



NOTICE

The Sixty-Eighth Annual General Meeting of Eastern Silk Industries Ltd. (CIN. L17226WB1946PLC013554) will be held on Wednesday, the 25th June, 2014 at 11:00 A.M. at Kala Kunj, 48, Shakespeare Sarani, Kolkata – 700 017, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Statement of Profit & Loss for the year ended 31st March, 2014 and the Balance Sheet as at that date together with the report of the Directors and Auditors thereon.
2. 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 (2) and 142(1) of the Companies Act, 2013, M/s B. K Shroff & Co, Chartered Accountants, Kolkata (Firm Registration No 302166E) the retiring Auditors, be and are hereby appointed as Statutory Auditors of the Company for a period of three (3) years subject to ratification by members at every Annual General Meeting commencing from the conclusion of this Annual General Meeting until the conclusion of the Seventy First Annual General Meeting on such remuneration as may be determined by the Board of Directors of the Company on a year to year basis.”

SPECIAL BUSINESS :

3. To consider 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 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), (Corresponding to Section 198, 269, 309 Schedule XIII to the Companies Act, 1956) 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 S.S. Shah (**DIN. 00491097**) as the Managing Director of the Company for a period of three years effective from 1st September 2014 to 31st August 2017 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.”

4. To appoint a Director in place of Sri H.S. Gopalka (**DIN.01099359**), 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.

“RESOLVED THAT Sri H.S. Gopalka, be and is hereby appointed as an Independent Director for a tenure of three (3) years in pursuant to the provisions of sections 149(4), 149(6) and 152 of the Companies Act 2013.”

5. To appoint a Director in place of Sri R.S. Rungta (**DIN.00534129**) who retires by rotation and being eligible offers himself for re-appointment and if thought fit, to pass with or without modification, the following Resolution as a Special Resolution.

“RESOLVED THAT Sri R.S. Rungta be and is hereby appointed as an Independent Director for a tenure of three (3) years in pursuant to the provisions of sections 149(4), 149(6) and 152 of the Companies Act 2013.”

Registered Office:
19, R. N. Mukherjee Road
Kolkata – 700 001
Dated : The 28th May, 2014

By Order of the Board
DEEPAK AGARWAL
SECRETARY



NOTES :

1. **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead and the proxy need not be a member of the Company. The proxy, in order to be effective, must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.**
2. The Register of Members and Share Transfer Books of the Company will remain closed from 18th June 2014 to 25th June 2014, both days inclusive on account of Annual General Meeting.
3. **Voting through electronic means**

- I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL):

The instructions for e-voting are as under:

- (i) The Notice of the 68th AGM of the Company inter alia indicating the process and manner of e-Voting process along with printed Attendance Slip and Proxy Form is being dispatched to all the Members. Initial password is provided as below /at the bottom of the Attendance Slip for the 68th AGM:

EVEN (E Voting Event Number) USER ID PASSWORD/PIN _____

- (ii) NSDL shall also be sending the User-ID and Password, to those members whose shareholding is in the dematerialized format and whose email addresses are registered with the Company/Depository Participants(s). For members who have not registered their email address, can use the details as provided below.
- (iii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
- (iv) Click on Shareholder – Login
- (v) Put user ID and password as initial password noted in step (i) above. Click Login.
- (vi) Password change menu appears. Change the password 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.
- (vii) Home page of e-Voting opens. Click on e-Voting: Active Voting Cycles.
- (viii) Select “EVEN” of **EASTERN SILK INDUSTRIES LIMITED**
- (ix) Now you are ready for e-Voting as Cast Vote page opens.
- (x) Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted.
- (xi) Upon confirmation, the message “Vote cast successfully” will be displayed.
- (xii) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xiii) 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 esil.scrutinizer@gmail.com with a copy marked to evoting@nsdl.com.

- II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of www.evoting.nsdl.com.
- III. If you are already registered with NSDL for e-voting then you can use your existing user ID and password for casting your vote.
- IV. 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).
- V. The e-voting period commences on June 18, 2014 (9:00 am) and ends on June 18, 2014 (6:00 pm). During this period shareholders’ of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of May 23, 2014, may cast their vote electronically. The e-voting module shall also be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.



- VI. The voting rights of Shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on, Friday, 23rd May, 2014.
 - VII. Since the Company is required to provide members facility to exercise their right to vote by electronic means, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of May 23rd, 2014 and not casting their vote electronically, may only cast their vote at the Annual General Meeting.
 - VIII. The Scrutinizer shall within a period of not exceeding three(3) working days from the conclusion of the e-Voting period unlock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
 - IX. The Results shall be declared on or after the 68th Annual General Meeting of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.easternsilk.com and on the website of NSDL within two(2) days of passing of the resolutions at the 68th Annual General Meeting of the Company on 25th June, 2014 and communicated to the NSE Limited.
4. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, (Corresponding to Section 173(2) of the Companies Act, 1956) 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 remains unpaid or unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund of the Central Government. Members, who have not encashed their dividend warrants pertaining to the year 2006-07, 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, (Corresponding to Section 173(2) of the Companies Act, 1956).

Item No. 3

Sri S.S. Shah was reappointed as the Managing Director of the Company for a period of three (3) years with effect from 1st September 2011 on the terms and conditions and remuneration as approved by the Members at the Annual General Meeting held on 21st September 2011. As such, the present term of office of Sri S.S. Shah shall expire on 31st August 2014. Sri S.S. Shah has been associated with the Company since 1952 and currently holds overall responsibility for the working of the Company. Keeping in view the contribution made by Sri S.S. Shah for the growth of the Company, the Board of Directors of the Company and the Remuneration Committee have recommended the reappointment of Sri S.S. Shah for a period of three (3) years effective from 1st September 2014 on the following terms and conditions:

1. Salary : ₹ 2,00,000/- per month
2. Perquisites : Sri S.S. 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 S.S. Shah will be entitled to such remuneration by way of salary, perquisites and allowance as specified above, subject to the approval of the Central Government.

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

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

Your Directors recommend the resolution set out at Item No.3 of the Notice for approval of the Members. Sri S.S. Shah has completed 70 years of age and hence the Special Resolution.

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

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

Item No. 4 & 5

Your Directors recommend the resolution set out at Item No.4 & No.5 of the Notice for approval of the Members, as Sri H.S. Gopalka and Sri R.S. Rungta has completed 70 years of age and hence the Special Resolution.

Annexure to Notice dated 28th May, 2014

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 R. S. Rungta	Shri H.S. Gopalka
Age	80 years	82 years
Date of Appointment on the Board	19.07.1986	27.11.1991
Qualification	B.Com.	M.Com., L.L.B
Experience	Wide experience in managing large and diverse business.	Wide experience in finance and taxation.
Directorship held in other Public Companies	D. R. Steel Construction Pvt. Ltd.	—
Memberships / Chairmanships of Committees of Public Companies	—	—
Shareholding of Non-Executive Directors	Nil	Nil



DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting their sixty-eighth Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 2014.

