

**ANNUAL REPORT
2019-2020**



EASTERN SILK INDUSTRIES LTD.

CIN: L17226WB1946PLC013554

**BOARD OF DIRECTORS**

Sundeep Shah, *Chairman & Managing Director*
Megha Shah, *Executive Director*
G.D. Harnathka, *Non-Executive Independent Director*
Madhu Kant Sharma, *Non-Executive Independent Director*
Pankaj Kumar Deorah, *Non-Executive Independent Director*
Abhishek Haralalka, *Additional Non-Executive Independent Director*

CHIEF FINANCIAL OFFICER

U.S. Gutgutia

COMPANY SECRETARY & COMPLIANCE OFFICER

Deepak Agarwal

FACTORIES**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

STATUTORY AUDITORS

Suresh Kumar Mittal & Co.
Chartered Accountants
House No.60, 1st Floor
Pocket H-3, Sector-18
Rohini, Delhi-110 085

COST AUDITOR

N.RADHAKRISHNAN & CO.
11A, Dover Lane, Flat B1/34,
Kolkata-700029

BANKERS

State Bank Of India

REGISTRARS & SHARE TRANSFER AGENTS

ABS Consultant Pvt. Ltd.
Room No.- 99, Stephen House, 6th Floor
4, B.B.D. Bag (East)
Kolkata - 700 001
Phone : 2243 0153, 2220 1043
email : absconsultant99@gmail.com

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**NOTICE TO THE MEMBERS**

The Seventy Fourth Annual General Meeting of M/s. Eastern Silk Industries Limited (CIN: **L17226WB1946PLC013554**) will be held on Monday, the 28th September 2020 at 11:00 A.M. through Video Conferencing (VC)/ Other Audio Visual Means ("OVAM"), to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Statement of Profit & Loss for the year ended 31st March, 2020 and the Balance Sheet as at that date together with the report of the Directors and Auditors thereon and in this regard, pass the following resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT the audited financial statement of the Company for the financial year ended 31st March, 2020 and the reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted."

2. To appoint Mr. Sundeep Shah, who retires by rotation and being eligible, offers himself for re-appointment as a Director and in this regard, pass the following resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Sundeep Shah (**DIN. 00484311**), who retires by rotation at this meeting and being eligible has offered himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

3. To appoint Ms. Megha Shah, who retires by rotation and being eligible, offers herself for re-appointment as a Director and in this regard, pass the following resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013, Ms. Megha Shah (**DIN. 07172597**), who retires by rotation at this meeting and being eligible has offered herself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification, the following Resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152, 161 read with Schedule IV and any other applicable provisions of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the members of the Company be and is hereby accorded to appoint Mr. Abhishek Haralalka (DIN: **08836412**) as an Independent Director of the Company, who was appointed as the Additional Director of the Company by the Board of Directors with effect from 29th August 2020 and who holds office up to the date of Annual General Meeting in terms of section 161(1) of the Act, and qualifies for being appointed as an Independent Director and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, not liable to retire by rotation and to hold office for a term of 5 (five) consecutive years, that is, up to 28th August 2025."

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

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

"RESOLVED THAT pursuant to Regulation 17(1A) of SEBI (Listing Obligation Disclosure Requirements) Regulations, 2015 and any other applicable provisions of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the members of the Company be and is hereby accorded for continuation of holding of office by Mr. Madhu Kant Sharma (DIN: **01836989**), as an Independent Director of the Company for a term of 5 years effective from 30th March 2019 to March 29, 2024, notwithstanding that on 20th August 2020 has attained the age of 75 years during the aforesaid tenure

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

6. To consider and if thought fit, to pass with or without modification, the following Resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT, in accordance with the provisions of Section 148 of the Companies Act, 2013, the remuneration of M/s. N. Radhakrishnan & Co., Cost Accountant, appointed by the Board of Directors of the Company as the Cost Auditor to conduct audit of Cost Records maintained by the Company in respect of 'Silk fabrics', 'Cotton Fabrics', 'Linen Fabrics' and 'Polyester Fabrics' products for the financial year 2020-21, at ` . 25,000/- (Rupees Twenty Five Thousand only) plus goods and services tax as applicable, and reimbursement of out-of-pocket expenses incurred, be and is hereby ratified."

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

**Registered Office:**

19, R. N. Mukherjee Road

Kolkata – 700 001

Dated: 29th August 2020CIN: **L17226WB1946PLC013554**Email: **investors@easternsilk.com**

By Order of the Board

DEEPAK AGARWAL

COMPANY SECRETARY

NOTES:

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020, physical attendance of the Members to the AGM venue is not required and annual general meeting (AGM) be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorized representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time (28th September 2020, 11.00 A.M.) of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as venue voting on the date of the AGM will be provided by NSDL.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.easternsilk.com. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.
7. AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:-

The remote e-voting period begins on 25th September, 2020 at 09:00 A.M. and ends on 27th September 2020 at 05:00P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2: Cast your vote electronically on NSDL e-Voting system.



Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.
Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.
4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
 - c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered**
6. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:
 - a) Click on "**Forgot User Details/Password?**"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) **Physical User Reset Password?** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.



Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. 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. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to garimagupta.acs@gmail.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "**Forgot User Details/Password?**" or "**Physical User Reset Password?**" option available on www.evoting.nsdl.com to reset the password.
3. 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 download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request to or contact Mr. Amit Vishal, Senior Manager/Ms. Pallavi Mhatre, Manager, NSDL, Trade World, 'A' Wing, 4th Floor, Kamala Mills Compound, Lower Parel, Mumbai – 400013 at telephone no. 022-24994360/022 24994545 or at E-mail id evoting@nsdl.co.in.
4. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
5. The voting rights of the Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of Monday, the 21st day of September, 2020.
6. Any person, who acquires shares of the Company and becomes Member of the Company after dispatch of the Notice and holding shares as on the cut-off date i.e. Monday, the 21st day of August, 2020 may obtain the login ID and password by sending a request at evoting@nsdl.co.in or absconsultant99@gmail.com
7. However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.
8. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date only shall be entitled to avail the facility of remote e-Voting or casting vote through e-Voting system during the Meeting.
9. Pursuant to the provision of Section 108 of the Act read with rules thereof, Ms. Garima Gupta, Practicing Company Secretary, (Membership No.23738 ACS having COP.9038) has been appointed as the Scrutinizer to scrutinize the Remote e-Voting process and casting vote through the e-Voting system during the Meeting in a fair and transparent manner.



10. The Scrutinizer shall after the conclusion of e-Voting at the AGM, first download the votes cast at the AGM and thereafter unblock the votes cast through remote e-Voting system and shall make a consolidated Scrutinizer's Report.
11. The Results of voting will be declared within 48 hours from the conclusion of AGM. The declared results along with the Scrutinizer's Report will be available forthwith on the website of the Company www.easternsilk.com and on the website of NSDL. Such results will also be displayed on the Notice Board at the Registered Office as well as the Corporate Office of the Company and shall be forwarded to the National Stock Exchange of India Limited, BSE Limited and Calcutta Stock Exchange Limited.

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAAR (self-attested scanned copy of Aadhaar Card) by email to absconsultant99@gmail.com or investors@easternsilk.com

In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAAR (self-attested scanned copy of Aadhaar Card) to absconsultant99@gmail.com or investors@easternsilk.com
2. Alternatively member may send an e-mail request to evoting@nsdl.co.in for obtaining User ID and Password by proving the details mentioned in Point (1) or (2) as the case may be.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE EGM/AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

Shareholders, who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at (investors@easternsilk.com). The same will be replied by the company suitably in the meeting.

5. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
6. When a pre-registered speaker is invited to speak at the meeting but he / she does not respond, the next speaker will be invited to speak. Accordingly, all speakers are requested to get connected to a device with a video/ camera along with good internet speed.



7. The Company reserves the right to restrict the number of questions and number of speakers, as appropriate, for smooth conduct of the AGM.
8. Members who need assistance before or during the AGM, can contact NSDL on evoting@nsdl.co.in / 1800-222-990 or contact Mr. Amit Vishal, Senior Manager-NSDL at amitv@nsdl.co.in / 022-24994360 or Ms. Pallavi Mhatre, Manager, NSDL at pallavid@nsdl.co.in/ 022-24994545.

Explanatory Statement under Section 102 of the Companies Act, 2013 (“the Act”)**Item No.4**

Mr. Abhishek Haralalka (DIN: **08836412**) was appointed as Additional Non Executive Independent Directors on the Board of the Company pursuant to the provisions of Section 149 of the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”). They hold office up to the conclusion / date of the ensuing Annual General Meeting of the Company (“first term” in line with the explanation to Sections 149(10) and 149(11) of the Act).

Section 149 of the Act and provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) inter alia prescribe that an Independent director of a company shall meet the criteria of independence as provided in Section 149(6) of the Act.

The Company has also received declarations from Mr. Abhishek Haralalka (DIN: 08836412) that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under the Listing Regulations.

The relatives of Mr. Abhishek Haralalka (DIN: 08836412) may be deemed to be interested in the respective resolutions to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions. This statement may also be regarded as an appropriate disclosure under the Listing Regulations. The Board commends the Resolutions set out at Item Nos. 4 of the Notice for approval by the members.

Item No. 5

Mr. Madhu Kant Sharma (DIN: **01836989**) was appointed as the Non-Executive Independent Director of the Company, who is not liable to retire by rotation, for a period of 5 years with effect from 30th March 2019 on the term and conditions as approved by the Members at the Annual General Meeting held on 31st July 2019. Mr. Sharma has attained the age of 75 years on 20th August 2020. In view of Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements), (Amendment) Regulations, 2018, for the continuation of Mr. Sharma as a Non-Executive Independent Director beyond 20th August 2020, consent of the Members would be required by way of a Special Resolution. It is in the interest of the Company to continue to avail his valuable expertise.

The Board recommends the resolution for the approval of the Members. Except Mr. Sharma, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions. This statement may also be regarded as an appropriate disclosure under the Listing Regulations. The Board commends the Resolutions set out at Item Nos. 5 of the Notice for approval by the members.

Item No. 6

The Board of Directors of the Company (‘the Board’) at the meeting held on 29th August, 2020, on the recommendation of the Audit Committee, approved the appointment and remuneration of M/s. N. Radhakrishnan & Co., Cost Accountants, to conduct audit of Cost Records maintained by the Company in respect of ‘Silk fabrics’, ‘Cotton Fabrics’, ‘Linen Fabrics’ and ‘Polyester Fabrics’ products, for the financial year 2020-21.

In terms of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, remuneration of the Cost Auditors is required to be ratified by the Members of the Company.

The Board recommends the resolution for the approval of the Members. None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions. The Board commends the Resolutions set out at Item Nos. 6 of the Notice for approval by the members.



Annexure to Notice dated 29th August 2020

Details of Directors seeking Appointment / Re-Appointment at the forthcoming Annual General Meeting
(Pursuant to Regulation 36 of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015)

Particulars	Name of the Director	Name of the Director	Name of the Director	Name of the Director
Name of the Director	Sundeep Shah	Megha Shah	Abhishek Haralalka	Madhu Kant Sharma
DIN	00484311	07172597	08836412	01836989
Age	57 years	33 years	44 years	75 years
Date of Appointment on the Board	01.09.2006	01.04.2015	29.08.2020	30 th March 2019
Qualification	B.Com.	B.Com.	B.Com	Bachelor in Science
Experience	Wide experience in textile field and handling overseas customers	Designing of fabrics & Textile goods	Extensive knowledge of Export & Import of Textiles & Allied products	Extensive rich knowledge in finance and management accounting
Directorship held in other Public Companies	-	-	-	-
Memberships / Chairmanships of Committees of Public Companies	-	-	-	-
Shareholding of Non-Executive Directors	-	-	-	-
Relationship with any Director(s) of the Company	-	Daughter of Sundeep Shah (MD)	-	-
Other Activities	Associated with charitable trusts and educational institutions.	-	Member of BNI - India, one of the leading Business Networking Organization,	Associated with charitable trusts and educational institutions.



DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting their Seventy Fourth Annual Report together with the Audited Statements of Accounts of your Company for the year ended March 31, 2020.

FINANCIAL RESULTS

Particulars	(` . in Lacs)	
	<u>2020</u>	<u>2019</u>
Profit/(Loss) before depreciation/Exceptional Items and taxation	679.82	(241.73)
Less/Add: Depreciation	574.49	717.90
Profit/(Loss) for the year before taxation	105.33	(961.61)
Add/ (Less): Provision for Current/Earlier Year Taxation	(0.05)	(1.19)
Profit/(Loss) for the year	105.28	(962.80)
Add: Balance b/f of Retained Earnings of Previous Years	(20,075.06)	(19,112.26)
Balance to be Carried Forward to the Next Year	(19,969.78)	(20,075.06)

PERFORMANCE REVIEW

Highlights of performance during the financial year 2019-20 are:

- Total Revenue from Operation of the Company is ` .10317.51. Lacs as against ` . 6,523.58 Lacs in the previous year.
- Operating Profit / ((Loss) is ` . 679.82 Lacs as against ` . (241.73) Lacs in the previous year.
- Profit before taxation is ` .105.33. Lacs for the year as against the loss of ` . (961.61) Lacs in the previous year.
- Profit after Tax is ` .105.28. Lacs as against the Loss of ` . (962.80) Lacs in the previous year.

The Revenue from Operations of the Company during the year under review showed increase in the sales by 58 % as compared to the previous year. This resulted on account of the support received from the overseas market in terms of acceptability of the new designs and blends, introduced by the Company in the last few years. As mentioned earlier to cope with the international standards, operational hindrances have to be sorted by increasing the scale of operation via infusion of machines and technology.

PROCEEDINGS OF CORPORATE INSOLVENCY RESOLUTION PROCESS UNDER INSOLVENCY AND BANKRUPTCY CODE 2016 (IBC)

During the year under review, pursuant to Section 7 of the Insolvency & Bankruptcy Code, 2016 ("Code"), the Financial Creditors i.e. Edelweiss Asset Reconstruction Company Limited, ASREC (India) Ltd. and Export-Import Bank of India respectively filed applications to the Hon'ble National Company Law Tribunal, Kolkata Bench against the Company for recovery of their outstanding dues but none of the applications have been admitted till date by the Hon'ble NCLT, Kolkata Bench and Corporate Insolvency Resolution ("CIR") Process in respect of the Corporate Debtor i.e. Eastern Silk Industries Limited ("the Company") under the provisions of the said Insolvency and Bankruptcy Code, 2016 have not yet commenced. However the Company is continuously following up the issues involved with its Financial Creditors to resolve the differences.

IMPACT OF COVID-19

To contain the spread of Covid-19, the Government of India, imposed nationwide lockdown from 24th March, 2020. Your Company's plants at Bangalore, Karnataka were shut down temporarily from 23rd March, 2020. The units at Bangalore started resuming its operations from 2nd May, 2020. Production at both the plants started in gradual manner after implementing necessary precautions as per various guidelines issued by the Government. Since there is significant uncertainty with respect to complete opening up of the economy, it is difficult to ascertain the extent of impact of Covid-19 on performance of the Company in the year 2020-21.

FUTURE OUTLOOK

Within the limited scope and under restricted market condition, your management is very positively responding to matching situation in the global market. To bring down the cost of production, your Company will have to increase the scale of operation which further requires infusion of machineries and technology. However Company thrust would be on modernization and energy conservation in the coming future taking into consideration the impact of the pandemic of COVID-19.

DIVIDEND

The Board of Directors does not recommend any dividend on Equity Shares during the year under review. 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.

