision in respect of interest payable to the banks and financial institutions for the period April'2014 to March'2015 amounting to ₹ 6,557.70 Lacs has been made in the Statement of Accounts in view of the reference made by the company to the BIFR on erosion of 100% net worth as at 31st March, 2015.
- c) 'No Lien Term Deposit' with the consortium bankers for ₹ 2,400.00 Lacs towards 5% deposit of the amount outstanding against the offer of one time settlement were made, of which ₹ 1,809.40 Lacs have been appropriated by a few banks towards recovery of their overdue interest. The same has not been recognized by the company and no adjustment has been made and the principal amount of deposit is continued to be shown as 'No Lien Term Deposit' without accounting for interest accruals. In view of the arbitrary and unilateral decision of the Banks, no provision for interest accrued has been made in the Statement of Accounts.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

- 34) Exceptional item represents :-
 (a) The Rebate of ₹ 1,747.11 Lacs (P.Y. NIL) on the principal amount payable to the Banks on one time settlement.
 (b) Payment made to Nanjangud workers amounting to ₹ 0.50 Lacs (P.Y. ₹ 306.21 Lacs) on account of their final settlement
- 35) As per provisions of the SICA Act 1985, the Company is a BIFR referred company pending registration.
- 36) (a) An amount of ₹ 3,697.22 Lacs has been provided during the year as bad & doubtful debts in addition to ₹ 10,648.85 Lacs provided in the earlier years. After writing off irrecoverable bad debts amounting to ₹ 1,680.97 the aggregate provision as at 31st March, 2015 stands at ₹ 12,665.10 Lacs which is considered adequate by the management for covering any shortfall in realization.
 (b) The money suites filed before the Hon'ble Kolkata High Court are actively pursued to recover the amount from the overseas buyers towards sale consideration of the goods exported amounting to ₹ 25,203.90 Lacs (P.Y. ₹ 26,427.08 lacs).
- 37) In terms of Accounting Standard-22, Deferred Tax Assets (DTA) of ₹ 429.77 lacs (P.Y. ₹ 1,828.81 lacs) is required to be recognized during the year. The Company has so far recognized DTA aggregating ₹ 4,572.98 lacs. Earlier recognitions were made based on future profitability and projections. The Company is of the opinion that net DTA of ₹ 4,572.98 lacs as recognized in the books is sufficient for future income and as such, the current year's DTA has not been recognized.
- 38) The dues to Micro, Small and Medium Enterprises as much to companies knowledge amounts to ₹ 3.87 lacs (since paid) which are outstanding for more than 45 days as at 31st March, 2015. 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.
- 39) 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.

The obligation for leave encashment is recognized in the same manner as gratuity.

I. Reconciliation of opening and closing balances of Defined Benefit Obligation	(₹ in Lacs)	
	Gratuity (Funded)	Leave Encashment (Unfunded)
(a) Defined benefit obligation at the beginning of the year	152.21 (131.11)	21.24 (36.62)
(b) Current Service Cost	16.57 (14.19)	2.69 (1.22)
(c) Interest Cost	13.70 (11.80)	1.91 (3.29)
(d) Acquisitions	-	-
(e) Actuarial (Gain)/Loss	73.02 (0.34)	(21.63) (1.14)
(f) Benefits paid	60.07 (5.23)	27.64 (20.93)
(g) Defined benefit obligation at the end of the year	195.43 (152.21)	19.83 (21.24)