FINANCIAL RESULTS

	(₹ in Lacs)	
	2014	2013
Profit/(Loss) before depreciation / Exceptional items and taxation	(11,771.01)	(9,759.52)
Less: Depreciation	1,567.52	1,782.17
Profit/(Loss) before taxation	(13,338.53)	(11,541.69)
Less: Exceptional Items	306.21	186.88
	(13,644.74)	(11,728.57)
Less/Add: Provision for Earlier Year Taxation	-	0.37
	(13,644.74)	(11,728.20)
Less/Add: Deferred Tax Liability	-	(2,193.03)
Profit/(Loss) after tax	(13,644.74)	(9,535.91)
Add: Balance brought forward from previous year	(4,692.78)	1,981.36
Add: Transferred from General Reserve	-	5,450.00
Less: Impairment of Revalued Assets	-	2,588.23
Which the Directors have decided to carry forward to the next year	(18,337.52)	(4,692.78)

PERFORMANCE REVIEW

Highlights of performance during the financial year 2013-14 are:

- Total Revenue from Operation of the Company is ₹ 7,962.76 lacs as against ₹ 7,586.10 lacs in the previous year.
- Operating Profit / (Loss) is ₹ (11,771.01) lacs as against ₹ (9,759.52) lacs in the previous year.
- Profit / (Loss) before taxation is ₹ (13,338.53) lacs as against ₹ (11,541.69) lacs in the previous year.
- Profit / (Loss) after Tax is ₹ (13,644.74) lacs as against ₹ (9,535.91) lacs in the previous year.

The Company has incurred substantial losses and the same was compounded due to debiting of the interest for the past for Working Capital and Term Loan for modernization coupled with bad markets resulting in poor sales.

Further the year ended 31.03.2014 the net worth of the Company has eroded and the Company has become Sick Industrial Company as per the provisions of Sick Industrial Companies (Special Provision) Act, 1985 (SICA) and the Company is required to make reference with the Board for Industrial and Financial Reconstruction (BIFR). Necessary compliances will be made in accordance with the provision of SICA.

The markets, in which the Company operates, are undergoing serious stagflation. In spite of the Company's best efforts to increase its share in the market in Europe and US, have faced serious resistance. Your Company has more or less achieved the same level of operations by introducing new products, new designs and new blends. Wherever offtake in the market is low, the customers/buyers are demanding more performance from the suppliers. This cycle of market phenomena is being faced by us also. On standalone basis without considering any interest and depreciation, there is a small surplus during the year.

FUTURE OUTLOOK

The outlook of the economic growth across the globe with positive vibrations will fuel a growth and demand recovery. At the present moment there is a lull in the market and the management is looking forward for changing situation in the global market. While optimism rears for new vigour and thrust like emphasis on colourways and new designs, it is expected these changes will bring in positive response from the overseas buyers and will trigger growth and profitability in due course of time.



DIVIDEND

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

PUBLIC DEPOSIT SCHEME

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

CORPORATE GOVERNANCE

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

DIRECTORS

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- That in preparation of the annual accounts, the applicable accounting standards have been duly followed.
- That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the year under review.
- 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.
- That the Directors have prepared the accounts for the financial year ended 31st March, 2014 on a going concern basis.

DISCLOSURE OF PARTICULARS

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

AUDITORS

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

The remarks of the Auditors regarding losses of company, provision for bad and doubtful debts, recognition of Net Deferred Tax Assets have been duly explained in Note No. 35, 36 and 38 to the Accounts respectively.

COST AUDITORS

Pursuant to the directives of the Central Government under the provisions of Section 148 of the Companies Act, 2013 (Corresponding to Section 233 B of the Companies Act, 1956), the Cost account records maintained by your Company are subject to yearly audit by qualified Cost Auditors. Your Company has appointed M/s. N. Radhakrishnan & Co., a firm of Cost Auditors, for conducting the audit of such records for the financial year 2013-14.

PERSONNEL

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

ACKNOWLEDGEMENT

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

Registered Office:

19, R. N. Mukherjee Road
Kolkata 700 001
Dated: The 28th May, 2014

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



ANNEXURE TO DIRECTORS' REPORT

Disclosure of Particulars pursuant to Companies (Disclosure of particulars in the report of the Board of Directors) Rules 1988 :

CONSERVATION OF ENERGY :

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

FORM A

(A) Power and Fuel Consumption

1. Electricity			Current Year	Previous Year
(a)	Purchased	Units	26,80,730	30,83,301
	Total Amount	₹	1,73,91,706	1,93,89,568
	Rate/Unit	₹	6.49	6.29
(b)	Own Generation through Diesel Generator	Units	1,86,388	1,81,481
	Total Amount	₹	34,13,006	27,38,737
	Cost/Unit	₹	18.31	15.09
2. (a) Briquettes				
	Quantity	Kgs.	4,71,099	9,58,400
	Total Amount	₹	25,26,839	42,36,298
	Cost/Unit	₹	5.36	4.42
(b) Fire Wood				
	Quantity	Kgs.	9,63,750	5,37,470
	Total Amount	₹	35,72,123	20,93,262
	Cost/Unit	₹	3.72	3.89

(B) Consumption per unit of products:

		Mtrs	5,47,391.40	5,25,779.30
<u>Silk Fabrics</u>				
Electricity	₹		31.77	36.88
Briquettes	₹		4.62	8.06
Fire wood	₹		6.54	3.98
Diesel	₹		6.24	5.21



TECHNOLOGY ABSORPTION

Research & Development

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

FORM B

R&D activities are carried out for development of new products.
Improvement in quality and customer satisfaction
Development of new varieties of products.
Capital ₹ Nil
Recurring ₹ 73.98 lakhs
R&D Expenditure as a percentage of turnover 0.95%

Technology Absorption, Adaptation & Innovation

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

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

FOREIGN EXCHANGE EARNINGS & OUTGO

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

Participating in the international trade fairs to showcase the Company's new developments and also invite the different Company 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.

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 28th May 2014

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

**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 2013-14 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	–	–	–
Shri Sundeep Shah	Promoter, Executive	–	–	–
Shri G.D. Harnathka	Non-Executive, Independent	–	–	–
Shri H.S. Gopalka	Non-Executive, Independent	–	–	–
Shri R.S. Rungta	Non-Executive, Independent	1	–	–

During the year under review, Board Meetings were held on 29th May 2013, 08th August 2013, 12th November 2013 and 12th February 2014. The attendance of the Directors for the Board Meeting and the last Annual General Meeting (AGM) was as follows :

Name of the Director	Meeting Attended	Whether attended the last AGM
Shri S.S. Shah	4	Yes
Shri Sundeep Shah	4	Yes
Shri G.D. Harnathka	2	No
Shri H.S. Gopalka	4	Yes
Shri R.S. Rungta	4	Yes

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 (Corresponding to Section 292A of the Companies Act, 1956), Clause 49 of the Listing Agreement with Stock Exchange and other relevant statutory / regulatory provisions.

II. Composition

The Audit Committee of the Company comprises three Directors of which two are non executive independent Directors namely Shri H.S. Gopalka and Shri R.S. Rungta and one Executive Promoter 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 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 2014 four Audit Committee meetings were held on 28th May 2013, 7th August, 2013, 11th November, 2013 and 11th February 2014 which were attended by all the members of the Committee.

REMUNERATION COMMITTEE**I. Constitution**

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

II. Composition

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

III. Meeting and Attendance

During the financial year ended 31st March 2014 no Remuneration Committee Meeting was held.

The details of the remuneration to the directors for the year ended 31st March 2014 are as under:

Name of the Director	Salary	Perquisites	Sitting Fees for Board & Committee Meetings	Total
Shri S.S. Shah	22,80,000	8,23,803	—	31,03,803
Shri Sundeep Shah	15,00,000	2,58,00	—	17,58,000
Shri H.S. Gopalka	—	—	28,000	28,000
Shri R.S. Rungta	—	—	28,000	28,000
Shri G.D. Harnathka	—	—	10,000	10,000

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, 2014, four 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, 2014, 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
21 th September 2011	11:00 A.M.	Kala Kunj 48 Shakespeare Sarani Kolkata – 700 017.
26 th September 2012	11:00 A.M.	-- DO --
5 th September 2013	11:00 A.M.	-- DO --

ii) Special Resolutions:

No special resolutions were passed during the year.

iii) Postal Ballot

No Postal Ballot was conducted during the year.