**DISCLOSURE OF PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO**

The particulars required to be furnished under Section 134(3) (m) of the Companies Act, 2013 read with Companies (Disclosure of particulars of Board of Directors) Rules, 1988 are set out in “Annexure I”, which forms part of the report. The manufacturing units of the Company are environment regulations complaint.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Requisite declarations from all the Independent Directors of the Company confirming that they are not disqualified to act as an Independent Director in compliance with the provisions of Section 149 of the Companies Act, 2013 and the Board is also in the opinion that the Independent Directors fulfill all the conditions specified in the Companies Act, 2013 making them eligible to act as Independent Director.

Necessary policies and the criteria for the performance evaluation of Directors as Individual, Board and Committees are devised by the Company. Evaluation of Board and Committees are being done under best practices prevalent in the Industry. The results of the evaluation are satisfactory and adequate and meet the requirement of the Company. The Company ensures constitution of the Board of Directors with an appropriate composition, size, diversified expertise and experience and commitment to discharge their responsibilities and duties effectively. Nomination & Remuneration Committee formulated by the Company's Board in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 17(10) of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 evaluates the each individual whether they met the specified criteria and provides valuable contribution to the Company. At the time of appointment/re-appointment of Independent Director, Nomination & Remuneration Committee assess the independence of the directors as referred in Section 149(6) of the Companies Act, 2013 and Regulations of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and re-assess the same when any new interest or relationships are disclosed by them. The Independent Directors shall abide by the “Code of Independent Directors” as specified in Schedule IV to the Companies Act, 2013. Nomination & Remuneration Committee ensures that all the requisite and applicable provisions of the Companies Act, 2013 rules and regulations made thereunder and SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 as amended from time to time are complied with.

DIRECTORS

Mr. Sundeep Shah (DIN:00484311), Chairman Cum Managing Director,
Ms. Megha Shah (DIN:07172597), Executive Director,
Mr. Madhu Kant Sharma (DIN: 01836989), Non-Executive Independent Director,
Mr. Pankaj Kumar Deorah (DIN:03426417), Non-Executive Independent Director and
Mr. G.D. Harnathka (DIN: 01360829) , Non-Executive Independent Director.

In accordance with Section 152 of the Companies Act, 2013, and the Articles of Association of the Company, Mr. Sundeep Shah and Ms. Megha Shah, Directors of the Company will retire by rotation and, being eligible, offers themselves for re-appointment.

KEY MANAGERIAL PERSONNEL

Following are the Key Managerial Personnel of the Company:

Mr. Sundeep Shah – Managing Director
Mr. U.S Gutgutia – Chief Financial Officer (CFO)
Mr. Deepak Agarwal – Company Secretary

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of provisions of Section 134(3)(c) of the Companies Act, 2013, your Directors state that:

- i) in the preparation of the annual accounts for the year ended March 31, 2020, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the year under review.
- iii) that the Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) that the Directors have prepared the accounts for the financial year ended 31st March, 2020 on a going concern basis.
- v) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- vi) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

NUMBER OF MEETINGS OF THE BOARD

The details of the meetings of the Board and the details of the attendance of the directors in the meetings are provided in the Corporate Governance Report.

**DETAILS OF COMMITTEES OF THE BOARD**

Composition of Audit Committee of Directors, Nomination & Remuneration Committee of Directors, Stakeholders Relationship/Grievance Committee of Directors and Share Transfer Committee of Directors, number of meetings held in each committee, and meetings attended by each member as required under the Companies Act, 2013 are provided in Corporate Governance Report and forming part of this report.

CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of corporate governance and adhere to the corporate governance requirements set out by SEBI. The report on Corporate Governance as stipulated under the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 forms an integral part of this Report. The requisite certificate from the Auditors of the Company confirming compliance with the requirements of Corporate Governance is attached to the report on Corporate Governance.

A separate section on Corporate Governance and Management Discussion and Analysis together with the Auditor's certificate confirming the compliance of conditions on Corporate Governance as Schedule V (Part E) of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 with the Stock Exchange form part of the Annual Report as "**Annexure II**"

PARTICULARS OF LOANS, GURANTEES, INVESTMENTS AND SECURITIES MADE

There are no loans given, investments made, guarantees given or security provided by the Company to any entity, under Section 186 of the Companies Act, 2013.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

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

Your Directors draw attention of the members to Note 47 to the financial statement which sets out related party disclosures.

MATERIAL CHANGES

No material changes or commitments affecting the financial position of the Company have occurred after the closure of the financial year till the date of this report.

CORPORATE SOCIAL RESPONSIBILITY

The Company formulated the Corporate Social Responsibility Committee (CSRC) in consultation with the Board during the F.Y 2014-15 pursuant to introduction of Section 135 under the Companies Act, 2013. Mr. Sundeep Shah, Mr. Madhu Kant Sharma and Mr. G.D. Harnathka are the members of the CSRC. Since the Company had incurred cash losses in the immediately preceding financial year, the Board does not recommend any amount to be spent on the CSR activities. However the Board ensures that once the Company will start earning cash profits, they shall after taking into account the recommendations of the CSRC, approve the Corporate Social Responsibility Policy of the Company and shall disclose contents of such policy in its report and will also place the same on the Company's website www.easternsilk.com.

BANK LOANS

Out of the 11(Eleven) Consortium members, the Company have already settled with 4(four) banks/financial Institutions on One Time Settlement (OTS) basis and entered into a settlement arrangement through ARC's for 6(Six) banks/financial Institutions. The Company is hopeful to arrive at the settlement arrangement soon with the remaining financial institution i.e. Exim Bank.

During the year under review, pursuant to Section 7 of the Insolvency & Bankruptcy Code, 2016 ("Code"), the Financial Creditors i.e. Edelweiss Asset Reconstruction Company Limited, ASREC (India) Ltd. and Export-Import Bank of India respectively filed applications to the Hon'ble National Company Law Tribunal, Kolkata Bench against the Company for recovery of their outstanding dues but none of the applications have been admitted till date by the Hon'ble NCLT, Kolkata Bench and Corporate Insolvency Resolution ("CIR") Process in respect of the Corporate Debtor i.e. Eastern Silk Industries Limited ("the Company") under the provisions of the said Insolvency and Bankruptcy Code, 2016 have not yet commenced. However the Company is continuously following up the issues involved with its Financial Creditors to resolve the differences.

RISK MANAGEMENT

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



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

The Current pandemic of COVID-19, has exposed the Company towards various identified and unidentified risks. The Board is successfully, identifying the elements of risks involved along with its severity and their impact on the existence of the Company.

INTERNAL FINANCIAL CONTROLS

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

AUDITORS

Messrs. Suresh Kumar Mittal & Co., Chartered Accountants, New Delhi (Firm Regn. No.500063N) has been appointed as Auditors of the Company for a period of five years commencing from the conclusion of Seventy First Annual General Meeting till the conclusion of Seventy Sixth Annual General Meeting.

Messrs. Suresh Kumar Mittal & Co., Chartered Accountants, consented to the said appointment and confirmed that their appointment are within the limits specified under Section 141(3)(g) of the Act. They have further confirmed that they are not disqualified to be appointed as statutory auditors in terms of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the act read with the Companies (Audit and Auditors) Rules, 2014.

COST AUDITORS

Pursuant to the Companies (Cost Records And Audit) Rules, 2014 notified w.e.f 30th June, 2014 and subsequent amendments thereof, your Company is required to maintain the Cost Records but were outside the purview of applicability of Cost Audit till F.Y. 2019-20. The Company's overall turnover from all its products and services exceeded ₹.100 Crores in the F.Y. 2019-20 and accordingly the provisions of Cost Audit are applicable on the Company from April 2020.

Your Company is continuing its association with M/s. N. Radhakrishnan & Co., a firm of Cost Auditors, for assisting and directing the Company with regard to allocation of direct and indirect costs to the various products and suggesting various measures lowering the cost without compromising with the quality and shall conduct the Cost Audit on achieving the desired turnover or on any subsequent changes in the provisions of law thereof. The management is considering the proposal to appoint M/s. N. Radhakrishnan & Co. as the Cost Auditors of the Company at the ensuing General Meeting.

SECRETARIAL AUDITOR

The Board has appointed Ms. Garima Gupta, Practicing Company Secretary, to conduct Secretarial Audit for the financial year 2019-20. The Secretarial Audit Report for the financial year ended March 31, 2020 is annexed herewith marked as "**Annexure III**" to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

COMPLIANCE OF SECRETARIAL STANDARDS

Your Company has complied with the applicable Secretarial Standards.

EXTRACT OF ANNUAL RETURN

The particulars required to be furnished under Section 134(3)(a) of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014 as prescribed in Form No. MGT-9 is given in "**Annexure IV**" annexed to this report.

The web link for the Annual Return placed on the Company's website is <http://www.easternsilk.com/Home/AnnualReport>

PARTICULARS OF EMPLOYEES PURSUANT TO SECTION 134(3)(q) AND SECTION 197 (12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

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

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

**VIGIL MECHANISM/ WHISTLE BLOWER POLICY**

The company in pursuance to the provisions of section 177(9) & (10) of the Companies Act, 2013 has formulated a vigil mechanism (whistle blower policy) for its Directors and Employees of the Company to report their genuine concerns about unethical behavior, actual or suspected fraud or violation of the company's Code of Conduct. The mechanism provides for adequate safeguards against victimization of Directors and employees who avail of the mechanism. In exceptional cases, Directors and employees have direct access to the Chairman of the Audit Committee. The Vigil Mechanism (Whistle Blower Policy) is available on the company's website.

GENERAL

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

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

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

ACKNOWLEDGEMENT

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

Registered Office:
19 R N Mukherjee Road
Kolkata 700 001
Dated: 30th June 2020

By Order of the Board
SUNDEEP SHAH
Chairman & Managing Director



ANNEXURE TO DIRECTORS' REPORT

“Annexure I”

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

CONSERVATION OF ENERGY

FORM A

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

(A) Power and Fuel Consumption

			Current Year		Previous Year
1.	Electricity				
	(a) Purchased	Units	29,08,360.00		28,67,681.00
	Total Amount	~	2,56,87,020.00		2,33,09,622.00
	Rate/Unit	~	8.83		8.13
	(b) Own Generation through Diesel Generator	Units	1,06,272.00		1,30,968.00
	Total Amount	~	19,31,498.00		24,39,977.00
	Cost/Unit	~	18.18		18.63
2.	(a) Briquettes				
	Quantity	Kgs	19,91,960.00		21,36,335.00
	Total Amount	~	1,24,46,471.00		1,26,48,990.00
	Cost/Unit	~	6.95		5.92
	(b) Fire Wood				
	Quantity	Kgs.	1,69,050		-
	Total Amount	~	5,72,968		-
	Cost/Unit	~	3.39s		-

(B) Consumption per unit of products:

Fabrics	Mtrs	4,91,035.85		5,18,770.02
Electricity	~	52.31		44.93
Briquettes	~	25.35		24.38
Fire Wood	~	1.17		-
Diesel	~	3.93		4.70



TECHNOLOGY ABSORPTION

Form B

Research & Development

- | | | | | | | | | |
|---|--|---|---------|-------|-----------|-------|---|---|
| 1. | Specific areas in which R&D carried out by the Company | R&D activities are carried out for development of new products. | | | | | | |
| 2. | Benefits derived as a result of above R&D | Improvement in quality and customer satisfaction. | | | | | | |
| 3. | Future plan of action | Development of new varieties of products. | | | | | | |
| 4. | Expenditure on R & D | <table border="0"> <tr> <td>Capital</td> <td style="text-align: right;">. Nil</td> </tr> <tr> <td>Recurring</td> <td style="text-align: right;">. Nil</td> </tr> <tr> <td>R&D Expenditure as a percentage of turnover</td> <td style="text-align: right;">-</td> </tr> </table> | Capital | . Nil | Recurring | . Nil | R&D Expenditure as a percentage of turnover | - |
| Capital | . Nil | | | | | | | |
| Recurring | . Nil | | | | | | | |
| R&D Expenditure as a percentage of turnover | - | | | | | | | |

Technology Absorption, Adaptation & Innovation

- | | | |
|----|---|---|
| 1. | Efforts in brief, made towards technology Absorption, adaptation and innovation | Latest software's are used for better design development. |
| 2. | Benefits derived as a result of the above | Improved products. |
| 3. | Details of imported technology | 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. | <p>Participating in the international trade fairs to showcase the company's new developments and also invite the different company's selling agents as well as customers to provide a platform of interaction in order to procure orders for the Company's product as well as scout for new customers.</p> <p>Travelling expenses in respect of such activities are also expensive. Travelling by the sales personnel also brings in order for the Company's products.</p> |
| (b) | <ul style="list-style-type: none"> i) Overseas Travelling ii) Commission to Agents iii) Consultation Fees iv) Others | <p>The information on foreign exchange earnings and outgo is contained in the Note No. 51 & 52 of Notes on Financial Statements.</p> |

Kolkata 700 001
Dated: 30th June, 2020

By Order of the Board
SUNDEEP SHAH
Chairman & Managing Director



REPORT ON CORPORATE GOVERNANCE

In accordance with Schedule V of the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015 with the Stock Exchange, a Report containing the details of Corporate Governance of Eastern Silk Industries Limited for the year 2019-20 is given below.

I. 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.

II. BOARD OF DIRECTORS

The Board comprises of five directors including two executive and three Non-Executive Independent directors as on 31st March 2020. The composition of the Board of Directors and also the number of the Board of Directors or Board Committees of which they are 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
Mr. Sundeep Shah	Chairman & Managing Director	–	–	–
Ms. Megha Shah	Executive Director	–	–	–
Mr. G.D. Harnathka	Non-Executive, Independent Director	–	–	–
Mr. Madhu Kant Sharma	Non-Executive, Independent Director	1	–	–
Mr. Pankaj Kumar Deorah	Non-Executive, Independent Director	–	–	–

The Company through periodical presentation to Board of Directors and various committee of Directors and individually provides an opportunity to independent directors to facilitate their active participation and familiarise the Company’s business

Core skills/expertise/competencies of the Board of Directors.

The relevant skill/expertise/competencies of the Board of Directors of the Company in the context of its multifaceted activities like manufacture of silk yarn, fabrics and made ups, home furnishings, fashion fabrics, double width fabric, scarves, laces, melts and embroidered fabrics. Shall be finance, industry experience, law, risk management and corporate governance and these are available with the Board.

The Board of Directors of the Company possesses the requisite skill/expertise/competencies in the context of its business to function effectively. The core skill/expertise/ competencies that are available with respective directors are as under:

Director	Skill/Expertise/Competencies
Mr. Sundeep Shah	Corporate Governance, Entrepreneur & Leadership
Mr. Ghanshyam Das Harnathka	Corporate Governance, Account & Industry Experience
Mr. Madhu Kant Sharma	Corporate Governance, Finance, Account, Taxation & Law
Mr. Pankaj Kumar Deorah	Corporate Governance, Risk Management & Leadership
Ms. Megha Shah	Corporate Governance, Entrepreneur, Blending & Designing

The Company has in place a system of preparation of the legal compliance report on quarterly basis of all applicable laws to the Company, and a system to ratify any instance of non-compliance. The Board also reviews the compliance reports periodically. The terms and conditions of appointment of independent director is also available on the Company’s website: <http://www.easternsilk.com>

During the year under review, five Board Meetings were held on 30th May 2019, 14th August 2019, 14th November, 2019, 31st January 2020, 14th March 2020. 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
Mr. Sundeep Shah	5 out of 5	Yes
Ms. Megha Shah	5 out of 5	Yes
Mr. G.D. Harnathka	5 out of 5	No
Mr. Madhu Kant Sharma	5 out of 5	Yes
Mr. Pankaj Kumar Deorah	5 out of 5	Yes

Meeting of Independent Directors and Attendance Record:

Independent Directors are required to meet at least once in a year to deal with matters listed out in Regulation 25 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Schedule IV to the Companies Act, 2013 which inter-alia includes, review of the performance of non-independent directors, Chairman and the Board as a whole and assess the quality, quantity and timeliness of flow of information between the Management and the Board that is necessary to perform the duties by the Board of Directors. A meeting of Independent directors took place on 30th January 2020

* Pursuant to the provisions of the Companies Act, 2013 and as required under Schedule II of the SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 agenda papers were circulated to the Directors in advance for each meeting. All relevant information was placed before the Board from time to time; the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Board Committees.