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

	(₹ in Lacs)	
	Gratuity (Funded)	Leave Encashment (Unfunded)
II. Assets		
a) Fair Value of Plan Assets at the beginning of the year	174.55	-
(b) Expected Return on Plan Assets	(168.59)	-
(c) Actuarial (gains)/loss on plan assets	11.78 (15.59)	-
(d) Actuarial Gain / (Loss)	(3.84) (4.40)	-
(e) Contributions by employer	-	-
(f) Benefits Paid	72.20	27.64 (20.93)
(g) Employer Expenses	-	27.64 (20.93)
(h) Fund transferred from group companies	60.07 (5.23)	-
(i) Acquisitions	-	-
(j) Fair Value of Plan Assets at the end of the year	-	-
III. Reconciliation of fair value of Assets and obligation	202.30	-
(a) Fair Value of plan assets	(174.54)	-
(b) Present Value of obligation	195.43	19.83
(c) Net asset/(liability) recognized in Balance Sheet	(152.21) 6.87 (22.33)	(21.24) (19.83) (21.24)
IV. Expense charged to the Profit and Loss Account		
(a) Current Service Cost	16.57	2.69
(b) Interest Cost	(14.19)	(1.22)
(c) Expected Return on Plan Assets	13.70	1.91
(d) Actuarial Gain/(Loss)	(11.79)	(3.29)
(e) Total expense charged to the Profit and Loss Account	11.78 (15.59) (69.18) (4.74) 87.67*	-
V. Division of Defined Benefit Obligation (Current / Non Current)	(15.14)*	(21.63) (1.14) 26.23** (5.65)**
(a) Current Defined Benefit Obligation at the end of the period	43.84	3.77
(b) Non Current Defined Benefit Obligation at the end of the Period	(31.85)	(3.47)
(c) Total Defined Benefit Obligation at the end of the Period	151.60 (120.36) 195.43 (152.21)	16.06 (17.76) 19.83 (21.23)
* Under the head "Gratuity" on Note No.23		
** Under the head "Salaries and incentives" on Note No.23		
Percentage of each Category of Plan Assets to total Fair value of Plan assets as at 31st March, 2015 - 100% with Life Insurance Corporation of India.		
Actual Return on Plan Assets:	6.75% (6.75%)	N.A. N.A.
Principal Actuarial Assumption as at 31st March, 2015		
(a) Discount Rate (per annum)	7.80% (9.00%)	7.80% (9.00%)
(b) Expected Rate of Return on Plan Assets (per annum)	6.75% (6.75%)	N.A. N.A.
(c) Salary Escalation	5.00% (5.00%)	5.00% (5.00%)
(d) Withdrawal Rate	2.00% (2.00%)	2.00% (2.00%)



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

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.

- 40) 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.
- 41) Related Party Disclosure in accordance with Accounting Standard – 18 issued by The Institute of Chartered Accountants of India.

(I) List of Related Parties
a) Associates:-

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

b) Key Management Personnel:-

- Shri S. S. Shah (Chairman & Managing Director)
Shri Sundeep Shah (Executive Director)
Smt. Ginia Devi Shah (Wife of Mr.S.S.Shah)

(II) Transactions with Related Parties :

PARTICULARS	ASSOCIATES						Key Management Personnel
	(₹ in lacs)						
	Ethics Commercials Ltd	Lucky Goldstar Co. Ltd.	P. K. Textiles Ltd	Tarun Fabrics Ltd	Gemini Overseas Ltd	Total	
Income & Expenditure							
Purchase of Raw Materials & Finished Goods	123.04	-	-	0.50	-	123.54	
	(0.57)	(195.52)	-	(1.35)	-	(197.45)	
Sales of Goods	334.05	-	-	4.99	-	339.04	
	(519.05)	(9.08)	(1.65)	(151.57)	-	(681.35)	
Services Received	-	-	-	-	-	-	
Services Rendered	1.96	-	-	-	-	1.96	
	(0.24)	-	-	-	-	(0.24)	
Purchase of Fixed Assets	-	-	-	-	2.50	2.50	
Rent Received	0.08	0.07	-	0.01	-	0.16	
	(0.08)	(0.07)	-	(0.01)	-	(0.16)	
Rent Paid	-	-	0.87	-	-	0.87	
	-	-	(0.78)	-	-	(0.78)	
Remuneration Paid	-	-	-	-	-	-	46.94 (48.62)

Balances as on 31st March, 2015						
Trade receivables	50.63	-	-	-	-	50.63
	(75.23)	(9.06)	-	(1.44)	-	(85.73)
Trade payables	34.16	-	-	-	-	34.16
	-	-	-	-	-	-
Unsecured loan (interest-free) received	350.00	-	390.00	-	-	740.00
	(350.00)	-	(390.00)	-	-	(740.00)
						734.00 (734.00)



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

42) Research & Development Expenditure

Particulars	2014-15 Amount (₹ in lacs)	2013-14 Amount (₹ in lacs)
Revenue Expenditure	88.44	73.98