DISCLOSURES

- 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 Eight Annual General Meeting**

Venue : Kala Kunj, 48 Shakespeare Sarani, Kolkata – 700 017
Date : 25th June, 2014
Time : 11:00 A.M.

ii) Financial Calendar

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

iii) Book Closure

The date of book closure is from 18th June, 2014 to 25th June 2014 (both days inclusive).

iv) Listing on Stock Exchange

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

Listing fees for the year 2013-2014 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 2013-2014 are given below :

MONTH	HIGH (₹)	LOW (₹)
APRIL 2013	2.50	1.75
MAY 2013	2.05	1.60
JUNE 2013	2.05	1.45
JULY 2013	1.90	1.20
AUGUST 2013	1.35	1.00
SEPTEMBER 2013	1.25	1.00
OCTOBER 2013	1.45	1.20
NOVEMBER 2013	1.45	1.10
DECEMBER 2013	1.25	1.20
JANUARY 2014	1.45	1.30
FEBRUARY 2014	1.65	1.30
MARCH 2014	1.45	1.20



i) Share Holding (as on 31st March, 2014)

The shareholding distribution as at 31st March, 2014 is as follows:

No. of Shares	Number of Share Holders	% To Total Holders	No. of Shares held	% To total Holding
Upto 500	15,282	68.02	33,72,885	4.27
501 - 1000	3,345	14.89	29,21,832	3.70
1001 – 2000	1,651	7.35	26,58,406	3.37
2001 – 3000	693	3.08	17,97,188	2.28
3001 - 4000	286	1.27	10,40,622	1.32
4001 – 5000	339	1.51	16,12,871	2.04
5001 – 10000	444	1.98	32,97,170	4.18
10001 & above	426	1.90	6,22,51,646	78.85
TOTAL	22,433	100.00	7,89,52,620	100.00

The shareholding pattern as at 31st March, 2014 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	33,13,424	4.2
Private Corporate Bodies	88,47,131	11.21
Indian Public	2,19,94,255	27.85
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 dematerialized 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 31.03.2014 the dematerialised shares were 7,65,59,119 which represents 96.27% 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@giascil01.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.



MANAGEMENT'S DISCUSSION AND ANALYSIS :

CEO/ FM Certificate

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

Overall Review, Industry Structure and Developments

One striking fact which will have to be dwelled by the management, is going out of business by many of the old-time customers in Europe and U.S. Most of the established players in textile trade in Germany, Spain, Greece, Italy and France have filed winding up/liquidation proceeding in courts there. The redeeming feature of your Company's business is that from the year 2011, the terms and conditions of the sale were changed effectively. Taking advance before producing ordered goods has saved us from getting entangled in such litigations. The resultant effect on the market is to deal with smaller buyers with small quantities where the efforts and human resource requirement in sale have to be scaled up. Building up new relationship and to inculcate confidence in the buyers is a challenge in the market. Marginal suppliers are going out of market and the consolidation of businesses along with sustainability will take us to a new level and hope that in the future we will be able to reap the benefits from the market once the turnaround happens. The Company undertakes the regular cost cutting measures and research and development of new products and energy saving schemes along with training human resources for the future. These measures, the Company hope, will bring the desired results.

Opportunities and Threats

Accepting small sized orders to cater to various small buyers across the globe, whose inventory levels are always kept low, is a new opportunity and deliveries within the shortest possible time. It is expected that this kind of sale which is known as Stock End Sale, will take pick up in the future. Since there will be no entry barriers, the threats is from small players who will enter the market and margins will be under pressure in the future.

Segmentwise Performance

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

Outlook

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

Internal Control System

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

Human Resources

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

Cautionary Statement

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

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, 2014 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, 2014 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.

Yours sincerely

Kolkata
The 28th May,2014.

U.S Gutgutia
Finance Manager

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, 2014 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, 2014 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.

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

23A, Netaji Subhas Road,
 Kolkata
 The 28th May, 2014



Independent Auditors' Report

To
 The Members
Eastern Silk Industries Ltd.

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, 2014, 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

Management is responsible for 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956. This responsibility includes the design, implementation and maintenance of internal control 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 conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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.

- a) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2014;
- b) In the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

EMPHASIS OF MATTER

We draw attention to;

- a) Note no. 35 to the financial statements which states that the losses of the Company for the year and preceding years as per Books of Accounts stand at ₹ 38,134.70 lacs (Previous year ₹ 24,489.96 lacs) as on 31st March, 2014. After adjustment of the losses, the shareholders funds stands at ₹ (821.08) lacs (Previous year ₹ 12,897.98 lacs). As stated by the management, the Company is proceeding to file a revival plan before the BIFR under section 15 of SICA Act, 1985.



- b) Note No. 36 to the financial statements which states that Trade Receivables of ₹ 21,681.81 lacs (Previous year ₹ 21,681.81 lacs) receivable from overseas buyers towards sale consideration of goods exported, against which the company has filed money suits in the Hon'ble High Court Kolkata, which has been 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.
- c) Note No 38 to the financial statements regarding non recognition of Net Deferred Tax Assets (DTA) of ₹ 1,828.81 lacs in the accounts based on lack of future profitability projections made by the management. However we are unable to express any opinion on the projection and their consequential impact, if any.

Report on Other Legal and Regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(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 referred to in sub-section (3C) of section 211 of the Act;
 - e) On the basis of written representation received from the directors as at 31st March, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as at 31st March, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

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

Place : Kolkata
 Date : The 28th May, 2014



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) As explained to us and according to the information furnished to us, the Company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and as such clause (iii) of the Order is not applicable.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for the purchase of inventory, fixed assets and also for the sale of goods and services. During the course of our audit, we have not observed any major weakness in internal controls.
- v) In respect of transactions entered in the register maintained under Sec. 301 of the Companies Act, 1956:
 - a. To the best of our knowledge and belief and according to the information and explanations given to us, transactions that needed to be entered into the register pursuant to Section 301 of the Companies Act, 1956 have been so entered.
 - b. In our opinion and according to the information and explanations given to us, the transactions in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to ₹ 5 lacs or more in respect of any party have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) The Company has not accepted any deposits from the public and as such clause (vi) of the Order is not applicable.
- vii) In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of its business and needs to be further strengthened.
- viii) We have broadly reviewed the books of account and records maintained by the Company relating to 'Textiles' pursuant to Sec. 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of these records.