** Pursuant to Regulation 17 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (i.e. The Board of Directors of Top 2000 Listed Companies shall comprise of not less than 6 (Six) Directors w.e.f 01.04.2020. Accordingly Board was scheduling a meeting on the last week of March, 2020 to appoint a Director on the Company's Board, so as to comply with the requisite regulation. Unfortunately the proposed candidate for the directorship was infected with the coronavirus wherein his health deteriorated drastically and later he expired. The entire nation underwent lockdown from 23rd March, 2020 and the requisite board member could not be appointed in time for reasons beyond the control of the Company.

III. AUDIT COMMITTEE

(a) 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, under Part C of Schedule II of the SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015 with Stock Exchange and other relevant statutory / regulatory provisions.

(b) Composition

The Audit Committee of the Company comprises of two Non-Executive (Independent) Directors and one Executive Director having knowledge of corporate finance, accounts and company law. The Chairman of the Committee is an Independent Director, elected by the members of the Committee.

The Company Secretary acts as the Secretary of the Committee. Besides the Committee members, Financial Officer and partners / representatives of the firm of Statutory Auditors and Internal Auditors are permanent invitees at the meetings of the Committee.

(c) Meetings and Attendance

During the financial year ended 31st March 2020 five Audit Committee meetings were held on 29th May 2019, 13th August 2019, 13th November 2019, 30th January 2020 and 13th March 2020 respectively which were attended by all the members of the Committee. The composition of the Audit Committee and details of their attendance at the meetings are as follows:

Name of the Director	Position	Category	No. of Meeting Attended
Mr. Madhu Kant Sharma	Chairman	Non-Executive Independent Director	5
Mr. Sundeep Shah	Member	Executive Promoter Director	5
Mr. G.D. Harnathka	Member	Non-Executive Independent Director	5

IV. NOMINATION & REMUNERATION COMMITTEE

The Board of Directors has constituted a Nomination and Remuneration Committee of Directors. The role of the committee is to perform all such matters as prescribed under the Companies Act, 2013 and Schedule II - Part D about Role of Nomination and Remuneration Committee of Directors under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as may be amended / modified from time to time which inter-alia includes recommendation to Board of Directors remuneration policy for the Company, formulation of criteria for performance evaluation of Directors, Chairman, Board and Committee of Directors, appointment of Director, appointment and remuneration of Managing Director and



Key Managerial Personnel. The Committee will also deal with matters as may be assigned from time to time by the Board of Directors

(a) Constitution

The Board has framed the Nomination & Remuneration policy, and the Committee of the Company is formed to recommend remuneration packages for whole-time Directors. Such recommendations are based on the overall financial performance and profitability of the Company and on evaluation of the personal contribution of the individual directors.

(b) Composition

The Members of the Nomination & Remuneration Committee are Mr. Madhu Kant Sharma (Chairman) Mr. G.D. Harnathka and Mr. Pankaj Kumar Deorah being the members of the Committee.

(c) Meeting and Attendance

During the financial year ended 31st March 2020, one Nomination & Remuneration Committee Meetings were held as on 29th May, 2019. The details of the remuneration to the directors for the year ended March 31, 2020 are presented in the extract of the Annual return of the Company, which is annexed herewith as Annexure IV to this report. The composition of the Nomination & Remuneration Committee and details of their attendance at the meetings are as follows:

Name of the Director	Position	Category	No. of Meeting Attended
Mr. G D Harnathka	Member	Non-Executive Independent Director	1
Mr. Madhu Kant Sharma	Chairman	Non-Executive Independent Director	1
Mr. Pankaj Kumar Deorah	Member	Non-Executive Independent Director	1

The Nomination and Remuneration Committee has laid down the criteria for performance evaluation of Independent Directors and those areas as mentioned under Part D of Schedule II of SEBI (Listing Obligation and Disclosure Requirement) Regulation 2015 as well as section 178 of the Companies Act, 2013 as follows:

AREAS OF EVALUATION

1. Frequency of meetings attended
2. Timeliness of circulating Agenda for meetings and descriptiveness
3. Quality, quantity and timeliness of flow of information to the Board
4. Promptness with which Minutes of the meetings are drawn and circulated
5. Opportunity to discuss matters of critical importance, before decisions are made
6. Familiarity with the objects, operations and other functions of the company
7. Importance given to Internal Audit Reports, Management responses and steps towards improvement
8. Avoidance of conflict of interest
9. Exercise of fiscal oversight and monitoring financial performance
10. Level of monitoring of Corporate Governance Regulations and compliance
11. Adherence to Code of Conduct and Business ethics by directors individually and collectively
12. Monitoring of Regulatory compliances and risk assessment
13. Review of Internal Control Systems
14. Performance of the Chairperson of the company including leadership qualities.
15. Performance of the Whole time Director
16. Overall performance of the Board/ Committees

V. STAKEHOLDER REALTIONSHIP COMMITTEE OF DIRECTORS

(a) Constitution

The Board of Director has constituted a Stakeholder Relationship / Grievance Committee of Directors. The role of the Committee is to consider and resolve the grievances of security holders and perform such roles as may require under the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015. Continuous efforts are made to ensure that grievances are expeditiously redressed to the satisfaction of investors. A status report of shareholders complaints and redressed thereof is prepared and placed before Stakeholders' Relationship/ Grievance Committee of Directors.

The Secretary of the Company Mr. Deepak Agarwal is the Compliance Officer.

(b) Composition

The Committee comprises of two non-executive independent directors namely Mr. Madhu Kant Sharma(Chairman), Mr. G.D. Harnathka , and one Executive Director namely Mr. Sundeep Shah.



(c) Meeting and Attendance

During the financial year ended 31st March, 2020, five Investors' Grievance Committee meetings were held on 28th May 2019, 12th August, 2019, 12th November, 2019, 30th January 2020 and 13th March, 2020.

Name of the Director	Position	Category	No. of Meeting Attended
Mr. G.D. Harnathka	Member	Non-Executive Independent Director	5
Mr. Madhu Kant Sharma	Chairman	Non -Executive Independent Director	5
Mr. Sundeep Shah	Member	Executive Promoter Director	5

VI. SHARE TRANSFER COMMITTEE OF DIRECTORS

(a) Constitution

The role of the Committee is to deal with issuance of duplicate of share certificates, transmission of shares, and transfer of shares and supervision of transfer of shares delegated to officers of the Company. The delegated authorities attend share transfer formalities at least thrice in a month. Transfer of shares are processed and registered within the stipulated time, provided all the documents are valid and complete in all respect. Share transfers approved by the delegated authorities are placed before the Share Transfer Committee/Board for its review. As on 31st March, 2020 no shares were pending for transfer. As per Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, with effect from 1st April, 2019 except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form with a depository. The Board of Directors has appointed the Company Secretary as Compliance Officer of the Company to monitor the share transfer process.

(b) Composition

The members of the Committee are Mr. Sundeep Shah, Ms. Megha Shah and Mr. Deepak Agarwal. Mr. Sundeep Shah acts as the Chairman of the Committee.

(c) Meeting and Attendance

During the financial year ended 31st March, 2020, Seven transfer Committee meetings were held on 17th April 2019, 27th June 2019, 19th August 2019, 20th November 2019, 08th January 2020, 19th February 2020, 11th March 2020. No sitting fee was paid to any member of the Share Transfer Committee.

Name of the Director	Position	Category	No. of Meeting Attended
Mr. Sundeep Shah	Chairman	Executive Director	7
Ms. Megha Shah	Member	Executive Director	7
Mr. Deepak Agarwal	Member	Compliance Officer	7

VII. GENERAL BODY MEETING

i) General Meetings:

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

Date	Time	Venue
6 th September 2017	11:00 A.M.	Kala Kunj, 48 Shakespeare Sarani Kolkata – 700 017
25 th July 2018	11:00 A.M.	-- DO --
31 st July 2019	11:00 A.M.	-- DO --

ii) Special Resolutions:

No Special resolutions were passed during last Annual General Meeting.



iii) Resolutions Passed through Postal Ballot

There were no resolutions passed in the financial year 2019-20 by postal ballot.

VIII. RELATED PARTY TRANSACTION

There is no transaction of materially significant nature with related party that may have potential conflict with the interest of the Company at large.

The Related Party Transactions Policy (the policy) regulates the transactions between the Company and its related parties. The policy as approved by the Board of Directors is available on the website of the Company <http://www.easternsilk.com>

IX. WHISTLE BLOWER POLICY :

The Company has put in place a Whistle Blower Policy to provide an open and transparent working environment and to promote responsible and secure whistle blowing system for directors and employees of the Company to raise concern. The Policy broadly cover instances of unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct, alteration of documents, fraudulent financial reporting, misappropriation/misuse of Company's assets, manipulation of Company's data, pilferage of proprietary information, abuse of authority, etc. The Policy provides adequate safeguard against victimisation of director(s) /employee(s) who raise the concern and have access to Chairman of Audit Committee who is entrusted to oversee the whistle blower mechanism and that no person has been denied access to Audit Committee. The Policy is available on the website of the Company <http://www.easternsilk.com>

X. THE BOARD HAS ACCEPTED ALL THE RECOMMENDATIONS OF COMMITTEES DURING THE FINANCIAL YEAR 2019-20.

XI. TOTAL FEES PAID/ PAYABLE TO STATUTORY AUDITORS FOR THE FINANCIAL YEAR 2019-20 IS ` 5.2 LAKHS (P.Y. 2018-19 ` 7.5 LAKHS). (There is no subsidiary company/ network firm/ network entity.)

XII. DISCLOSURES

- (a) The Company has not entered into any transaction of a material nature with the promoters, directors or management, or their relatives that may have potential conflict with the interest of the Company at large.
- (b) A qualified practicing Company Secretary carries out a secretarial audit to reconcile the total admitted capital with National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd. (CDSL) and the total issued and listed capital. The secretarial audit report confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.
- (c) Chairman and Managing Director and Executive (Finance) have furnished the requisite certificates to the Board of Directors pursuant to the Schedule V (Part D) of SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015.
- (d) **Disclosures Under Sexual Harassment Of Women At Workplace (Prevention, Prohibition And Redressal) Act, 2013**

Number of complaints filed during the financial year	Number of complaints disposed of during the financial year	Number of complaints pending as on end of the financial year
Nil	Nil	Nil

XIII. ANY NON-COMPLIANCE, PENALTIES OR STRICTURES IMPOSED

There has been no non-compliance by the Company nor were any penalties imposed or strictures passed against the Company by the Stock Exchange, Securities and Exchange Board of India or any other statutory authority on any matter related to capital market in the last three years

XIV. MEANS OF COMMUNICATION

The financial results of the Company are published in Financial Express (English) and Arthik Lipi (Regional) newspapers in India. The results are also displayed on the Company's website (www.easternsilk.com). Press releases are also made by the Company from time to time to facilitate better communication with the shareholders and investors.

Official press release, if any, is placed on the Company's Website and sent to Stock Exchanges for dissemination

XV. GENERAL SHAREHOLDERS INFORMATION

i) Seventy Fourth Annual General Meeting

Venue : At The Registered Office of the Company, through
Video Conferencing (VC)/ Other Audio Visual Means ("OVAM")
Date : 28th September 2020
Time : 11:00 A.M.



ii) Financial Calendar

First quarter results	-	By mid of August
Second quarter results	-	By mid of November
Third quarter results	-	By mid of February
Fourth quarter results	-	By end of June (Change due to COVID-19)

iii) Book Closure

The date of book closure is from 22nd September 2020 to 28th September 2020 (both days inclusive).

iv) Listing on Stock Exchange

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

Listing fee for the year 2019-20 has been paid to National Stock Exchange of India Ltd.

v) Stock Market Data (D)

The Company's high and low prices recorded on National Stock Exchange of India Ltd. during the financial year 2019-20 are given below:

MONTH	HIGH (₹)	LOW (₹)
APRIL 2019	2.15	1.90
MAY 2019	2.10	1.60
JUNE 2019	1.75	1.20
JULY 2019	1.40	1.05
AUGUST 2019	1.05	0.65
SEPTEMBER 2019	0.85	0.65
OCTOBER 2019	0.75	0.45
NOVEMBER 2019	1.10	0.50
DECEMBER 2019	1.55	1.05
JANUARY 2020	1.10	0.90
FEBRUARY 2020	1.10	0.75
MARCH 2020	0.90	0.60

vi) Share Holding

The shareholding distribution as at 31st March, 2020 is as follows:

No. of Shares	Number of Share Holders	% To Total Holders	No. of Shares held	% To total Holding
Upto 500	12,371	66.24	26,10,024	3.31
501 - 1000	2,802	15	24,63,928	3.12
1001 – 2000	1408	7.54	22,76,213	2.88
2001 – 3000	631	3.38	16,50,754	2.09
3001 - 4000	260	1.39	9,48,162	1.20
4001 – 5000	324	1.73	15,54,767	1.97
5001 – 10000	431	2.31	32,26,847	4.09
10001 & above	449	2.40	6,42,21,925	81.34
TOTAL	18676	100.00	7,89,52,620	100.00



The shareholding pattern as at 31st March, 2020 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.	15,13,000	1.92
Non Resident Indians / OCBs / FIIs	12,38,183	1.57
Private Corporate Bodies	77,57,258	9.82
Indian Public	279,55,828	35.41
TOTAL	7,89,52,620	100.00

vii) Dematerialisation of Shares

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

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

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

As on 31.03.2020 the dematerialised shares were 7,77,98,561 which represents 97.98% 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., Room No. 99, Stephen House, 6th Floor, 4 BBD Bag (East), Kolkata – 700 001 for effecting transfer/transmission etc. in physical and demat form.

x) Plant Location

Unit 1	:	411, Telugarahalli Road Anekal, Bangalore – 562 106
Unit 2	:	Kammansandra Agrahara Kasaba Hobli Anekal, Bangalore – 560 106
Unit 3	:	11A, 2nd Cross Industrial Area Nanjangud, Karnataka – 571 301 (Not in operation)
Unit 4	:	Falta Special Economic Zone 24 Parganas (South), West Bengal (Not in operation)

xi) Address for Correspondence

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



CODE OF PROFESSIONAL CONDUCT

The Company has always encouraged and supported ethical business practices in personal and corporate behavior by its directors and employees. The Company has framed a Code of Conduct for the members of the Board of Directors and Senior Management Personnel of the Company. All members of the Board of Directors and Senior Management personnel affirm on annual basis the compliance of the code of conduct. In addition to that a Code of Conduct for dealing in equity shares and other listed securities of the Company is also in place. The Code of Conduct is available on the website of the Company <http://www.easternsilk.com>

DISCRETIONARY REQUIREMENTS

i) The Board: At present, there is no separate office in the Company for use of Chairperson nor any expenditure reimbursed in performance of his duty.

ii) Shareholders Rights: Half yearly financial results including summary of the significant events are presently not being sent to shareholders of the Company

iii) Audit Qualifications: There is no audit qualification. Every endeavor is made to make the financial statements without qualification.

iv) Reporting of Internal Auditors: Reports of Internal Auditors are placed before the Audit Committee for its review.



Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of SEBI (Listing Obligation Disclosure Requirements) Regulations, 2015, as amended]

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

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Eastern Silk Industries Limited, (CIN: L17226WB1946PLC013554)** (hereinafter called ‘the Company’) for the financial year ended 31st March, 2020, (‘the year’/‘audit period’/‘period under review’).

Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the company’s corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and provided either as hard copies or scanned copies by email or through permitted access to the Company’s in-house portal and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 (‘Audit Period’) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereunder:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’): —
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - d. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;
 - e. The Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time; **(Not applicable to the Company during the Audit Period)**;
 - f. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(Not applicable to the Company during the Audit Period)**;
 - g. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Company during the Audit Period)**
 - h. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company during the Audit Period)**;
 - i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **(Not applicable to the Company during the Audit Period)**; and
 - j. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013 **(Not applicable to the Company during the Audit Period)**.
- (vi) The management of the Company has informed that there is no industry specific law which is applicable to the Company. However laws as identified by the management and applicable to the Company are mentioned in “Annexure-B”

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

- (i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above. I further report that, having regard to the compliance system prevailing in the Company



and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the laws applicable specifically to the Company.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be. None of the Directors in any meeting dissented on any resolution and hence there was no instance of recording any dissenting member's view in the minutes.

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

I further report that, during the year under review, pursuant to Section 7 of the Insolvency & Bankruptcy Code, 2016 ("Code"), the Financial Creditors i.e. Edelweiss Asset Reconstruction Company Limited, ASREC (India) Ltd. and Export-Import Bank of India respectively filed applications to the Hon'ble National Company Law Tribunal, Kolkata Bench against the Company for recovery of their outstanding dues but none of the applications have been admitted till date by the Hon'ble NCLT, Kolkata Bench and Corporate Insolvency Resolution ("CIR") Process in respect of the Corporate Debtor i.e. Eastern Silk Industries Limited ("the Company") under the provisions of the said Insolvency and Bankruptcy Code, 2016 have not yet commenced.

I further report that the Company is Non-Compliant pursuant to provisions of Regulation 17 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. In terms of the said regulation Board of Directors of Top 2000 Listed Companies shall comprise of not less than 6 (Six) Directors w.e.f 01.04.2020. The management represented that the above non-compliance resulted due to the outbreak of COVID-19 pandemic. The Company was scheduled to hold a Board of Directors meeting in the last week of March, 2020 to appoint a Director on the Company's Board, so as to comply with the requirements of Regulation 17 of the SEBI (LODR) Regulations, 2015 but the proposed candidate was infected with the coronavirus and later expired. There was a complete lockdown w.e.f 24th March, 2020 in the entire nation, as a result of which a suitable candidate cannot be appointed by the Board.

Place: Kolkata
Date: June 30, 2020

Garima Gupta
Practicing Company Secretary
ACS No. 23738, C P No: 9308
UDIN: A023738B000399773



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

I further report that:

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, I followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor the efficacy or effectiveness with which the management has conducted the affairs of the company.

List of applicable laws other than the laws listed above:

- I. Employees' Provident Fund and Miscellaneous Provisions Act, 1952
- II. Employees' Sate Insurance Act, 1948
- III. Income Tax Act, 1961
- IV. Service Tax Act
- V. Goods & Service Tax Act (GST)
- VI. Factories Act, 1948
- VII. Industrial Dispute Act, 1947
- VIII. Industrial Relation Act
- IX. Foreign Exchange Management Act, 1999
- X. The Customs Act, 1962
- XI. The Central Excise Act, 1944
- XII. Central & Local Sales Tax Act
- XIII. Shops & Establishment Act, 1963
- XIV. Minimum Wages Act, 1948
- XV. Payment of Gratuity Act, 1972
- XVI. Payment of Bonus Act, 1965
- XVII. Payment of Wages Act, 1936
- XVIII. Compulsory Notification of Vacancies Act, 1959

EASTERN SILK INDUSTRIES LTD.



Form No. MGT-9

“Annexure IV”

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2020

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

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

ATTACHMENT A

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

SL.N o.	Name and Description of main products/services	NIC Code of the product/service *	% to total turnover of the Company #
1.	Textile & Textile Goods	131 – Spinning Weaving and Furnishing of Textiles	92.48%
		139 -- Manufacture of Other Textiles	7.52%

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

ATTACHMENT B

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SL.No.	Name and Address of the Company	CIN / GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
1.	NIL	NIL	NIL	NIL	NIL


ATTACHMENT C
IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
(i) Category-wise Share Holding

Category of shareholders	No. of Shares held at the beginning of the year (As on 01.04.2019)				No. of shares held at the end of the year [As on 31.03.2020]				% of change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. PROMOTERS									
(1) Indian									
a) Individual/HUF	1,72,75,615	-	1,72,75,615	21.88	1,72,75,615	-	1,72,75,615	21.88	-
b) Central Govt.									
c) State Govt.(s)									
d)Bodies Corporate	2,32,12,736	-	2,32,12,736	29.40	2,32,12,736	-	2,32,12,736	29.40	-
e) Banks/Fi									
f) Any Other..									
(f.i) Petroleum Trust (through Trustees for sole beneficiary									
SUB-TOTAL (A)(1)	4,04,88,351	-	4,04,88,351	51.28	4,04,88,351	-	4,04,88,351	51.28	-
(2) Foreign									
a) NRIs-Individuals									
b) Other-Individuals									
c) Bodies Corporate									
d) Banks/Fi									
e) Any other...									
SUB-TOTAL(A)(2)									
TOTAL SHARE HOLDING OF PROMOTER(A)= (A)(1)+(A)(2)	4,04,88,351	-	4,04,88,351	51.28	4,04,88,351	-	4,04,88,351	51.28	-
B. PUBLIC SHAREHOLDING									
1. Institutions									
A) Mutual funds	-	12500	12500	0.02	-	12,500	12,500	0.02	-
B) Banks/F.'s	500		500	0.00	500	-	500	0.00	-
C) Central Govt.									
D) State Govt(s)									
E) Venture Capital/Funds									
F) Insurance Companies	15,00,000	-	15,00,000	1.90	15,00,000	-	15,00,000	1.90	-
G) FIs									
H) Foreign Venture Capital Funds									
I) Others									
SUB-TOTAL (B)(1)	15,00,500	12,500	15,13,000	1.92	15,00,500	12,500	15,13,000	1.92	-



2. Non-institutions									
a) Bodies Corporate	80,39,560	31,740	80,71,300	10.22	77,25,518	31,740	77,57,258	9.83	-0.39
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 2 lakh	2,12,43,772	10,93,924	2,23,37,696	28.29	2,12,87,094	10,83,624	2,23,70,718	28.33	0.04
ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakh	44,71,558	-	44,71,558	5.66	47,96,647	-	47,96,647	6.08	0.42
C) Others									
(c-i) NRI's	8,23,458	26,695	8,50,153	1.08	12,11,988	26,195	12,38,183	1.57	0.49
(c-ii) Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
(c-iii) Foreign Bodies	-	4,32,099	4,32,099	0.55	-	-	-	-	-0.55
SUB TOTAL (B)(2)	3,45,78,348	15,84,458	3,61,62,806	45.80	3,50,21,247	11,41,559	3,61,62,806	45.81	-0.01
TOTAL PUBLIC SHAREHOLDING (B)=(B)(1)+(B)(2)	3,60,78,848	15,96,958	3,76,75,806	47.72	3,65,21,747	11,54,059	3,76,75,806	47.72	-
C. IEPF Authority MCA	7,88,463	-	7,88,463	1.00	7,88,463	-	7,88,463	1.00	-
GRAND TOTAL (A+B+C)	7,73,55,662	15,96,958	7,89,52,620	100.00	7,77,98,561	11,54,059	7,89,52,620	100.00	-

ATTACHMENT D

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

(ii) Shareholding of Promoters

SL. No.	Shareholder's Name	Shareholding at the beginning of the year (As on 01.04.2019)			Shareholding at the end of the year (As on 31.03.2020)			
		No. of Shares	% of shares of the Company	% of shares pledged/ encumbered to total shares	No. of Shares	% of shares of the Company	% of shares pledged/ encumbered to total shares	% change in shareholding during the year
1	Megha Shah	33,750	0.04	100.00	33,750	0.04	100.00	-
2	Varun Shah	1,20,000	0.15	100.00	1,20,000	0.15	100.00	-
3	Neha Shah	1,68,750	0.21	100.00	1,68,750	0.21	100.00	-
4	Pramod Kumar Shah	2,65,000	0.34	100.00	2,65,000	0.34	100.00	-
5	Preeti Shah	5,01,240	0.63	100.00	5,01,240	0.63	100.00	-
6	Kavita Shah	6,62,750	0.84	100.00	6,62,750	0.84	100.00	-
7	Vijoy Trading Co. HUF (Karta Sundeep Shah)	13,96,750	1.77	100.00	13,96,750	1.77	100.00	-
8	Sundeep Shah	16,64,000	2.11	100.00	16,64,000	2.11	100.00	-
9	Ginia Devi Shah	53,24,170	6.74	100.00	53,24,170	6.74	100.00	-
10	Shyam Sunder Shah	71,39,205	9.04	100.00	71,39,205	9.04	100.00	-
11	P K Textiles Limited	15,27,380	1.93	100.00	15,27,380	1.93	100.00	-
12	Lucky Goldstar Company Limited	17,51,580	2.22	100.00	17,51,580	2.22	100.00	-
13	Ethics Commercials Limited	26,88,696	3.41	100.00	26,88,696	3.41	100.00	-
14	Gemini Overseas Limited	76,69,580	9.71	100.00	76,69,580	9.71	100.00	-
15	Tarun Fabrics Limited	95,75,500	12.13	100.00	95,75,500	12.13	100.00	-


ATTACHMENT E
IV. SHARE HOLDING PATTERN (Equity Share Capital Break up as percentage of Total Equity)
(iii) Change in Promoters' Shareholding

SL. No.		Shareholding at the beginning of the year (As on 01.04.2019)		Cumulative Shareholding during the year (01.04.2019 to 31.03.2020)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
	At the Beginning of the year	4,04,88,351	51.28	4,04,88,351	51.28
	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc) #	#			
	At the End of the year	4,04,88,351	51.28	4,04,88,351	51.28

Note: # There is no change in the total shareholding of promoters between 01.04.2019 and 31.03.2020

ATTACHMENT F
IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
(iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs)

SL. No.	Name of the Shareholder	Shareholding	
		No. of Shares at the end of the year (31.03.20)	% of total shares of the Company (31.03.20)
1.	Universal Overseas Ltd.	35,81,167	4.54%
2.	P K Regency Pvt.Ltd	20,54,753	2.60%
3.	Hitesh Ramji Javeri Jtly. Radhabai Ramji Javeri Jtly. Harsha Hitesh Javeri	9,29,758	1.18%
4.	Harsha Hitesh Javeri Jtly. Hitesh Ramji Javeri Jtly. Radhabai Ramji Javeri	7,90,000	1.00%
5.	IEPF Authority MCA	7,88,463	1.00%
6.	Radhabai Ramji Javeri Jtly. Hitesh Ramji Javeri	7,60,000	0.96%
7.	Life Insurance Corporation of India	7,50,000	0.95%
8.	National Insurance Co. Ltd.	7,50,000	0.95%
9.	Angel holdings Pvt. Ltd.	7,20,300	0.91%
10.	Ravi Shah	4,32,099	0.55%

Note: The information with regard to the date wise increase/decrease in the shareholding during the year shall be made available for inspection at the registered office of the Company during working hours and any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request.

ATTACHMENT G
IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
(v) Shareholding of Directors and Key Managerial Personnel

SL. No.	Name	Shareholding		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year (01.04.19 to 31.03.20)	
		No. of Shares at the beginning (01.04.19)/ end of the year (31.03.20)	% of total shares of the Company				No. of Shares	% of total shares of the Company
A. DIRECTORS:								
1.	Sundeep Shah	16,64,000	2.11%	01.04.19	-	Nil Movement during the year		
		16,64,000	2.11%	31.03.20			16,64,000	2.11%
2.	Megha Shah	33750	0.04%	01.04.19	-	Nil Movement during the year		
		33750	0.04%	31.03.20			33750	0.04%
3.	G.D Harnathka	Nil	Nil	01.04.19	-	Nil Movement during the year		
		Nil	Nil	31.03.20			Nil	Nil
4.	Madhu Kant Sharma	Nil	Nil	01.04.19	-	Nil Movement during the year		
		Nil	Nil	31.03.20			Nil	Nil



5.	Pankaj Kumar Deorah	Nil	Nil	01.04.19	-	Nil Movement during the year	Nil	Nil
		Nil	Nil	31.03.20			Nil	Nil
B. Key Managerial Personnel (K M P's)								
6	U.S Gutgutia	Nil	Nil	01.04.19	0	Nil Movement during the year		
		Nil	Nil	31.03.20			Nil	Nil
7	Deepak Agarwal	Nil	Nil	01.04.19	0	Nil Movement during the year		
		Nil	Nil	31.03.20			Nil	Nil

ATTACHMENT H

V. INDEBTEDNESS

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

Amount (₹ in lacs)				
	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (01.04.2019)				
i) Principal Amount	11,340.71	2,170.00	-	13,510.71
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
TOTAL (I+II+III)	11,340.71	2,170.00	-	13,510.71
Change in indebtedness during the financial year				
Addition	-	-	-	-
Reduction	195.30	-	-	195.30
Exchange Difference	-	-	-	-
Net change				
Indebtedness at the end of the financial Year (31.03.2018)				
i) Principal Amount	11,145.41	2,170.00		13,315.41
ii) Interest due but not paid	-	-	-	-
lii) Interest accrued but not due	-	-	-	-
TOTAL (I+II+III)	11,145.41	2,170.00		13,315.41

ATTACHMENT I

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount `)

SL No.	Particulars of Remuneration	Name of MD/WTD/Manager		
		Sundeep Shah	Megha Shah	Total Amount
1.	Gross Salary			
	a) Salary as per provisions contained in section 17(1) of the income tax Act, 1961	17,17,355.00	12,77,409.00	29,94,764.00
	b) Value of perquisites u/s. 17(2) of the income tax Act, 1961	-	-	-
	c) Profits in lieu of salary under section 17(3) of the income tax act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission As % of profit Others	-	-	-
5.	Others	-	-	-
	TOTAL (A)	17,17,355.00	12,77,409.00	29,94,764.00


ATTACHMENT J
VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
B. Remuneration to Other Directors:

(Amount `)

Sl. No.	Particulars of Remuneration	Name of the Director				Total Amount
1.	Independent Directors	Madhu Kant Sharma	G.D Harnathka	Pankaj Kumar Deorah		
	- Fee for attending board/ committee meetings	35,000/-	35,000/-	35,000/-		1,05,000/-
	- Commission	-	-	-		-
	- Others	-	-	-		-
	TOTAL (1)	35,000/-	35,000/-	35,000/-		1,05,000/-
2.	Other Non-Executive Directors					
	- Fee for attending board/ committee meetings	-	-	-		-
	- Commission	-	-	-		-
	- Others	-	-	-		-
	TOTAL (2)	-	-	-		-
	TOTAL (B)= (1+2)	35,000/-	35,000/-	35,000/-		1,05,000/-
	TOTAL MANAGERIAL REMUNERATION *					30,99,764/-

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

ATTACHMENT K
VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
C. Remuneration to key managerial personnel other than MD/Manager/WTD

(Amount `)

Sl No	Particulars of Remuneration	Name of CEO/CFO/CS			Total Amount
		U.S Gutgutia Chief financial Officer	Deepak Agarwal Company Secretary		
1.	Gross Salary				
	a) Salary as per provisions contained in section 17(1) of the income tax Act, 1961	13,71,087/-	16,41,353/-		30,12,440/-
	b) Value of perquisites u/s. 17(2) of the income tax Act, 1961	-	-		-
	c) Profits in lieu of salary under section 17(3) of the income tax act, 1961	-	-		-
2.	Stock Option	-	-		-
3.	Sweat Equity	-	-		-
4.	Commission				
	- As % of profit	-	-		-
	- Others	-	-		-
5.	Others	-	-		-
	TOTAL (C)	13,71,087/-	16,41,353/-		30,12,440/-

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

(In terms of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

1. OVERALL REVIEW, INDUSTRY STRUCTURE AND DEVELOPMENTS

The overall performance of the Company for the year under review has improved significantly wherein "Revenue from Operations" of the Company registered increase in the sales by 58 % as compared to the previous year. This resulted on account of the support received from the overseas market in terms of acceptability of the new designs and blends, introduced by the Company in the last few years. The infusion of the new machineries and technology would be required to bring down the cost of production. The company is developing standard designs in common warps for regular products to reduce cost and it is hoped that these measures will bring the positive results for the future. The equilibrium in demand supply will take some time.