43) Earnings Per Share (EPS)

Particulars	2014-15 Amount (₹ in lacs)	2013-14 Amount (₹ in lacs)
Profit/ (Loss) after Tax considered for calculating EPS	(3,688.24)	(13,644.74)
Less:- Preference Dividend & Dividend tax shown under contingent liability	134.39	130.17
Weighted average number of Equity Shares of ₹ 2/- each	78,952,620	78,952,620
Earning Per Share (Basic & Diluted)	(4.84)	(17.45)

44) As per the provisions of Schedule II of the Companies Act, 2013, depreciation for the year ended March 31, 2015 has been provided on the basis of the useful life of the assets. As a result of this the depreciation expenses in the statement of Profit & Loss Account is higher by ₹ 652.25 Lacs.

No depreciation has been provided on the assets located at the Falta & Nanjangud units. In the year 2012-2013, assets located at the said units were impaired and both the units are inoperative since then.

45) Earning In Foreign Currency

Particulars	2014-15 Amount (₹ in lacs)	2013-14 Amount (₹ in lacs)
Export of goods calculated on F.O.B. (accrual basis)	4,134.11	4,523.55

46) Expenditure in foreign currency

SI No	Particulars	2014-15 Amount (₹ in lacs)	2013-14 Amount (₹ in lacs)
1	Overseas Travelling	39.12	30.43
2	Commission to Agents	96.68	134.46
3	Others	93.93	94.88

47) Value of imports calculated on CIF basis:-

Particulars	2014-15 Amount (₹ in lacs)	2013-14 Amount (₹ in lacs)
Yarn	43.95	-
Fabrics	2.61	8.84

48) The previous year figures have been re-arranged and / or regrouped wherever necessary.

As per our report attached

For and on behalf of the Board

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

(L.K.Shroff)
Partner
(Mem.No.060742)

Kolkata
The 30th May, 2015

S. S. Shah
Chairman & Managing Director
DIN. 00491097

Sundeep Shah
Executive Director
DIN. 00484311

H. S. Gopalka
Director
DIN. 01099359

Deepak Agarwal
Secretary

U.S. Gutgutia
Chief Financial Officer

**ANNUAL REPORT
2014-2015**



EASTERN SILK INDUSTRIES LTD.

If undelivered please return to :

ABS CONSULTANT PVT. LTD.
99, Stephen House, 6th Floor
4, B.B.D. Bag (East)
Kolkata - 700 001

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Form No. MGT-II
EASTERN SILK INDUSTRIES LTD.
 CIN: L17226WB1946PLC013554

Registered Office: 19 R N Mukherjee Road, Kolkata 700 001

PROXY FORM

(Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the companies (Management and Administration) Rules, 2014)

Name of the member(s) :

Registered Address :

E.Mail Id..... Folio No./Client Id: DPID:

I/We, being the member(s) holding Shares of the above named Company, hereby appoint

1. Name

Address

E.mail ID

Signature:.....

, or failing him

2. Name

Address

E.mail ID

Signature:.....

, or failing him

3. Name

Address

E.mail ID

Signature:.....

Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 69th Annual General Meeting of the Company, to be held on the 23rd September, 2015 at 11.00 A.M. at "Kala Kunj" 48, Shakespeare Sarani, Kolkata 700 017 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolutions	For	Against
1. Consider and adopt Audited Financial Statements, along with Report of Directors and Auditors		
2. Appointment of Auditors and fixing their remuneration.		
3. Re-appointment of Sri Sundeep Shah as Whole Time Director		
4. Appointment of Ms. Megha Shah as Executive Director		
5. Re-appointment of Shri G.D. Harnathka as Independent Director		
6. To adopt new regulations of the Articles of Association		

Signed this.....day of 2015

Signature of shareholder

Signature of Proxy holder(s)

Affix Re. 1
Revenue
Stamp

Note: This form duly filled up, stamped and signed by the appointer or his attorney duly authorized in writing or if the appointer is a Body Corporate, under the seal or signed by an attorney duly authorized by it shall be deposited at the Registered Office of the Company along with the power of Attorney, if any under which the Proxy Form is signed, not less than 48 hours before the time for holding the meeting.