- ix) According to the information and explanations given to us in respect of the statutory dues:
- 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, 2014 for a period of more than six months from the date they became payable.
 - 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 Kamatka
Customs Duty Act	Custom Duty	148.50	2005-06	Commissioner of Custom (Port), Kolkata
Customs Duty Act	Custom Duty	78.92	2003-04	CESTAT, Bangalore
Customs Duty Act	Custom Duty	28.70	2003-04	Commissioner of Custom
Customs Duty Act	Custom Duty	44.07	2002-03	Commissioner of Custom
Income Tax Act	Income Tax	2.31	2004-05	I.T.A.T (Kolkata)
Income Tax Act	Income Tax	71.51	2010-11	I.T.A.T (Kolkata)

- The Company's accumulated losses at the end of 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.
- In our opinion and according to the information & explanations given to us, the Company has not defaulted in repayment of term loan installment & Interest to Banks and/or to Financial Institutions, except, ₹ 2,716.42 lacs Interest payable to Banks and Financial Institutions for which necessary provisions have been made. However, a sum of ₹ 35.45 lacs have been paid subsequently.
- 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.
- The Company is not a Chit Fund or a Nidhi / Mutual Benefit Fund/Society and as such reporting under clause (xiii) of the Order is not applicable to the Company.
- Based on our examination of the records and according to the information and explanations given to us, Company is not dealing or trading in shares, securities, debentures and other investments. We also report that the Company has held the shares, securities, debentures and other investments in its own name.
- According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from Banks or Financial Institutions.



- The company has not obtained any fresh term loans during the year under review. Accordingly, the provisions of clause (xvi) of the Order are not applicable to the company.
- According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that prima facie funds raised on short-term basis have been not used for long-term investments.
- The Company has not made preferential allotment of shares during the year to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- The Company has not issued any debentures during the year.
- The Company has not raised any money by public issue during the year.
- To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the course of our audit.

Place : Kolkata
The 28th May, 2014

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

**BALANCE SHEET**
AS AT 31ST MARCH, 2014

	Note No.	31st March, 2014 ₹	(₹ in lacs) 31st March, 2013 ₹
I. EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	2	2,979.05	2,979.05
Reserves and Surplus	3	(3,800.13)	9,918.93
Non-Current Liabilities			
Long-term borrowings	4	41,661.24	41,685.97
Long-term provisions	6	17.76	32.35
Current Liabilities			
Short-term borrowings	7	6,224.03	5,525.05
Trade payables	8	274.08	895.32
Other current liabilities	9	3,090.21	800.92
Short-term provisions	10	113.45	111.02
		<u>50,559.69</u>	<u>61,948.61</u>
II. ASSETS			
Non-current assets			
Fixed assets	11		
(i) Tangible assets		11,652.40	13,223.42
(ii) Capital work-in-progress		408.40	350.83
Non-current investments	12	0.39	0.39
Deferred Tax Asset	5	4,572.98	4,572.98
Long term loans and advances	13	79.41	83.25
Current assets			
Current investments	14	-	326.01
Inventories	15	8,471.68	10,281.93
Trade receivables	16	21,972.16	31,128.23
Cash and cash equivalents	17	2,727.83	1,341.12
Short-term loans and advances	18	674.44	640.45
		<u>50,559.69</u>	<u>61,948.61</u>
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 28th May, 2014

S. S. Shah
Chairman &
Managing Director

Sundeep Shah
Executive Director

H. S. Gopalka
Director

Deepak Agarwal
Secretary

**STATEMENT OF PROFIT & LOSS**
FOR THE YEAR ENDED 31ST MARCH, 2014

	Note No.	31st March, 2014 ₹	(₹ in lacs) 31st March, 2013 ₹
Revenue from operations	19	7,962.76	7,586.10
Other Income	20	2,549.81	1,999.06
Total Revenue		<u>10,512.57</u>	<u>9,585.16</u>
Cost of materials consumed	21	891.77	928.96
Purchase of Stock-in-Trade	22	2,276.98	1,834.03
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	23	2,222.53	7,761.41
Employee benefit expenses	24	567.28	447.48
Finance cost	25	4,826.41	4,598.45
Depreciation and amortization expense	26	1,567.52	1,782.17
Other expenses	27	11,498.61	3,774.35
Total Expenses		<u>23,851.10</u>	<u>21,126.85</u>
Profit / (Loss) before exceptional items and tax		<u>(13,338.53)</u>	<u>(11,541.69)</u>
Exceptional Items	34	(306.21)	(186.88)
Profit / (Loss) before tax		<u>(13,644.74)</u>	<u>(11,728.57)</u>
Tax expense:			
Deferred tax		-	(2,193.03)
Earlier Year Taxation		-	0.37
Profit/(Loss) for the year		<u>(13,644.74)</u>	<u>(9,535.91)</u>
Earning per equity share:			
Basic & Diluted		-17.45	-12.24
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 28th May, 2014

S. S. Shah
Chairman &
Managing Director

Sundeep Shah
Executive Director

H. S. Gopalka
Director

Deepak Agarwal
Secretary

**CASH FLOW STATEMENT**

for the Year Ended 31st March, 2014

	(₹ in lacs)	
	31st March, 2014	31st March, 2013
	₹	₹
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit / (Loss) Before Tax and Exceptional Items	(13,338.53)	(11,541.69)
Add : Adjustments for :		
Depreciation	1,567.52	1,782.17
Impairment	-	1,205.21
Interest	4,826.41	4,598.45
Provision for Doubtful Debts	8,981.39	-
Irrecoverable Balance Written Off	6.50	9.19
Loss on Sale of Fixed Assets	2.57	1.42
Less : Adjustments for :		
Interest & Dividend Received	100.82	201.06
Unrealised Foreign Exchange(Net)	1,913.31	1,637.80
Profit on Sale of Fixed Assets	-	0.30
Profit on Sale of Investments	81.87	12.87
Provision for Doubtful Debts written back	-	17.21
Sundry Balances Adjusted	69.66	43.08
Operating Profit Before Working Capital Changes	(119.80)	(5,857.57)
(Increase)/Decrease in Inventories	1,810.25	7,604.23
(Increase)/Decrease in Trade Receivables	2,087.99	(1,502.10)
(Increase)/Decrease in Long Term Loans & Advances	(2.66)	(13.72)
(Increase)/Decrease in Short Term Loans & Advances	(20.22)	(34.10)
Increase/(Decrease) in Trade Payables	(551.58)	648.94
Increase/(Decrease) in Other Liabilities	2,289.32	325.61
Increase/(Decrease) in Long Term Provisions	(14.59)	20.34
Increase/(Decrease) in Short Term Provisions	2.43	25.71
Cash Generated From Operations	5,481.14	1,217.35
Interest paid on Working Capital	692.60	584.69
Taxes paid	13.78	(9.12)
Cash Flow From Operation before Exceptional Item	4,774.76	641.76
Exceptional Item	306.21	186.88
Net Cash Flow From Operating Activities	4,468.55	454.88
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Add : Inflows		
Sale of Fixed Assets	5.13	1.79
Sale of Investments	2,617.86	442.88
Interest Received	100.78	201.04
Dividend Received	0.03	0.02
Less : Outflows		
Purchase of Fixed Assets	160.82	293.27
Purchase of Investment	2,209.98	756.01
Net Cash Used In Investing Activities	353.00	(403.55)

**CASH FLOW STATEMENT**

for the Year Ended 31st March, 2014

	(₹ in lacs)	
	31st March, 2014	31st March, 2013
	₹	₹
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Increase / (Decrease) in Short Term Borrowings	698.97	98.07
Increase / (Decrease) in Long Term Borrowings	-	2,762.20
Less:		
Interest paid on Term loan,WCTL,FITL & others	4,133.81	4,013.76
Net Cash Used In Financing Activities	(3,434.84)	(1,153.49)
Net Changes In Cash & Cash Equivalents (A+B+C)	1,386.71	(1,102.15)
* Cash & Cash Equivalents - Opening Balance	1,341.12	2,443.27
* Cash & Cash Equivalents - Closing Balance	<u>2,727.83</u>	<u>1,341.12</u>

* Represents Cash & Bank balances as indicated in Note No. 17

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 28 May, 2014**S. S. Shah**
Chairman &
Managing Director**Sundeep Shah**
Executive Director**H. S. Gopalka**
Director**Deepak Agarwal**
Secretary

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

1. SIGNIFICANT ACCOUNTING POLICIES

i) **Basis of Accounting :**

The financial statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956 and wherever applicable as per the provisions of the Companies Act, 2013.