2. OPPORTUNITIES AND THREATS

The Company is engaged in manufacturing of textile and allied products currently from developing yarn to producing premium fashionable fabrics. Keeping itself updated on fashion and market trends worldwide, the company is today globally recognised for its deep understanding of silk. The threat is from small players who will enter the market and existing players creating competition in these segments due to which the margins will be under pressure in the future.

Company Status:

The Company has not been able to increase its customer base. Due to high production cost the margins are under pressure. To strengthen the Company's drive on cost optimization, the Company is aggressively working with various international suppliers and co-operating on technical know-how exchange to strengthen its contacts for a long term and continued supply of raw material.

Company Outlook:

The year 2020-21 will be a challenging year for the Company on account of the uncertainties arising due to the economic impact of COVID-19. The Company is hopeful that it would pave way for better stability in prices and maintaining the margins provided the economy is responding accordingly. Despite threats and concerns pertaining to high production cost, skilled man power requirement, dependency on imported raw materials and others the outlook remains cautiously positive to improve its performance.

3. RISK MANAGEMENT (Forms part of Director's Report)**4. SEGMENT WISE AND PRODUCT WISE PERFORMANCE**

The Company's business activities falls within a single primary segment viz. Textiles. The Company does not have any other segment as of now. The products and dealings are closely related with textiles and its allied products.

5. HEALTHY, SAFETY AND ENVIRONMENT

The Company accords significant importance to health, safety and Environment and related issues are taken up on priority basis. The Company ensures compliance of all statutory regulations related to Health, Safety and Environment. The Company's business activities falls within a single primary segment viz. Textiles. The Company believes in environmental protection and maintaining ecological balance. All discharges are closely monitored and were well within the statutory norms during the year under review.

6. HUMAN RESOURCE AND INDUSTRIAL RELATIONS

The Company strongly believes in the importance of Human Capital and nurturing the same. To match with the fast paced technological changes and also the changes in their business environment, the employees are provided regular training for upgradation of skills. The Company understands the importance of multi-skilling and job rotation and hence scientifically moves its employees in various roles thereby creating a versatile work force.

7. INTERNALLY CONTROL SYSTEM AND THEIR ADEQUACY (Forms part of Director's Report)**8. FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE (Forms part of Director's Report)****9. 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.

**ANNUAL COMPLIANCE WITH THE CODE OF CONDUCT FOR THE FINANCIAL YEAR 2019-2020**

Pursuant to the Schedule V (Part D) of SEBI (Listing Obligation and Disclosure Requirement) Regulation, 2015, I hereby confirm that the Company has received affirmations on compliance with the Code of Conduct for the financial year ended March 31, 2020 from all the Board Members and Senior Management Personnel.

Place: Kolkata
Date: 30th June 2020

For and on behalf of the Board of Directors
Eastern Silk Industries Limited
Sundeep Shah
Chairman & Managing Director

CEO / CFO CERTIFICATION

We the undersigned, in our respective capacities as Managing Director and Chief Financial Officer of Eastern Silk Industries Limited ("the Company") to the best of our knowledge and belief certify that:

- a. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2020 and that to the best of our knowledge and belief, we state that:
 - 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. We further state that to the best of our knowledge and belief, no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the Auditors and the Audit Committee:
 - i. significant changes, if any, in internal control over financial reporting during the year;
 - ii. significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For **Eastern Silk Industries Limited**
Sundeep Shah
Chairman and Managing Director

Place: Kolkata
Date: 30th June 2020

U.S Gutgutia
Chief Financial Officer

**CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015****To****The Members**

Eastern Silk Industries Limited

I have examined the compliance of the conditions of Corporate Governance by Eastern Silk Industries Limited ("the Company") for the year ended 31st March, 2020, as stipulated in Regulation 17-27, Clauses (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the Compliance with the conditions of the Corporate Governance as stipulated. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

In my opinion and to the best of my information and according to the explanations given to me as, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations, as applicable.

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

Garima GuptaPracticing Company Secretary
Mem. No. A23738 C. P. No. 9308
UDIN: A023738B000618981**Place:** Kolkata**Date:** June 30, 2020**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS****[Pursuant to Regulation 34(3) and Schedule V Para C Clause 10(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]****To****The Members,**

Eastern Silk Industries Limited

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Eastern Silk Industries Limited, having CIN L17226WB1946PLC013554 and having registered office at 19 R.N. Mukherjee Road, Kolkata 700001. (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para C clause 10(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on 31st March, 2020 has been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sl. No	Name of Director	DIN	Date of appointment in Company
1	Sundeep Shah	00484311	25-10-2002
2	Ghanshyam Das Harnathka	01360829	24-07-2000
3	Madhu Kant Sharma	01836989	30-03-2019
4	Pankaj Kumar Deorah	03426417	30-05-2019
5	Megha Shah	07172597	01-04-2015

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Garima GuptaPracticing Company Secretary
Mem. No. A23738 C. P. No. 9308
UDIN: A023738B000618805**Place:** Kolkata**Date:** June 30, 2020

**INDEPENDENT AUDITOR'S REPORT**

To
The Members of Eastern Silk Industries Limited

Report on the Audit of the Standalone Financial Statements**Opinion**

We have audited the standalone financial statements of Eastern Silk Industries Limited ("the Company"), which comprise the balance sheet as at 31st March 2020, and the statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020 and profit, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to

- a) Note No. 35 (a) to the Ind AS financial statements which states that the company has not provided interest to lenders amounting to ₹ 3,234.92 Lakhs for the period April'2014 to March'2020 (₹ 2,695.76 Lakhs up to 31st March 2019).
- b) Note No. 35(c) to the Ind AS financial statements which states that the interest accruals on No Lien Term Deposits have not been accounted.
- c) Note No. 37 to the Ind AS financial statements which states that the company has not provided interest on borrowings from ARC's amounting to ₹ 654.05 lakhs for the period up to 31st March 2020 (₹ 308.82 Lakhs up to 31st March 2019).
- d) Note No. 39(a) to the Ind AS financial statements which states that the company has written off bad debts amounting to ₹ 1,407.03 lakhs during the year and thus reducing the balance of provisions of Bad and Doubtful Debts to ₹ 5,977.61 lakhs as at 31.03.2020 against a total trade receivables of ₹ 8,181.04 lakhs of which ₹ 2,203.43 lakhs is considered good for recovery by the management.
- e) Note No. 41 to the Ind AS financial statements which states that total deferred tax assets (DTA) for the period up to 31st March, 2020 is ₹ 9,785.11 lakhs out of which ₹ 4,572.98 lakhs has been recognized in these accounts and balance ₹ 5,212.13 Lakhs has not been recognised in these accounts. We are unable to express any opinion regarding recognition of DTA and about its adjustment against future profits of the Company.
- f) Note No. 49 to the Ind AS financial statements which describe the management's assessment of the impact of uncertainties related to COVID 19 pandemic and its consequential effects on the business operations of the Company.

Our opinion is not modified in respect of the above matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

There are no key audit matters to communicate other than the matters those are described under the heading Emphasis of Matter.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.



Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged With Governance for the Standalone Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
- c) The Balance Sheet, the Statement of Profit and Loss, Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules thereunder.
- e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS Financial Statements - Refer Note No. 29 to 33 & 39(b) to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been delay in transferring amounts which are required to be transferred to the Investor Education and Protection Fund by the Company due to closure of Dividend Account for the Year 2009 & 2010 by the HDFC Bank Ltd. during the F.Y. 2016-17 resulting in non-transfer of the unclaimed amount for the year 2009 & 2010 to the Investors Education & Protection Fund - Refer Note No.42 to the Ind AS financial statements.

For **SURESH KUMAR MITTAL & CO.**
Chartered Accountants
Firm Registration No.: 500063N
(Rashi Goswami)
PARTNER
Mem. No.: 522561

Place: Kolkata
Date: 30th June, 2020



Annexure A referred to in Paragraph (I) under the heading of “Report on Other Legal and Regulatory Requirements” of our report of even date to the members of Eastern Silk Industries Limited on the standalone Ind AS Financial Statements for the year ended 31st March 2020.

- 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 and the same have been properly dealt with in the books of account.
- c. The title deeds of immovable properties are held in the name of the Company
- ii) As explained to us, inventories have been physically verified by the management at regular intervals during the year. In our opinion and according to the information and explanations given to us, no material discrepancies were noticed on such verification and the same have been properly dealt with in the books of account.
- iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act 2013 and as such clauses (iii) (a) (b) (c) of the order are not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us, no loans, investments, guarantees, and security covered under section 185 and 186 of the Companies Act, 2013 has been given or made by the Company.
- v) According to the information and explanation given to us, the Company has not accepted any deposit from the public and as such clause (v) of the order is not applicable to the Company.
- vi) The Central Government has not specified the maintenance of cost records under section 148(1) of the Companies Act, 2013 in respect of the products dealt with by the Company.
- vii) According to the information and explanations given to us in respect of the statutory dues:
- a. The Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Wealth Tax, Sales Tax, Service Tax, Customs Duty, 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, 2020 for a period of more than six months from the date they became payable.
- b. According to the information and explanations given to us, details of dues of Customs Duty, Excise Duty, Income Tax, Sales Tax, Wealth Tax, Service Tax and Cess which have not been deposited on account of any dispute are as follows :

Name of the Statute	Name of the Dues	Amount (₹. in lakhs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act	Excise Duty and Penalty	26.72	2002-03	Deputy Commissioner, Central Excise
Employees State Insurance Act	Employees State Insurance	6.03	1995-96 & 2002-03	Asst. Director, ESIC
Custom Duty Act	Custom Duty	109.77	2001-02	Hon'ble High Court of Karnataka
Customs Duty Act	Custom Duty	154.50	2005-06	Commissioner of Custom (Port), Kolkata
Customs Duty Act	Custom Duty	78.92	2003-04	CESTAT, Bangalore
Customs Duty Act	Custom Duty	28.70	2003-04	Commissioner of Custom
Customs Duty Act	Custom Duty	44.07	2002-03	Commissioner of Custom
Customs Duty Act	Custom Duty	205.00	2010-11	CESTAT, KOLKATA
Customs Duty Act	Custom Duty	15.87	2014-15	CESTAT, NEW DELHI
Customs Duty Act	Custom Duty	69.19	2014-15	CESTAT, NEW DELHI
Service Tax	Service Tax	73.68	2015-16	CESTAT, KOLKATA



- viii) The Company has not taken any loans or borrowing from a financial institution and banks during the financial year under Audit. The company has defaulted in repayment of the following amount to Financial Institutions for more than 90 days. :
- | | |
|----------------|-------------------|
| a) Term Loan | ₹. 2,984.60 Lakhs |
| b) Other Loans | ₹. 2,510.00 Lakhs |
| c) * Interest | ₹. 4,173.87 Lakhs |
- * ₹. 284.90 Lakhs provided in Statement of Accounts and ₹. 3,888.97 Lakhs not provided in the Statement of Accounts.
- ix) No moneys has been raised by way of initial public offer or further public offer (including debt instruments) and no any term loans has been obtained during the year and as such clause (ix) of the order is not applicable to the Company.
- x) Based on the audit procedures performed and the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi) In our opinion and according to the information and explanations given to us, managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii) The Company is not a Nidhi Company and as such clause (xii) of the order is not applicable to the Company.
- xiii) In our opinion, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards in Note No. 47 to the Ind AS financial statements.
- xiv) During the year under review, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- xv) The Company has not entered into any non-cash transactions with directors or persons connected with him.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **SURESH KUMAR MITTAL & CO.**
Chartered Accountants
Firm Registration No.: 500063N
(Rashi Goswami)
PARTNER
Mem. No.: 522561

Place: Kolkata
Date: 30th June, 2020



Annexure B referred to in Paragraph (II)(f) under the heading of “Report on Other Legal and Regulatory Requirements” of our report of even date to the members of Eastern Silk Industries Limited on the standalone Ind AS Financial Statements for the year ended 31st March 2020.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Eastern Silk Industries Limited (“the Company”) as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on “the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India (ICAI)”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for my /our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control over financial reporting includes those policies and procedures that:

- a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.



Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2020, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI".

Place: Kolkata
Date: 30th June, 2020

For **SURESH KUMAR MITTAL & CO.**
Chartered Accountants
Firm Registration No.: 500063N
(Rashi Goswami)
PARTNER
Mem. No.: 522561



BALANCE SHEET

AS AT 31ST MARCH, 2020

	Note No.	31 st March, 2020	31 st March, 2019
(. in lakhs)			
ASSETS			
I. Non-current assets			
(i) Property, Plant & Equipment	1	4,782.73	5,526.46
(ii) Right of Use Assets	1	244.09	-
(iii) Capital work-in-progress	1	-	-
(iv) Financial Assets			
Investments	2	2.59	2.81
(v) Deferred Tax Asset	3	4,572.98	4,572.98
(vi) Other Non-Current Assets	4	104.65	155.50
II. Current assets			
(i) Inventories	5	3,746.25	4,968.02
(ii) Financial Assets			
(a) Trade receivables	6	2,203.43	3,208.15
(b) Cash and cash equivalents	7	330.31	333.00
(c) Bank Balances other than (b) above	8	478.03	473.54
(iii) Current Tax Assets(net)	9	33.86	30.40
(iv) Other Current Assets	10	778.92	904.63
		17,277.84	20,175.49
EQUITY AND LIABILITIES			
I. Equity			
(i) Equity Share Capital	11	1,579.05	1,579.05
(ii) Other Equity	12	(3,905.41)	(3,959.66)
II. Liabilities			
Non-Current Liabilities			
(i) Financial Liabilities			
Borrowings	13	1,400.00	1,400.00
Other Long Term Liabilities		-	-
(ii) Provisions	14	80.00	63.45
Current Liabilities			
(i) Financial Liabilities			
(a) Borrowings	15	13,315.41	13,510.71
(b) Trade payables			
Total outstanding dues of MSME		-	-
Total outstanding dues of other than MSME	16	540.38	571.97
(c) Others	17	4.76	4.76
(ii) Other current liabilities	18	3,932.11	6,790.49
(iii) Provisions	19	331.54	214.72
		17,277.84	20,175.49
Significant Accounting Policy	B		
The Notes are an integral part of financial statements			

As per our report attached

For and on behalf of the Board

For **SURESH KUMAR MITTAL & CO.**

Firm Registration No : 500063N

Chartered Accountants

(Rashi Goswami)

Partner

(Mem.No. 522561)

Sundeep Shah

Chairman &
Managing Director

DIN 00484311

Megha Shah

Executive Director

DIN 07172597

Madhu Kant Sharma

Director

DIN 01836989

Deepak Agarwal

Secretary

U.S.Gutgutia

Chief Financial

Officer

Kolkata

The 30th June,2020



STATEMENT OF PROFIT & LOSS

FOR THE YEAR ENDED 31ST MARCH, 2020

	Note No.	31 st March, 2020	(` in lakhs) 31 st March, 2019
Revenue from operations	20	10,317.51	6,523.58
Other Income	21	470.16	91.47
Total Revenue		10,787.67	6,615.05
Cost of materials consumed	22	981.28	779.58
Purchase of Stock-in-Trade	23	2,109.49	1,215.59
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	24	2,197.32	1,572.12
Employee benefit expenses	25	744.93	707.20
Finance cost	26	112.00	112.00
Depreciation and Amortization expense	27	574.49	717.90
Other expenses	28	3,962.83	2,472.27
Total Expenses		10,682.34	7,576.66
Profit / (Loss) before exceptional items and tax		105.33	(961.61)
Exceptional Items		-	-
Profit / (Loss) before extraordinary items and tax			
Extraordinary Items		-	-
Profit / (Loss) before tax		105.33	(961.61)
Tax expense:			
Current tax		-	-
Deferred tax		-	-
Earlier Year Taxation		0.05	1.19
Profit / (Loss) for the year		105.28	(962.80)
Other Comprehensive Income			
Items that will not be reclassified to profit and loss			
- Remeasurement of Post-Employment Benefit Obligation		50.81	5.17
- Changes in Fair Value of Equity Instrument		0.22	(0.74)
- Income Tax relating to above items		-	-
Items that will be reclassified to profit and loss			
Income Tax relating to items that will be reclassified to profit or loss		-	-
Total Comprehensive Income for the period		54.25	(967.23)
Earning per equity share:			
Basic & Diluted (in `)	47	0.13	(1.22)
Significant Accounting Policy	B		
The Notes are an integral part of financial statements.			

As per our report attached

For and on behalf of the Board

For **SURESH KUMAR MITTAL & CO.**

Firm Registration No : 500063N

Chartered Accountants

(Rashi Goswami)

Partner

(Mem.No. 522561)

Sundeep Shah

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U.S.Gutgutia

Chief Financial

Officer

Kolkata

The 30th June,2020



CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2020

	31 st March, 2020	31 st March, 2019
(` in lakhs)		
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit / (Loss) Before Tax	105.33	(961.61)
Add : Adjustments for :		
Depreciation	574.49	717.90
Provision for Doubtful Debts (net)	1,065.47	-
Loss on Sale of Fixed Assets	4.09	11.19
Less : Adjustments for :		
Interest & Dividend Received	10.29	20.39
Unrealised Foreign Exchange(Net)	-	51.08
Sundry Balances Adjusted	19.44	21.32
Operating Profit Before Working Capital Changes	<u>1,719.65</u>	<u>(325.31)</u>
(Increase)/Decrease in Inventories	1,221.77	1,302.49
(Increase)/Decrease in Trade Receivables	(60.76)	(636.80)
(Increase)/Decrease in Other Non-Current Assets	50.84	(29.03)
(Increase)/Decrease in Other Bank Balances	(4.49)	(4.03)
(Increase)/Decrease in Other Current Assets	125.71	(170.67)
Increase/(Decrease) in Trade Payables	(31.59)	(69.98)
Increase/(Decrease) in Other Current Liabilities	(2,838.94)	455.34
Increase/(Decrease) in Non-Current Provisions	16.56	29.85
Increase/(Decrease) in Current Provisions	66.00	(35.42)
Cash Generated From Operations	<u>264.75</u>	<u>516.45</u>
Taxes paid	3.50	(17.39)
Net Cash Flow From Operating Activities	<u>261.25</u>	<u>533.83</u>
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Add : Inflows		
Sale of Fixed Assets	21.89	4.81
Interest Received	10.15	20.31
Dividend Received	0.14	0.08
Less : Outflows		
Purchase of Fixed Assets	100.82	203.87
Net Cash Used In Investing Activities	<u>(68.64)</u>	<u>(178.67)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Increase / (Decrease) in Current Borrowings	(195.30)	(345.00)
Net Cash Used In Financing Activities	<u>(195.30)</u>	<u>(345.00)</u>
Net Changes In Cash & Cash Equivalents (A+B+C)	(2.69)	10.16
* Cash & Cash Equivalents - Opening Balance	333.00	322.84
* Cash & Cash Equivalents - Closing Balance	<u>330.31</u>	<u>333.00</u>
* Represents Cash & Cash Equivalents as indicated in Note No.7		

As per our report attached

For and on behalf of the Board

For SURESH KUMAR MITTAL & CO.

Firm Registration No : 500063N

Chartered Accountants

(Rashi Goswami)

Partner

(Mem.No. 522561)

Sundeep Shah

Chairman &

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DIN 01836989

Deepak Agarwal

Secretary

U.S.Gutgutia

Chief Financial

Officer

Kolkata

The 30th June,2020



STATEMENT OF CHANGE IN EQUITY

FOR THE PERIOD ENDED 31ST MARCH, 2020

a. Equity Share Capital

Particulars	(₹ in lakhs)
Balance as at 1 st April 2018	1,579.05
Changes in equity share capital during 2018-19	-
Balance as at 31 st March 2019	1,579.05
Changes in equity share capital during 2019-20	-
Balance as at 31 st March 2020	1,579.05

b. Other equity

(₹ in lakhs)

Particulars	Reserves And Surplus							Total
	Capital Reserve	Capital Redemption Reserve	Securities Premium Account	Preference Share Redemption Reserve	Retained Earnings	Equity Instrument through Other Comprehensive Income	Other Comprehensive Income	
Balance as at 1st April 2018	1,882.77	1,400.00	11,428.75	1,400.00	(19,112.26)	1.69	6.62	(2,992.43)
Total Comprehensive Income for the year	-	-	-	-	-962.80	0.74	(5.17)	(967.23)
Balance as at 31st March 2019	1,882.77	1,400.00	11,428.75	1,400.00	(20,075.06)	2.43	1.45	(3,959.66)
Balance as at 1st April 2019	1,882.77	1,400.00	11,428.75	1,400.00	(20,075.06)	2.43	1.45	(3,959.66)
Total Comprehensive Income for the year	-	-	-	-	105.28	(0.22)	(50.81)	54.25
Balance as at 31st March 2020	1,882.77	1,400.00	11,428.75	1,400.00	(19,969.78)	2.21	(49.35)	(3,905.41)

As per our report attached

For and on behalf of the Board

For **SURESH KUMAR MITTAL & CO.**

Firm Registration No : 500063N

Chartered Accountants

(Rashi Goswami)

Partner

(Mem.No. 522561)

Sundeep Shah

Chairman &

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Madhu Kant Sharma

Director

DIN 01836989

Deepak Agarwal

Secretary

U.S.Gutgutia

Chief Financial

Officer

Kolkata

The 30th June,2020

**Notes to Ind AS financial statements for the year ended 31st March, 2020****A. COMPANY'S OVERVIEW**

Eastern Silk Industries Limited (referred to as "the Company" hereinafter) was incorporated under the laws of the Republic of India with its registered office at 19, R.N Mukherjee Road, Kolkata 700001. The Equity Shares of the Company are listed on the National Stock Exchange (NSE). The Company is engaged in the manufacture of silk yarn, fabrics and made-ups, home furnishings, fashion fabrics, handloom fabrics, double width fabrics, scarves, laces and belts, and embroidered fabrics.

B. SIGNIFICANT ACCOUNTING POLICIES**i) Basis of preparation and presentation of financial statements in compliance with Ind AS.:**

The financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016, as applicable.

The financial statements have been prepared on a historical cost basis, except for the following:

- 1) certain financial assets and liabilities that are measured at fair value;
- 2) assets held for sale - measured at lower of carrying amount or fair value less cost to sell;
- 3) defined benefit plans - plan assets measured at fair value;

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle (twelve months) and other criteria set out in the Schedule III to the Act. All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

ii) Functional and presentation Currency

These Ind AS Financial Statements are prepared in Indian Rupee which is the Company's functional currency. All financial information presented in Rupees has been rounded to the nearest lakhs with two decimals.

iii) 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

- a) **Useful life of property, plant and equipment:** The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This assessment may result in change in the depreciation expense in future periods.
- b) **Deferred tax assets:** The carrying amount of deferred tax asset is reviewed at each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.



Notes to Ind AS financial statements for the year ended 31st March, 2020

- c) **Employee Benefits:** The cost of defined benefit plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.
- d) **Trade Receivables:** Furthermore, the management believe that the net carrying amount of trade receivables is recoverable based on their past experience in the market and their assessment of the credit worthiness of debtors at at Balance Sheet date. Such estimates are inherently imprecise and there may be additional information about one or more debtors that the management are not aware of, which could significantly affect their estimations.
- e) **Provisions & Liabilities:** Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change. The amounts are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.
- f) **Contingencies:** In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that are possible but not probable of crystallising or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognized.

iv) **Property, plant and equipment:**

Property, plant and equipment are stated at its purchase price including direct expenses, finance cost till it is put to use net of recoverable taxes. If the Property, plant and equipment are revalued then they are stated at revalued amount. Accumulated depreciation, impairment loss, if any, is reduced from the Property, plant and equipment 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 through Other Comprehensive Income.

Capital Work in progress includes cost of property, plant and equipment under installation/under development as at the Balance Sheet date.

v) **Leased Assets :**

On account of adoption of Ind AS 116, the company as a lessee has reclassified the leasehold land as Right of Use Assets "ROU Asset". The Company depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when any indicators exist.

However, earlier to adoption of Ind AS 116, 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.

vi) **Depreciation methods, estimated useful lives and residual value :**

Depreciation is calculated on all the Property, plant & equipment's based on the method prescribed under Schedule II of the Companies Act, 2013. Depreciation on the assets hitherto calculated on Written Down Value/Straight Line method is charged based on the remaining useful life of the assets as prescribed under the Act. Depreciation on assets added w.e.f. 01st April, 2014 is provided as per Straight Line Method on the basis of useful life of the assets as prescribed under the said Schedule and on pro rata basis. Depreciation on the assets disposed off/impaired during the year is provided on pro-rata basis.

Depreciation on the revalued assets (if any) is calculated at the rates prescribed under Schedule II of the Act and such depreciation is adjusted through Other Comprehensive Income & Revaluation Surplus.

The estimated useful lives of assets are as follows:-

Particulars	Estimated life of assets
Building	60 years
Factory Building	30 years
Plant & Machinery	15 years
Motor Car	8 years
Two-wheelers	10 years
Computer Hardware	3 years
Computer Software	6 years
Furniture & Fittings	10 years
Office Equipment	5 years



Notes to Ind AS financial statements for the year ended 31st March, 2020

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 through Other Comprehensive Income. The impairment loss recognized in earlier accounting period is reversed if there has been an improvement in recoverable amount.

viii) Foreign Currency Transactions & Translations :

- 1) The financial statements are presented in Indian rupee (INR), which is Company's functional and presentation currency.
- 2) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of transaction.
- 3) 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.
- 4) 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.

ix) Financial instruments

i) Financial Assets

A. Initial recognition and measurement: All financial assets and liabilities are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition. Purchase and sale of financial assets are recognised using trade date accounting.

B. Subsequent measurement:

a) Financial assets carried at amortised cost (AC): A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b) Financial assets at fair value through other comprehensive income (FVTOCI): A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Financial assets at fair value through profit or loss (FVTPL): A financial asset which is not classified in any of the above categories are measured at FVTPL.

C. Investments: Equity oriented investments are measured at fair value, with value changes recognised in 'Other Comprehensive Income'. Whereas investments other than equity are measured at cost.

ii) Financial Liabilities

A. Initial recognition and measurement: All financial liabilities are recognized at fair value and in case of loans, net of directly attributable cost. Fees of recurring nature are directly recognised in the Statement of Profit and Loss as finance cost.

B. Subsequent measurement: Financial liabilities are carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

iii) Derecognition of financial instruments

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

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 on weighted average basis.

**Notes to Ind AS financial statements for the year ended 31st March, 2020**

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

xi) Revenue Recognition :

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated cost can be estimated reliably, there is no continuing effective control or managerial involvement with the goods, and the amount of revenue can be measured reliably.

Revenue from rendering of services is recognised when the performance of agreed contractual task has been completed.

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Export benefits entitlement to the Company such as Duty Drawback, DEPB, and DFIA etc is recognized in the year of export on accrual basis wherever it is ascertainable with reasonable accuracy.

Revenue from operations includes sale of goods, services, export benefit entitlement and adjusted for discounts (net) if any.

Interest income: Interest income from a financial asset is recognised using effective interest rate method.

Dividends: Revenue is recognised when the Company's right to receive the payment has been established.

Others: Earnest deposits from customers are recognized as Revenue on obligatory failures.

xii) Employee Benefits :**a) Short-term Employee Benefits**

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

b) Post-employment Benefits:**1) Defined Contribution Plans**

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

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

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.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

3) Other Benefits

Accrued liability towards Leave encashment benefits, covering eligible employees, evaluated on the basis of year-end actuarial valuation is recognized as a charge. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss.

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.

**Notes to Ind AS financial statements for the year ended 31st March, 2020****xiv) Tax Expense :**

Tax Expense for the period are recognised in profit or loss, except when they are relate to items that are recognised in other comprehensive income or directly in equity, in which case, the tax expense are also recognized in other comprehensive income or directly in equity respectively

- **Current tax:** Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted at the Balance sheet date.

- **Deferred tax:** Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of deferred tax liabilities and assets are reviewed at the end of each reporting period.

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) Provisions & Contingent Liabilities :

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent Liabilities are disclosed by way of notes to the financial statements in respect of possible obligations that arise from past events but their existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation cannot be made.

xviii) Statement of Cash Flows :

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



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Note 1:- Property, Plant & Equipment (in lakhs)

	Tangible Assets							Right of Use Assets - Leasehold Land	Capital Work In Progress	Total
	Land Freehold *	Land Leasehold	Building	Plant & Machinery	Electric Installations	Office Equipment & Furniture	Vehicles			
GROSS BLOCK										
At 1st April 2018	379.86	-	2,190.22	5,183.50	78.93	102.77	27.67	7,962.95	17.25	7,980.20
Additions	-	183.85	-	35.49	-	1.78	-	221.12	-	221.12
Sales/Deductions	-	-	-	14.18	-	-	2.72	16.90	17.25	34.15
At 31st March 2019	379.86	183.85	2,190.22	5,204.81	78.93	104.55	24.95	8,167.17	-	8,167.17
Transfer **	-	(183.85)	-	-	-	-	-	(183.85)	-	-
Additions	-	-	2.44	28.34	-	7.30	-	38.09	-	100.82
Sales/Deductions	-	-	-	20.26	-	19.90	2.08	42.24	-	42.24
At 31st March 2020	379.86	-	2,192.66	5,212.90	78.93	91.96	22.87	8,163.03	-	8,409.61
Depreciation										
At 1st April 2018	-	-	178.27	1,675.64	22.55	38.50	8.73	1,923.69	-	1,923.69
Charges for the year	-	-	82.97	610.93	8.09	12.83	3.09	717.91	-	717.91
Disposals	-	-	-	-	-	-	0.89	0.89	-	0.89
At 31st March 2019	-	-	261.24	2,286.57	30.64	51.33	10.93	2,640.71	-	2,640.71
Charges for the year	-	-	78.58	477.12	6.68	7.61	2.00	572.00	-	574.49
Disposals	-	-	-	6.75	-	8.42	1.09	16.26	-	16.26
At 31st March 2020	-	-	339.82	2,756.94	37.32	50.52	11.84	3,196.45	-	3,198.94
NET BLOCK										
At 31st March 2019	379.86	183.85	1,928.98	2,918.24	48.29	53.22	14.02	5,526.46	-	5,526.46
At 31st March 2020	379.86	-	1,852.84	2,455.96	41.61	41.43	11.02	4,782.73	244.09	5,026.82

* During the FY 2017-18 the lease hold land of Bommasandra has been converted to freehold land.