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 and Amortization :**

Depreciation is provided on Written Down Value method except for Unit 1 & Unit 3 which are provided on Straight Line Method at the rates prescribed in Schedule XIV of the Companies Act, 1956. Depreciation of the assets added / disposed off / impaired during the year is provided on pro-rata basis.

Depreciation on revalued assets is provided on Straight Line Method over the residual life of the respective assets. The charge for depreciation on account of revaluation is withdrawn from capital reserve.

Wherever amortization charges are required to be provided, the same is done over the useful life of the underlying assets based on technical evaluation.

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, 2014viii) **Foreign Currency Transactions :**

- Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of transaction.
- 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.
- 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.
- 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.

Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing them in their present condition. Cost of raw materials, stock in process, stock in trade and finished goods are determined on average cost basis.

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. 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.

Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

xii) **Employee Benefits :**

- 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.
- Post employment Benefits**
 - 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, 2014

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 immediately 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 & Capital Work-in-Progress and depreciation is provided at the respective applicable rates.

b) Revenue Expenditure is charged in 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.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

		(₹ in lacs)	
		31st March, 2014	31st March, 2013
		₹	₹
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		
(20,00,000)	Preference Shares of ₹ 100/- each	2,000.00	2,000.00
		<u>5,000.00</u>	<u>5,000.00</u>
Issued			
7,91,10,120	Equity Shares of ₹ 2/- each	1,582.20	1,582.20
(7,91,10,120)			
14,00,000	8 % Redeemable Cumulative		
(14,00,000)	Preference Shares of ₹ 100/- each	1,400.00	1,400.00
		<u>2,982.20</u>	<u>2,982.20</u>
Subscribed & Paid Up			
7,89,52,620	Equity Shares of ₹ 2/- each	1,579.05	1,579.05
(7,89,52,620)			
14,00,000	8 % Redeemable Cumulative		
(14,00,000)	Preference Shares of ₹ 100/- each	1,400.00	1,400.00
		<u>2,979.05</u>	<u>2,979.05</u>
		<u>2,979.05</u>	<u>2,979.05</u>

- 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.

		31st March, 2014		31st March, 2013	
Equity Shares of ₹ 2/- each fully paid	No. of Shares	% of Holding	No. of Shares	% of Holding	
Shri Shyam Sundar 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 preceding the date at which Balance Sheet is prepared.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**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 as per C.D.R. approval 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, Monitoring Institution under CDR Scheme.

Note 3 :- Reserves & Surplus**Capital Reserve**

	31st March, 2014 ₹	31st March, 2013 ₹
Opening Balance	382.96	593.17
Add : Erstwhile S.S.L's non-payable loans written back	24.73	-
Less : Depreciation on Revalued Asset	99.05	99.05
Less : Impairment of Revalued Assets	-	111.16
Closing Balance	<u>308.64</u>	<u>382.96</u>

Capital Redemption Reserve

Opening Balance	1,400.00	1,400.00
Closing Balance	<u>1,400.00</u>	<u>1,400.00</u>

Securities Premium Account

Opening Balance	11,428.75	11,428.75
Closing Balance	<u>11,428.75</u>	<u>11,428.75</u>

Preference Share Redemption Reserve

Opening Balance	1,400.00	1,400.00
Closing Balance	<u>1,400.00</u>	<u>1,400.00</u>

General Reserve

Opening Balance	-	5,450.00
Less: Transferred to Surplus	-	5,450.00
Closing Balance	<u>-</u>	<u>-</u>

Surplus / (Deficit)

Opening Balance	(4,692.78)	1,981.36
Add: Transferred From General Reserve	-	5,450.00
Less : Impairment of Revalued Assets	-	2,588.23
Net Loss for the year	(13,644.74)	(9,535.91)
Closing Balance	<u>(18,337.52)</u>	<u>(4,692.78)</u>
	<u>(3,800.13)</u>	<u>9,918.93</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**Note 4 :- Long Term Borrowings****Secured**

	31st March, 2014 ₹	31st March, 2013 ₹
Term Loan	5,341.59	5,341.59
Working Capital Term Loan	29,600.57	29,600.57
Funded Interest Term Loan	5,245.08	5,245.08

Unsecured

Loans From Promoters		
Smt Ginia Devi Shah	367.00	367.00
Shri Shyam Sundar 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

Loans From Others	-	24.73
	<u>41,661.24</u>	<u>41,685.97</u>

Nature of Security**Term Loan**

- Pari passu first charge over entire movable fixed assets excluding assets charged to other lenders.
- Pari passu second charge over the company's entire current assets excluding assets charged to other lenders.
- Equitable Mortgage of the Company's Property No. 84 in 54 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.
- 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.
- Personal guarantee of Shri S.S.Shah and Sri Sundeeep Shah.

Working Capital Term Loan

- Secured against first pari-passu charge on all Assets, excluding assets exclusively charged to respective lenders.
- 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.
- Second charge on the Company's property at 411, Telugarahalli Road, Anekal, Bangalore - 562 106.
- Second charge on the Company's property at Kammasandra Agrahara Kasaba Hobli, Anekal, Bangalore-562106.
- 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 Sri Sundeeep Shah.

Vehicle Loan

Secured against hypothecation of Vehicles.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014****Loan from Related Parties**

Promoters Contribution as per C.D.R. Scheme (free of interest) to remain subordinate to the Banks Loan.

There has been no default of any repayment of principal amount and an amount of ₹ 2,396.88 lacs towards interest is due for payment to the banks and financial institutions and proper provisions have been made in the books.

Bank	Term Loan		WCTL		FITL	
	31.3.2014	31.3.2013	31.3.2014	31.3.2013	31.3.2014	31.3.2013
	₹	₹	₹	₹	₹	₹
Allahabad Bank	-	-	7,398.00	7,398.00	962.35	962.35
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	787.68	118.48	118.48
SIDBI	-	-	770.00	770.00	119.00	119.00
State Bank of Hyderabad	-	-	1,130.16	1,130.16	179.70	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	-	-	3,157.37	3,157.37	487.64	487.64
The Federal Bank Ltd	-	-	2,973.00	2,973.00	459.00	459.00
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
	5,341.59	5,341.48	29,600.57	29,600.57	5,245.08	5,245.08
Terms of Payment						
Year						
2015	133.53	133.53	740.01	740.01	131.13	131.13
2016	400.62	400.62	2,220.04	2,220.04	393.38	393.38
2017	667.70	667.70	3,700.07	3,700.07	655.64	655.63
2018	667.70	667.70	3,700.07	3,700.07	655.64	655.63
2019	1,068.32	1,068.32	5,920.11	5,920.11	1,049.02	1,049.02
2020	1,068.32	1,068.32	5,920.11	5,920.11	1,049.02	1,049.02
2021	1,335.40	1,335.40	7,400.16	7,400.16	1,311.27	1,311.27
	5,341.59	5,341.59	29,600.57	29,600.57	5,245.08	5,245.08

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

	31st March, 2014	31st March, 2013
	₹	₹
Deferred Tax (Liability) / Asset :		
Opening Balance	4,572.98	2,379.95
On account of depreciation on fixed assets	-	20.60
Deferred Tax Asset :		
On account of timing differences in recognition of expenditure	-	591.75
On Account of unabsorbed losses under I.T. Act 1961	-	1,580.68
Net Deferred Tax (Liability) / Asset	4,572.98	4,572.98

*Refer to Note : 38

Note 6:- Long Term Provisions

	31st March, 2014	31st March, 2013
	₹	₹
Provisions for Employees Benefit		
Leave Encashment	17.76	32.35
	17.76	32.35

Note 7 :- Short Term Borrowings

	31st March, 2014	31st March, 2013
	₹	₹
Secured Loan *		
Loans repayable on demand	6,224.03	5,522.23
(Cash Credit/Packing Credit/Foreign Bills Payable/Letter of Credit)		
Vehicles Loan	-	2.82
(Secured against hypothecation of Vehicles)		
	6,224.03	5,525.05

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**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 10,896 sq.mtrs together with all buildings & structures thereon.
- Personal Guarantee of Shri S.S.Shah and Shri Sundeep Shah.

There has been no default of any repayment of principal amount and an amount of ₹ 319.54 lacs towards interest is due for payment to the banks and financial institutions and proper provisions have been made in the books.

	31st March, 2014	31st March, 2013
	₹	₹
Note 8 :- Trade Payables		
Sundry Creditors for Goods & Services*	274.08	895.32
	274.08	895.32

* For dues to Micro, Small & Medium enterprises refer note no. 39

Note 9 :-Other Current Liabilities

	31st March, 2014	31st March, 2013
	₹	₹
Advance from customers	131.98	30.83
Unclaimed Dividend	24.10	34.73
Statutory Dues	12.90	18.62
Others	2,921.23	716.74
	3,090.21	800.92

Note 10 :- Short Term Provisions

	31st March, 2014	31st March, 2013
	₹	₹
Provision for employee benefits		
Salary and Reimbursement	106.44	100.53
Contribution to P.F. & ESIC	3.53	6.31
Leave Encashment	3.48	4.18
	113.45	111.02



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

Note 11:- Fixed Assets

Particulars	TANGIBLE ASSETS										Capital Work In Progress	Total
	Leasehold (a)	Land Freehold	Building	Plant & Machinery	Electric Installations	Office Equipment & Furniture	Vehicles	Total	₹	₹		
Cost or valuation At 1st April 2012	239.51	139.27	3,227.23	30,010.24	803.42	441.80	108.69	34,970.16	199.87	35,170.03		
Additions	-	-	-	50.09	-	67.70	24.53	142.32	161.70	304.02		
Impairment	-	-	-	-	-	-	-	-	-	-		
Other Adjustment (Borrowing Cost)	-	-	-	-	-	-	-	-	-	-		
Sales/Deductions	-	-	-	-	-	11.38	4.53	15.91	10.74	26.65		
At 31st March 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 (Borrowing Cost)	-	-	-	-	-	-	-	-	-	-		
Sales/Deductions	-	-	-	-	-	-	-	-	-	-		
At 31st March 2014	239.51	139.27	3,227.23	30,083.23	803.62	573.64	112.56	35,179.06	408.40	35,587.46		
Depreciation												
At 1st April 2012	-	-	1,246.57	14,133.12	394.79	266.42	59.42	16,100.32	-	16,100.32		
Charges for the year	-	-	120.48	1,664.79	32.49	47.35	16.11	1,881.22	-	1,881.22		
Impairment for the year	-	-	-	3,791.66	104.64	8.30	-	3,904.60	-	3,904.60		
Disposals	-	-	-	-	-	9.23	3.76	12.99	-	12.99		
At 31st March 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		
NET BLOCK												
At 31st March 2013	239.51	139.27	1,860.18	10,470.76	271.50	185.28	56.92	13,223.42	350.83	13,574.25		
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		

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

(b) Impairment includes ₹ NIL. (Previous Year ₹ 2,699.39 lacs) in respect of revalued assets of Nanjangud Unit.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

	31st March, 2014	31st March, 2013
	₹	₹
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
2,570 (Previous Year 2,570) Equity Shares of ₹ 10/- each fully paid up		
	<u>0.39</u>	<u>0.39</u>
Aggregate amount of quoted investments.	0.14	0.14
Market value of Tata Consultancy Services Ltd. is ₹ 1.37 lacs(Previous Year ₹ 1.01 lacs)		
Note 13 :- Long Term Loans & Advances		
Secured, Considered Good		
Security deposits	74.60	78.49
Unsecured, Considered Good		
Others	4.81	4.76
	<u>79.41</u>	<u>83.25</u>
Note 14 :- Current Inventories		
Other than Trade-Unquoted		
Mutual funds		
(2,04,202.487) HDFC Cash Management Fund-Treasury Advantage Plan-Retail-Growth	-	50.00
(1,47,863.984) HDFC Cash Management Fund-Treasury Advantage Plan-Wholesale-Growth	-	36.01
(32,951.060) Birla Sun Life Cash Manager - Growth-Regular Plan	-	90.00
(59,608.724) ICICI Prudential Floating Rate-Regular Plan- Growth	-	100.00
(3,238.416) Reliance Money Manager Fund-Growth Plan Growth Option	-	50.00
	-	<u>326.01</u>
Note 15 :- Inventories*		
Raw Materials and components	1,804.44	2,167.43
Work-in-progress	493.42	1,575.73
Finished goods	5,997.72	6,426.46
Stores and spares & Others	176.10	112.31
	<u>8,471.68</u>	<u>10,281.93</u>

* For Mode of valuation refer to Accounting Policy No. 1(x)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

	31st March, 2014 ₹	(₹ in Lacs) 31st March, 2013 ₹
Note 16:-Trade Receivables		
Unsecured and Considered Good		
Over Six Months	20,504.33	28,763.88
Others	1,467.83	2,364.35
Unsecured and Considered Doubtful		
Over Six Months	10,648.85	1,667.46
Less: Provision for doubtful debts	10,648.85	1,667.46
	<u>21,972.16</u>	<u>31,128.23</u>
Note 17:- Cash & Cash Equivalents		
Cash Balance		
Cash on hand	6.78	14.06
Balance with banks		
Earmarked Balance	24.10	34.73
F.D. as Margin money*	2,524.40	797.38
Current Account	161.56	484.49
Foreign Currency Account	11.03	10.46
	<u>2,727.83</u>	<u>1,341.12</u>
* F.D.'s Due for Maturity within 12 months	2,524.36	261.68
Note 18:-Short Term Loans & Advances		
Secured,Considered Good		
Others	22.33	37.48
Unsecured Considered Good		
Others	588.84	553.48
Advance Income Tax & Other taxes.	63.27	49.49
	<u>674.44</u>	<u>640.45</u>
Note 19:-Revenue From Operations		
Sale of products	7,573.99	7,260.15
Sale of Service	230.10	75.15
Other Operating Revenue		
Drawback	158.67	250.80
	<u>7,962.76</u>	<u>7,586.10</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