**Consequent to the application of IND AS 116 w.e.f. 1st April, 2019, the balance of Land-Leasehold as appearing in the books have been transferred to Right of Use Assets



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

	31 st March, 2020		(` in lakhs) 31 st March, 2019	
	Nos.	Amount	Nos.	Amount
Note 2:- Non-Current Investments				
Investments at Fair Value through OCI				
Investments in Equity Instruments				
Quoted				
Tata Consultancy Services Ltd. Equity Shares of ` 1/- each fully paid up	128	2.34	128	2.56
Unquoted				
India Exposition Mart Ltd. Equity Shares of ` 10/- each fully paid up	2,570	0.25	2,570	0.25
		2.59		2.81
Aggregate amount of quoted investments		2.34		2.56
Market value of quoted investments		2.34		2.56
Aggregate amount of unquoted investments		0.25		0.25
Note 3:-Deferred Tax (Liability) /Asset :- *				
Deferred Tax (Liability) / Asset :				
On Account of Unabsorbed Losses under I.T. Act 1961		4,572.98		4,572.98
Net Deferred Tax (Liability) / Asset		4,572.98		4,572.98
* Refer to Note : 40				
Note 4 :- Other Non-Current Assets				
Capital Advances		-		58.34
Advance other than Capital Advance				
Security Deposits		100.39		92.54
Other Deposits		4.26		4.62
		104.65		155.50
Note 5 :- Inventories				
Raw Materials and components		553.48		716.87
Work-in-progress		1,032.01		1,213.38
Finished goods		1,944.58		2,844.57
Stores and spares & Others		216.18		193.20
		3,746.25		4,968.02



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

	31 st March, 2020 Amount	(₹ in lakhs) 31 st March, 2019 Amount
Note 6:- Trade Receivables		
Unsecured and Considered Good	2,203.43	3,208.15
Having significant increase in Credit Risk	<u>5,977.61</u>	<u>6,319.17</u>
	8,181.04	9,527.32
Less : Allowance for Credit Losses (Refer Note Below)	<u>5,977.61</u>	<u>6,319.17</u>
	<u>2,203.43</u>	<u>3,208.15</u>
Allowance for Credit Losses		
As per Last Balance Sheet	6,319.17	12,879.22
Add : Provided during the year	<u>1,065.47</u>	-
	7,384.64	12,879.22
Less : Bad Debt Written Off during the year	<u>1,407.03</u>	<u>6,560.05</u>
	<u>5,977.61</u>	<u>6,319.17</u>
Note 7:-Cash & Cash Equivalents		
Cash Balance		
Cash on hand	1.10	3.79
Balance with banks		
Current Account	328.55	328.55
Foreign Currency Account	<u>0.66</u>	<u>0.66</u>
	<u>330.31</u>	<u>333.00</u>
Note 8:-Other Bank Balances		
Earmarked Balance (Refer Note no. 41)	4.76	4.76
Deposits with Banks		
-Held as margin/security with original maturity of more than 3 months having remaining maturity of less than 12 months from balance sheet date		
Term Deposit as Margin money	76.01	72.02
Term Deposit as No-lien Deposit	4.67	4.17
Term Deposit as No-lien Deposit (utilised for adjustment by Banks)	<u>392.59</u>	<u>392.59</u>
	<u>478.03</u>	<u>473.54</u>



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

	31 st March, 2020	(` in lakhs) 31 st March, 2019
Note 9:-Current Tax Assets (Net)		
Advance Tax & TDS	49.27	45.81
Less:		
Provision for Income Tax	7.00	7.00
Income Tax Payable	7.34	7.34
F.B.T. Payable	1.07	1.07
	33.86	30.40

Note 10:-Other Current Assets

Advance other than Capital Advance

Others	778.92	904.63
	778.92	904.63

Note 11 :-Equity Share Capital

	No. of Shares	Amount	No. of Shares	Amount
Authorised				
Equity Shares of ` 2/- each	150,000,000	3,000.00	150,000,000	3,000.00
8 % Redeemable Cumulative Preference Shares of ` 100/- each	<u>2,000,000</u>	<u>2,000.00</u>	<u>2,000,000</u>	<u>2,000.00</u>
Issued				
Equity Shares of ` 2/- each	79,110,120	1,582.20	79,110,120	1,582.20
Subscribed & Paid Up				
Equity Shares of ` 2/- each	<u>78,952,620</u>	<u>1,579.05</u>	<u>78,952,620</u>	<u>1,579.05</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 shareholders. 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 shareholders 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. **(Equity Shares of ` 2/- each fully paid up)**

	31 st March 2020		31 st March 2019	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Shyam Sunder Shah	71,39,205	9.04	71,39,205	9.04
Ginia Devi 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



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

- 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 have been bought back by the Company during the 5 years preceding the date at which Balance Sheet is prepared.
- 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) The Promoter's shareholding remains encumbered in favour of Allahabad Bank, Leader Bank of consortium of Banks.

(₹ in lakhs)

	<u>31st March, 2020</u>	<u>31st March, 2019</u>
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Note 12 :- Other Equity

Capital Reserve*

Opening Balance	1,882.77	1,882.77
Closing Balance	1,882.77	1,882.77

Capital reserve is an account on the balance sheet to prepare the company for any unforeseen events like inflation, instability, need to expand the business, or to get into a new and urgent project.

Capital Redemption Reserve*

Opening Balance	1,400.00	1,400.00
Closing Balance	1,400.00	1,400.00

Where a company purchases its own shares out of free reserves or securities premium account, a sum equal to the nominal value of the shares so purchased shall be transferred to the capital redemption reserve account and details of such transfer shall be disclosed in the balance sheet

Securities Premium Account*

Opening Balance	11,428.75	11,428.75
Closing Balance	11,428.75	11,428.75

Share Premium is the difference between the issue price and the par value of the stock and is also known as securities premium. The shares are said to be issued at a premium when the issue price of the share is greater than its face value or par value. This premium is then credited to the share premium account of the company.

Preference Share Redemption Reserve

Opening Balance	1,400.00	1,400.00
Closing Balance	1,400.00	1,400.00

When the company proposes to redeem the preference shares out of the profits, it transfers an amount equal to the nominal value of the redeemable preference shares to the Capital Redemption Reserve A/c out of the profits of the company

Retained Earning

Opening Balance	(20,075.06)	(19,112.26)
Net Profit / (Loss) For the Year	105.28	(962.80)
Closing Balance	(19,969.78)	(20,075.06)



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Retained earnings (RE) is the amount of net income left over for the business after it has paid out dividends to its shareholders. A business generates earnings that can be positive (profits) or negative (losses).

Equity Instrument through Other Comprehensive Income

Opening Balance	2.43	1.69
Add/(Less) :		
Changes in Fair Value of Equity Instruments for the year	(0.22)	0.74
Closing Balance	2.21	2.43

Other comprehensive income is those revenues, expenses, gains, and losses under both Generally Accepted Accounting Principles and Indian Accounting Standards that are excluded from net income on the income statement. This means that they are instead listed after net income on the income statement.

Other Items of Comprehensive Income

Opening Balance	1.45	6.62
Add/(Less) :		
Remeasurement of Post -Employment Benefit Obligation for the year	(50.81)	(5.17)
Closing Balance	(49.36)	1.45
	(3,905.41)	(3,959.66)

Note 13 :- Non-Current Borrowings

8 % Redeemable Cumulative Preference Shares of ` 100/- each	1,400.00	1,400.00
	1,400.00	1,400.00

Note:

Preference Shares:

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 were extended upto 1st April, 2020 with the consent of all the preference shareholders. However redemption of the preference shares can only be made after the entire dues of Banks & Institutions are repaid. Accordingly the redemption of preference shares have been further extended till 31st March, 2025 with the consent of the preference shareholders.

Note 14:-Non- Current Provisions

Provisions for Employees Benefit

Leave Encashment	52.82	49.09
Provision for Gratuity	27.18	14.36
	80.00	63.45

Note 15 :- Current Borrowings

Secured

Loan from Banks

-Term Loan	2,984.60	2,984.60
-Funded Interest Term Loan	493.81	493.81

Loans from others

	7,667.00	7,862.30
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Unsecured

Loans From Promoters

	2,170.00	2,170.00
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	13,315.41	13,510.71
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NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Nature of Security:

Term Loan

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

Loans repayable on demand:

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

Loan from Others

Secured on the Company's assets as mentioned under the security of settled Term Loan/ WCTL and by residual charge to the extent of satisfaction under OTS with Banks & Others.

Loan from Promoters

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

31st March, 2020 (` in lakhs)
31st March, 2019

Note 16 :- Trade Payables

Micro, Small and Medium Enterprises	-	-
Others	540.38	571.97
	540.38	571.97

The information regarding Micro, Small and Medium Enterprises as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006, to the extent such parties have been identified on the basis of information available with the Company, is given below:

Note 17 :- Other Current Financial Liabilities

Unclaimed Dividend	4.76	4.76
	4.76	4.76

Note 18 :- Other Current Liabilities

Advance from customers	15.66	1,850.01
Statutory Dues	20.09	9.09
Dividend Payable on Preference Shares	1,120.00	1,008.00
Book Overdraft	7.77	17.94
Others	2,768.59	3,905.45
	3,932.11	6,790.49



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

	31 st March, 2020	(` in lakhs) 31 st March, 2019
Note 19:- Current Provisions		
Provision for employee benefits		
Salary and Reimbursement	264.41	165.62
Contribution to P.F. & ESIC	6.30	8.42
Provision for Gratuity	57.06	36.86
Leave Encashment	3.77	3.82
	331.54	214.72
Note 20:-Revenue From Operations		
Sale of products	9,865.42	6,300.50
Sale of Service	197.75	179.44
Other Operating Revenue		
Drawback & Other incentives	254.34	43.64
	10,317.51	6,523.58
Note 21:- Other Income		
Interest Income		
On Bank Deposits	4.89	4.48
On Other Deposits	5.26	15.83
Dividend Income		
On Long Term Investment	0.14	0.08
Other Non-Operating Income		
Exchange Rate Difference(net)	18.55	-
Sundry Balances & Liabilities No Longer Required Written Back	19.44	21.32
Rent Received	50.42	48.31
Keyman Insurance policy maturity proceeds	370.65	-
Profit on sale of Fixed Assets	0.33	-
Other Miscellaneous Income	0.48	1.45
	470.16	91.47
Note 22:- Cost of Material Consumed		
Opening Stock	716.87	782.91
Add: Purchases	1,933.83	1,040.71
Less : Transferred to Finished Goods	1,115.94	327.17
Less: Closing Stock	553.48	716.87
	981.28	779.58
Raw Material Consumption		
Yarn	981.28	779.58
	981.28	779.58
Note 23:-Purchase of Stock in Trade		
Purchase of Finished Goods	2,109.49	1,215.59
	2,109.49	1,215.59



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

	31 st March, 2020	31 st March, 2019	(₹ in lakhs)
Note 24:-Changes in Inventories of Finished Goods, WIP & Stock in Trade			
Opening Stock of Work In Progress	1,213.38	1,318.47	
Opening Stock of Finished Goods	2,844.57	3,984.43	
Add :Transferred From Raw Material	1,115.94	327.17	5,630.07
	5,173.91		
Less:Closing Stock of Work in Progress	1032.01	1213.38	
Closing Stock of Finished Goods	1944.58	2844.57	4057.95
	2976.59		
	2197.32	1572.12	
Note 25:-Employees Benefit Expenses			
Disclosure pursuant to Note no. 5(i)(a) of Part II of Schedule VI to the Companies Act, 1956			
Salaries and incentives	653.00	612.83	
Contributions to Provident & Other Fund	27.68	35.99	
Contribution to Gratuity Fund	24.33	26.53	
Staff welfare expenses	39.92	31.85	
	744.93	707.20	
Note 26:-Finance Cost			
Dividend			
On Redeemable Preference Shares	112.00	112.00	
	112.00	112.00	
Note 27:- Depreciation & Amortization Expense			
On Property, Plant & Equipment	572.00	717.90	
On ROU Assets	2.49	-	
	574.49	717.90	
Note 28:- Other Expenses			
Manufacturing Expenses			
Conversion, Machining & Other Direct Expenses	1,021.49	1,024.65	
Stores, Spares & Accessories Consumed	82.22	87.42	
Dyes & Chemicals Consumed	152.99	148.42	
Power & Fuel	417.15	405.28	
	1,673.85	1,665.77	
Administrative Expense			
Legal, Professional & Syndication Charges	109.18	25.34	
Rent	36.49	33.57	
Rates & Taxes	8.85	12.69	
Insurance	8.70	29.64	
Travelling Expenses	115.54	80.67	
Mailing & Communication Expenses	8.77	12.03	
Bank Charges & Commission	6.60	7.43	
Directors' Meeting Fee	0.52	0.57	
Managerial Remuneration	29.95	43.40	
Auditor's Remuneration for			
Statutory Audit Fee	4.00	6.00	
For Other Services	1.20	1.50	
Miscellaneous Expenses	164.06	230.00	
Loss on sale of Fixed Assets (Net)	4.09	11.19	
Exchange rate difference (Net)		45.69	
Repairs & Maintenance			
Building	6.97	2.70	
Plant & Machinery	15.51	3.31	
Others	21.12	17.27	
Irrecoverable Balances written off	2.63	-	
Scrap of Assets	15.10	-	
Remeasurement of ARCs' Liability	139.70	-	
Provision for doubtful debts	1,065.47	-	
	1,764.45	563.00	



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

	31 st March, 2020	(` in lakhs) 31 st March, 2019
Selling and Distribution Overhead		
Brokerage & Commission to Selling Agents	248.80	52.55
Sales Promotion	45.69	56.16
Freight, Packing, Forwarding, etc.	<u>230.04</u>	<u>134.79</u>
	524.53	243.50
	<u>3,962.83</u>	<u>2,472.27</u>

29) Contingent Liabilities not provided for in respect of:

		2019-20 ` In Lakhs	2018-19 ` In Lakhs
(a)	Guarantees given by the Bankers	49.50	49.50
(b)	Excise, Sales tax, Custom Duty, ESIC & Other Claims	812.45	812.45

30) The Company had executed bonds worth ` 5,403.04 Lakhs 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 Lakhs 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 Lakhs up to the year ended 31st March, 2012. On completion of the export obligation bonds executed by the Company to the extent of ` 5,378.96 Lakhs (P.Y. ` 5,378.96 Lakhs) have been released and the balance bonds of ` 24.08 Lakhs (P.Y. ` 24.08 Lakhs) 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 ` 20.00 Lakhs, 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 Lakhs have been stayed by the Customs, Excise and Service Tax Act Appellate Tribunal, Chennai. The Company has deposited a sum of ` 38.00 Lakhs with the Customs Authorities under protest.