	31st March, 2014 ₹	(₹ in Lacs) 31st March, 2013 ₹
Note 20:- Other Income		
Interest Income		
On Bank Deposits	87.69	193.38
On Other Deposits	13.09	7.67
Dividend Income		
On Long Term Investment	0.03	0.02
Net gain/loss on sale of investments		
On Current Investment	81.87	12.87
Other Non-Operating Income		
Exchange Rate Difference	2,281.11	1,719.23
Sundry Balances & Liabilities		
No Longer Required Written Back	69.66	43.07
Profit on Sale of Fixed Assets	-	0.30
Rent Received	0.16	0.16
Provision For Bad & Doubtful Debts		
Written back	-	17.21
Other Miscellaneous Income	16.20	5.15
	<u>2,549.81</u>	<u>1,999.06</u>
Note 21:- Cost of Material Consumed		
Opening Stock	2,167.43	4,077.41
Add: Purchases	1,240.26	1,075.46
Less : Transferred to Finished Goods	711.48	2,056.48
Less:Closing Stock	1,804.44	2,167.43
	<u>891.77</u>	<u>928.96</u>
Raw Material Consumption		
Fabrics	-	19.19
Yarn	891.77	909.77
	<u>891.77</u>	<u>928.96</u>
Note 22:-Purchase of Stock in Trade		
Purchase of Finished Goods	2,276.98	1,834.03
	<u>2,276.98</u>	<u>1,834.03</u>
Note 23:-Changes in Inventories of Finished Goods,WIP & Stock in Trade		
Opening Stock of Work In Progress	1,575.73	4,778.30
Opening Stock of Finished Goods	6,426.46	8,928.82
Add :Transferred From Raw Marterial	711.48	2,056.48
	<u>8,713.67</u>	<u>15,763.60</u>
Less: Closing Stock of Work in Progress	493.42	1,575.73
Closing Stock of Finished Goods	5,997.72	6,426.46
	<u>6,491.14</u>	<u>8,002.19</u>
(Increase) / Decrease in Stock	<u>2,222.53</u>	<u>7,761.41</u>
Note 24:-Employees Benefits Expenses		
Salaries and incentives	431.63	271.61
Contributions to Provident & Other Fund	75.25	46.69
Contribution to Gratuity Fund	15.14	80.96
Staff welfare expenses	45.26	48.22
	<u>567.28</u>	<u>447.48</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

	31st March, 2014	(₹ in lacs) 31st March, 2013
	₹	₹
Note 25: Finance Cost		
Interest Expense		
To Bank on Term Loan	265.60	259.62
To Bank On WCTL,FITL,Cash Credit & Packing Credit Limit & Others	4,125.47	3,856.17
To Financial Institution on Term loan	328.31	328.31
To Financial Institution on WCTL,FITL & Cash credit Limit & Others	106.94	153.63
Other Borrowing Cost		
Other Financial Charges	0.09	0.72
	<u>4,826.41</u>	<u>4,598.45</u>
Note 26:- Depreciation & Amortization Expense		
On Tangible Assets	1,666.57	1,881.22
Less:		
Adjusted From Capital Reserve due to revaluation	99.05	99.05
	<u>1,567.52</u>	<u>1,782.17</u>
Note 27:- Other Expenses		
Manufacturing Expense		
Conversion, Machining & Other Direct Expenses	832.74	978.69
Stores, Spares & Accessories Consumed	20.16	65.36
Dyes & Chemicals Consumed	145.94	134.63
Power & Fuel	278.33	289.39
	<u>1,277.17</u>	<u>1,468.07</u>
Administrative Expenses		
Legal, Professional & Syndication Charges	34.66	15.25
Rent	47.67	33.80
Rates & Taxes	14.21	8.32
Insurance	131.78	179.65
Travelling Expenses	92.62	81.68
Mailing & Communication Expenses	18.34	21.17
Bank Charges & Commission	30.00	68.57
Directors' Meeting Fee	0.66	0.80
Managerial Remuneration	48.62	37.01
VAT	-	0.99
Auditor's Remuneration for		
Audit Fee	6.74	6.74
Tax Audit Fee	1.40	1.40
For Other Services	4.66	3.55
Miscellaneous Expenses	276.90	208.72
Donation	1.00	-
Loss on sale of Fixed Assets	2.57	1.42
Expenses Relating to Previous Year	1.46	0.50
Repairs & Maintenance of Building	0.94	0.30
Repairs & Maintenance of Plant & Machinery	8.42	9.83
Repairs & Maintenance of Others	18.99	27.71
Bad-debt	0.55	18.10
Irrecoverable Balances written off	6.50	9.19
Software Development Expenses	29.68	-
Provision for doubtful debts	8,981.39	-
Impairment of Assets	-	1,205.21
	<u>9,759.76</u>	<u>1,939.91</u>
Selling and Distribution Overhead		
Brokerage & Commission to Selling Agents	144.53	124.81
Sales Promotion	68.68	53.49
Freight, Packing, Forwarding, etc	248.47	188.07
	<u>461.68</u>	<u>366.37</u>
	<u>11,498.61</u>	<u>3,774.35</u>

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

28) Contingent Liabilities not provided for in respect of :

	2013-14 ₹ In Lacs	2012-13 ₹ In Lacs
(a) Guarantees given by the Bankers	47.00	133.77
(b) Excise, Sales tax, Custom Duty, ESIC & Other Claims	184.44	184.44
(c) Dividend on Cumulative Preference Shares (Including tax)	520.68	390.51
(d) Corporate Guarantee to a Bank for an Associate Company	-	650.00

29) 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.

30) 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 ₹ 4,849.67 Lacs (P.Y. ₹ 4,722.75 lacs) have been released and the balance bonds of ₹ 553.37 Lacs (P.Y. ₹ 680.29 lacs) is under process of being released by the Commissioner of Customs.

31) Claims against the Company not acknowledged as debts:

- i) Demand by the Department of Commercial Taxes, Government of Karnataka, levying a sum of ₹ 20 lacs, as Entry Tax on Import of Plant & Machinery. The Company has obtained a Stay Order from the Hon'ble High Court of Karnataka during 1996.
- ii) Demand by the Commissioner of Customs, Bangalore for ₹ 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 lacs with the Customs Authorities under protest.

32) 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.

33) The Company was under CDR package effective from 1st April,2011, but the financials approved by CDR for 2013-14 have not been fully achieved. The Company has in the meantime given a proposal for One Time Settlement of the Banks and deposited a sum of ₹ 2,400.00 Lacs being 5% of the total outstanding as per RBI norms which is kept in No lien Fixed Deposit with the banks and proposal is pending before the banks.

34) Exceptional item represents Payment made to Nanjangud workers amounting to ₹ 306.21 lacs on account of their final settlement.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

- 35) As at 31st March 2014 the Company's net worth stands at ₹ (821.08) lacs. Taking the three years' peak net worth of the Company, the current year's loss has eroded the entire net worth. As per the provisions of the SICA Act, 1985 it is mandatory for the Company and the Board of Directors to refer the Company under the BIFR. Accordingly necessary action is being taken for the said purpose as provided in the Law.
- 36) Provision for bad & doubtful debts amounting to ₹ 8,981.39 lacs has been provided in the statement of Profit & Loss account for the year ended 31st March 2014 against the total Trade Receivables of ₹ 32,621.01 lacs. The aggregate of ₹ 10,648.85 lacs stands as provision for doubtful debts in the books of accounts as at 31st March 2014. The said provision is considered adequate by the management for covering any short realization against money suite file accounts, against the Trade Receivables from overseas buyers towards sale consideration of goods exported amounting ₹ 21,681.81 lacs pending in the Kolkata High Court which are actively pursued for redressal.
- 37) Impairment :
During the year 2012-13, an amount of ₹ 3881.32 lacs have been impaired in respect of Plant & Machinery & Electrical Installation in the Unit located at Nanjangud and an amount of ₹ 23.28 lacs in respect of Plant & Machineries, Electrical Fittings, Furnitures and Office Equipments in the Unit located at Falta aggregating ₹ 3904.60 lacs. Both the units have become inoperative. The impairment of the Assets have been worked out on the basis of current market value that could be realized on the said Assets. An amount of ₹ 1205.21 lacs is charged to the profit & loss account during the year being the impaired value of the Assets net of revaluation and an amount of ₹ 2699.39 lacs being the impaired value of the revalued Assets have been withdrawn from the Reserve & Surplus.
- 38) In terms of Accounting Standard-22, Deferred Tax Assets (DTA) of ₹ 1828.81 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.
- 39) The dues to Micro, Small and Medium Enterprises as much to companies knowledge amounts to ₹ 11.64 lacs which are outstanding for more than 45 days as at 31st March 2014. 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.
- 40) 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.

	(₹ in Lacs)	
	Gratuity (Funded)	Leave Encashment (Unfunded)
I. Reconciliation of opening and closing balances of Defined Benefit Obligation		
(a) Defined benefit obligation at the beginning of the year	131.11	36.52
	(71.74)	(13.11)
(b) Current Service Cost	14.19	1.22
	(13.65)	(8.39)
(c) Interest Cost	11.80	3.29
	(5.73)	(1.05)
(d) Acquisitions	0.00	0.00
	(11.59)	(0.95)
(e) Actuarial (Gain)/Loss	0.34	1.14
	(91.92)	(30.93)
(f) Benefits paid	5.23	20.93
	(63.55)	(17.90)
(g) Defined benefit obligation at the end of the year	152.21	21.23
	(131.10)	(36.53)



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

	(₹ in Lacs)	
	Gratuity (Funded)	Leave Encashment (Unfunded)
II. Assets		
(a) Fair Value of Plan Assets at the beginning of the year	168.59	-
	(109.32)	-
(b) Expected Return on Plan Assets	15.59	-
	(8.75)	-
(c) Actuarial (gains)/loss on plan assets	(4.40)	-
	(0.62)	-
(d) Actuarial Gain / (Loss)	-	-
(e) Contributions by employer	-	20.93
	(86.61)	(17.90)
(f) Benefits Paid	5.23	(20.93)
	(63.56)	(17.90)
(g) Employer Expenses	-	-
	-	-
(h) Fund transferred from group companies	-	-
	(26.85)	-
(i) Acquisitions	-	-
	-	-
(j) Fair Value of Plan Assets at the end of the year	174.55	-
	(168.59)	-
III. Reconciliation of fair value of Assets and obligation		
(a) Fair Value of plan assets	174.54	-
	(131.11)	-
(b) Present Value of obligation	152.21	21.24
	(168.59)	(36.52)
(c) Net asset/(liability) recognized in Balance Sheet	22.33	(21.24)
	(37.48)	(36.52)
IV. Expense charged to the Profit and Loss Account		
(a) Current Service Cost	14.19	1.22
	(13.66)	(8.39)
(b) Interest Cost	11.79	3.29
	(5.74)	(1.05)
(c) Expected Return on Plan Assets	15.59	-
	(8.75)	-
(d) Actuarial Gain/(Loss)	4.74	(1.14)
	(70.30)	(30.93)
(e) Total expense charged to the Profit and Loss Account	15.14 *	5.65**
V. Division of Defined Benefit Obligation(Current / Non Current)	(80.96)*	(40.37)**
(a) Current Defined Benefit Obligation at end of the period	31.85	3.47
	(30.82)	(4.18)
(b) Non Current Defined Benefit Obligation at the end of the Period	120.36	17.76
	(100.29)	(32.35)
(c) Total Defined Benefit Obligation at the end of the Period	152.21	21.23
	(131.11)	(36.53)
* Under the head "Gratuity" on Note No.24		
** Under the head "Salaries and incentives" on Note No.24		
VI. Percentage of each Category of Plan Assets to total Fair value of Plan assets as at 31 st March, 2014 - 100% with Life Insurance Corporation of India.		
VII. Actual Return on Plan Assets:	6.75%	N.A.
	(9.25%)	N.A.
VIII. Principal Actuarial Assumption as at 31 st March, 2014		
(a) Discount Rate (per annum)	9.00%	9.00%
	(8.00%)	(8.00%)
(b) Expected Rate of Return on Plan Assets (per annum)	6.75%	N.A.
	(9.25%)	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, 2014

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.

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

(I) List of Related Parties	Name of the Person/ Company	
a) Associates:-	(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	0.57	195.52	-	1.35	-	197.45	
Sales of Goods	519.05	9.08	1.65	151.57	-	681.35	
Services Received	-	-	-	(2.78)	-	(2.78)	
Services Rendered	0.24	-	-	-	-	0.24	
Purchase of Fixed Assets	-	-	(4.21)	(1.75)	-	(5.96)	
Rent Received	0.08	0.07	-	0.01	-	0.16	
Rent Paid	(0.08)	(0.07)	-	(0.01)	-	(0.16)	
Guarantees Given	-	-	-	-	-	-	
Remuneration Paid	-	(650.00)	-	-	-	(650.00)	48.62 (37.01)

Balances as on 31st March, 2014							
Debtors/Receivables	75.23	9.06	-	1.44	-	85.73	
Creditors Payables	-	-	-	(46.48)	-	(46.48)	
Unsecured loan (interest-free) received	350.00	-	390.00	-	-	740.00	734.00 (734.00)



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014

43) Research & Development Expenditure

Particulars	2013-14 Amount (₹ in lacs)	2012-13 Amount (₹ in lacs)
Revenue Expenditure	73.98	59.09

44) Earnings Per Share (EPS)

Particulars	2013-14	2012-13
Profit/ (Loss) after Tax considered for calculating EPS	(13,644.74)	(9,535.91)
Less:- Preference Dividend & Dividend tax shown under contingent liability	130.17	130.17
Weighted average number of Equity Shares of ₹ 2/- each	78,952,620	78,952,620
Earning Per Share (Basic & Diluted)	(17.45)	(12.24)

45) Earning In Foreign Currency

Particulars	2013-14 Amount (₹ in lacs)	2012-13 Amount (₹ in lacs)
Export of goods calculated on F.O.B. (accrual basis)	4,523.55	4,264.53

46) Expenditure in foreign currency

SI No	.Particulars	2013-14 Amount (₹ in lacs)	2012-13 Amount (₹ in lacs)
1	Overseas Travelling	30.43	22.79
2	Commission to Agents	134.46	130.10
3	Others	94.88	89.18

47) Value of imports calculated on CIF basis:-

Particulars	2013-14 Amount (₹ in lacs)	2012-13 Amount (₹ in lacs)
Yarn	-	171.29
Fabrics	8.84	41.77

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 28th May, 2014

S. S. Shah
Chairman &
Managing Director

Sundeep Shah
Executive Director

H.S. Gopalka
Director

Deepak Agarwal
Secretary

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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 105(6) of the Companies Act, 2013 and rules 19(3) 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 68th Annual General Meeting of the Company, to be held on the 25th June, 2014 at 11.00A.M. at "Kala Kunj" 48, Shakespeare Sarani, Kolkata 700 017 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No. 1: 2. 3.

4.

Signed this.....day of 2014

Affix Re. 1
 Revenue
 Stamp

Signature of shareholder

Signature of Proxy holder(s)

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.

**ANNUAL REPORT
2013-2014**



EASTERN SILK INDUSTRIES LTD.

If undelivered please return to :

ABS CONSULTANT PVT. LTD.
99, Stephen House, 6th Floor
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Kolkata - 700 001