32) Lining Fabrics valued at ` 93.78 Lakhs 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 Lakhs 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) Export of goods made by the company from SEZ unit on specific order from the overseas customers have become subject of dispute in relation to its valuation. A show cause notice issued by DRI Kolkata was heard and adjudicated by the Customs Appellate and the matter was adjudicated imposing a fine and penalty amounting to ` 205.00 Lakhs. The order of the Adjudicating authority has been challenged by the company before the CESTAT and a pre-deposit of ` 5.00 Lakhs have been made and shown as an advance and no provision has been made against adjudicated liability of ` 205.00 Lakhs in the statement of accounts.

34) 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 stands 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.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020**

35)

- a) Out of the 11(Eleven) Consortium members, the Company have already settled with 4(four) banks/financial Institutions on One Time Settlement (OTS) basis and entered into a settlement arrangement through ARC's for 6(Six) banks/financial Institutions and efforts are going on and the Company is hopeful to arrive at the settlement arrangement soon with the remaining financial institution.

In view of the above no provision in respect of interest payable, amounting to ` 3,234.92 Lakhs, to the remaining financial institution for the period April'2014 to March'2020 has been made in the Statement of Accounts, as the management is hopeful of substantial relief on settlements with the same.

- b) Allahabad Bank (Lead Banker) took the symbolic possession of the Company Assets on 3rd November, 2015, whereas, assets physically remained with the Company and the Company continued its operations. During the F.Y 2016-17, Allahabad Bank has obtained the order for taking the physical possession of the property of the Company at Bangalore and Mysore from the Hon'ble Court of Chief Judicial Magistrate at Bangalore and at Mysore respectively. The order of the Hon'ble Court of Chief Judicial Magistrate at Bangalore and at Mysore was challenged by the Company before the Hon'ble High Court of Karnataka, Bengaluru and deposits of ` 700.00 Lakhs has been made by the Company to the Allahabad Bank in terms of the interim order passed by the Hon'ble High Court of Karnataka, Bengaluru till May, 2017 and the said deposits ` 700.00 Lakhs was allocated by the Allahabad Bank to the respective Consortium members pending settlement. The Company duly adjusted these deposits with the respective banks/financial institutions against their outstanding dues in terms of the settlement arrangement arrived with them except with the leftover Exim Bank. The deposit attributable to the Exim Bank has been shown by the Company under Bank Balances (Refer Note No. 8) pending adjustment pertaining to settlement with them.

Further the Company's petition before the Hon'ble High Court of Karnataka, Bengaluru was disposed off with the remedy of filing an application under Section 17 of the SARFAESI Act, 2002. Accordingly the Company filed the application under Section 17 of the SARFAESI Act, 2002 before the Hon'ble Debt Recovery Tribunal at Bengaluru.

- c) 'No Lien Term Deposit' with the consortium bankers for ` 2,400.00 Lakhs towards 5% deposit of the amount outstanding against the offer of one time settlement were made, of which ` 392.59 Lakhs have been appropriated by few banks towards recovery of their overdue interest. The same has not been recognized by the company and no adjustment has been made and the principal amount of deposit is continued to be shown as 'No Lien Term Deposit' without accounting for interest accruals. In view of the arbitrary and unilateral decision of the Banks, no provision for interest accrued has been made in the Statement of Accounts.

- 36) Remeasurement Loss on Liabilities towards amount payable on account of settlement arrangement entered with Asset Reconstruction Company in earlier year amounting to ` 139.70 Lakhs included under Note No. 28 "Other Expenses".

- 37) In terms of the Settlement Arrangement arrived with the ARC's, the Company failed to meet certain scheduled payment of Installments within the stipulated time. However, the management is continuously discussing the present position of the Company with the ARC's for waiver of interest. Consequently, provision for interest amounting to ` 654.05 lakhs for the period up to 31st March 2020 has not been made in the books of accounts.

- 38) During the year under review, pursuant to Section 7 of the Insolvency & Bankruptcy Code, 2016 ("Code"), the Financial Creditors i.e. Edelweiss Asset Reconstruction Company Limited, ASREC (India) Ltd. and Export-Import Bank of India respectively filed applications to the Hon'ble National Company Law Tribunal, Kolkata Bench against the Company for recovery of their outstanding dues but none of the applications have been admitted till date by the Hon'ble NCLT, Kolkata Bench and Corporate Insolvency Resolution ("CIR") Process in respect of the Corporate Debtor i.e. Eastern Silk Industries Limited ("the Company") under the provisions of the said Insolvency and Bankruptcy Code, 2016 have not yet commenced.

- 39) (a). During the year the Company has written off bad debts during the year amounting to ` 1,407.03 Lakhs, from the Provisions for Bad and Doubtful Debts. Provision amounting to ` 1,065.47 has been created during the year and closing balance as on 31.03.2020 stands at ` 5,977.61.

(b) The money suites filed before the Hon'ble Kolkata High Court are actively pursued to recover the amount from the overseas buyers towards sale consideration of the goods exported amounting to ` 22,506.43 Lakhs.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

40) Disclosures as required by Indian Accounting Standard (IND AS) 19 Employee Benefits

Defined contribution plans

Amount of ₹. 27.68 lakhs (previous year ₹. 35.99 lakhs) is recognised as an expense and included in Employee benefits expense as under Contribution to P.F. & ESIC

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.

Particulars	₹. in Lakhs			
	<u>Gratuity</u>		<u>Leave Encashment</u>	
	2019-20 (Funded)	2018-19 (Funded)	2019-20 (Unfunded)	2018-19 (Unfunded)
Change in present value of defined benefit obligation during the year				
Present Value of defined benefit obligation at the beginning of the year	285.80	309.83	52.91	38.45
Current service cost	20.44	21.20	6.40	6.96
Interest cost	21.72	23.86	4.02	2.96
Past service cost	-	-	-	-
Curtailment Cost/(Credit)	-	-	-	-
Settlement Cost/(Credit)	-	-	-	-
Benefits paid directly by employer	-	-	-	-
Benefits paid	(65.75)	(74.68)	(58.60)	(11.52)
Actuarial changes arising from changes in demographic assumptions	(0.17)	-	(0.04)	-
Actuarial changes arising from changes in financial assumptions	27.74	2.69	5.70	0.58
Actuarial changes arising from changes in experience adjustments	21.83	2.90	46.18	15.48
Present Value of defined benefit obligation at the end of the year	311.61	285.80	56.59	52.91
Change in fair value of plan assets during the year				
Fair value of plan assets at the beginning of the year	234.58	240.62	-	-
Interest Income	17.83	18.53	-	-
Contributions paid by the employer	42.12	49.68	58.60	-
Benefits paid from the fund	(65.75)	(74.68)	(58.60)	-
Assets transferred out/ divestments	-	-	-	-
Return on plan assets excluding interest income	(1.41)	0.43	-	-
Fair value of plan assets at the end of the year	227.36	234.58	-	-
Net asset/ (liability) recognised in the balance sheet				
Present Value of defined benefit obligation - Current	57.06	36.86	3.77	3.82
Present Value of defined benefit obligation - Non Current	254.55	248.94	52.82	49.09
Present Value of defined benefit obligation at the end of the year	311.61	285.80	56.59	52.91
Fair value of plan assets at the end of the year	227.36	234.58	-	-
Amount recognised in the balance sheet	(84.24)	(51.22)	(56.59)	(52.91)
Expenses recognised in the statement of profit and loss				
Current service cost	20.44	21.20	6.40	6.96
Interest cost on benefit obligation (Net)	3.89	5.33	4.02	2.96
Past service cost	-	-	-	-
Actuarial changes arising from changes in demographic assumptions	-	-	(0.04)	-
Actuarial changes arising from changes in financial assumptions	-	-	5.70	0.58
Actuarial changes arising from changes in experience adjustments	-	-	46.18	15.48
Return on plan assets excluding interest income	-	-	-	-
Total expenses included in employee benefits expense	24.33	26.53	62.28	25.98
Expenses recognised in the other comprehensive income				
Actuarial changes arising from changes in demographic assumptions	(0.17)	-	-	-
Actuarial changes arising from changes in financial assumptions	27.74	2.69	-	-
Actuarial changes arising from changes in experience adjustments	21.83	2.90	-	-
Return on plan assets excluding interest income	(1.41)	0.43	-	-
Recognised in other comprehensive income	50.81	5.16	-	-



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Actuarial assumptions

Particulars	Gratuity		Leave Encashment	
	2019-20	2018-19	2019-20	2018-19
	(Funded)	(Funded)	(Unfunded)	(Unfunded)
Financial Assumptions				
Discount Rate (% p.a.)	6.60	7.60	6.60	7.70
Rate of Increase in Salary (% p.a.)	5.00	5.00	5.00	5.00
Demographic Assumptions				
Mortality Rate (% of IALM 06-08)	100.00	100.00	100.00	100.00
Normal Retirement Age	58 Yrs.	58 Yrs.	58 Yrs.	58 Yrs.
Attrition Rate, based on age (% p.a.)- For all Ages	2.00	2.00	2.00	2.00

Expected contribution to the defined benefit plan for the next annual

(i) The actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out at 31st March, 2020. The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

(ii) Discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.

(iii) The salary escalation rate is arrived after taking into consideration the seniority, the promotion and other relevant factors, such as, demand and supply in employment market.

- 41) In terms of Ind AS-12, further Deferred Tax Assets (DTA) of ₹ 5,212.13 Lakhs (P.Y. ₹ 5,271.99 Lakhs) is required to be recognized during the year. The Company has so far recognized DTA aggregating ₹ 4,572.98 Lakhs. Earlier recognitions were made based on future profitability and projections. The Company is of the opinion that net DTA of ₹ 4,572.98 Lakhs as recognized in the books is sufficient for future income and as such, the current year's DTA has not been recognized.

(₹. in Lakhs)

Particulars	Amount	Deferred Tax Asset @ 26.00%	Amount	Deferred Tax Asset @ 26.00%
		2019-20		2018-19
Deferred Tax Liability				
Difference Between W.D.V. of P.P.E. as per I.Tax Act and Companies Act	480.42	124.91	267.97	69.67
Deferred Tax Asset				
Provision as per Sec 43B to be allowed as per payment basis	482.92	125.56	389.03	101.15
Provision for Bad and Doubtful Debts	7,253.64	1,885.95	6,319.17	1,642.98
Unabsorbed Losses	30,378.89	7,898.51	31,425.04	8,170.51
Net Deferred Tax Asset		9,785.11		9,844.97
Net Deferred Tax Asset Already Recognised		4,572.98		4,572.98
Net Deferred Tax Asset to be recognized this year		5,212.13		5,271.99

- 42) At the instance of Allahabad Bank, HDFC Bank Ltd. closed all the bank accounts of the Company during the F.Y. 2016-17 which included closure of the Dividend Account for the year 2009 and 2010 also. The Company was pursuing the matter with The Reserve Bank of India & HDFC Bank Ltd to reinstate the Dividend Accounts in order to facilitate the Company to deposit the Unclaimed Dividend amount for the year 2009 and 2010 with Investor Education and Protection Fund to comply with the required provision of the Companies Act, 2013. The Company has received the Manager's Cheque for the balances held in the said account for the year 2009 and 2010 are still shown under Bank Balances (Others) reported under Note No.9. The Company has been pursuing the matter with the Ministry of Corporate Affairs for depositing the said Manager's Cheque to the Investor Education and Protection Fund.
- 43) Reconciliation between the opening and closing balances in the balance sheet for liabilities and financial assets arising from financing activities is illustrated below as per IND AS 7 amendment.



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

(` in Lakhs)

Particulars	Opening Balance as on 01.04.2019	Net (Payments) /Receipts during the year	Closing Balance as on 31.03.2020
Funded Interest Term Loan	493.81	-	493.81
Loan from Others	7862.30	(195.30)	7667.00
Loan from Promoter	2,170	-	2,170

44) Reconciliation of Fair Value of Investments using different Level of inputs through OCI is illustrated below:-

Level 1:

Particulars	Amount(` in lakhs)
Value of Investment as on 31.03.2018	2.07
FVTOCI of increase in value of listed shares as on 31.03.2019	0.74
Value of Investment as on 31.03.2019	2.81
FVTOCI of decrease in value of listed shares as on 31.03.2020	0.22
Value of Investment as on 31.03.2020	2.59

Level 2:

Particulars	Amount(` in lakhs)
Actuarial Valuation of Gratuity Scheme as at 31st March 2019 under Ind AS 19 Recognized as stated below:-	
Total Employer expense recognized in Income Statement	26.53
Total Employer expense recognized in Other Comprehensive Income	5.17
Actuarial Valuation of Gratuity Scheme as at 31st March 2020 under Ind AS 19 Recognized as stated below:-	
Total Employer expense recognized in Income Statement	24.33
Total Employer expense recognized in Other Comprehensive Income	50.81

45) The dues to Micro, Small and Medium Enterprises as much to company's knowledge amounts to is NIL since no confirmation was received from the parties for micro small and medium enterprises which are outstanding for more than 45 days as at 31st March 2020. 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.

46) 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 IND AS – 108 on Operating Segment.

47) Related Party Disclosure as per IND AS – 24

List of Related Parties

Key Management Personnel and relative of such personnel :-

Name of the Person

Shri Sundeep Shah (Chairman & Managing Director)
Miss Megha Shah (Executive Women Director)
Late Ginia Devi Shah (Mother of CMD Sundeep Shah)

Transaction during the year :-

Remuneration Paid :

29.95 Lakhs (P.Y. ` 43.40 Lakhs)

Balance outstanding as on 31.03.2020

Unsecured Borrowings (interest-free) :

1,430.00 Lakhs (P.Y. ` 1430.00 Lakhs)

48) Earnings Per Share (EPS)

(` in Lakhs)

	2019-20	2018-19
Profit/(Loss) for the year	105.33	(962.80)
Weighted average number of Equity Shares of ` 2/- each	7,89,52,620	7,89,52,620
Earning Per Share (Basic & Diluted)(in `)	0.13	(1.22)



NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

49) **Impact on COVID 19 Pandemic**

The Covid-19 outbreak was declared a global pandemic by World Health Organization & affected world economy as well as Indian economy. On account of continues volatility in financial markets the company has considered various factors for determining the impact on various elements of financial statement.

In assessing the recoverability of carrying amounts of its financial assets and fair value of its Property, Plant & Equipment's, the Company has considered internal and external sources of information, including credit reports, economic forecasts and industry reports upto the date of approval of these financial statements. The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions. The Company expects to recover the carrying amount of these assets. However, the eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements and the Company will continue to monitor any material changes to the future economic conditions. The company has developed estimated and applied management overlays for the purpose of determination of the provision for impairment of its financial assets and of its Property, Plant & Equipment's in future.

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

51) **Earning In Foreign Currency**

Particulars	<u>2019-20</u> Amount (₹ in Lakhs)	<u>2018-19</u> Amount (₹ in Lakhs)
Export of goods calculated on F.O.B. (accrual basis)	2,709.99	1,429.09

52) **Expenditure in foreign currency**

SI No.	Particulars	<u>2019-20</u> Amount (₹ in Lakhs)	<u>2018-19</u> Amount (₹ in Lakhs)
1	Overseas Travelling	53.08	21.04
2	Commission to Agents	28.52	8.29
3	Others	56.68	70.45

53) **Value of imports calculated on CIF basis:-**

Particulars	<u>2019-20</u> Amount (₹ in Lakhs)	<u>2018-19</u> Amount (₹ in Lakhs)
Yarn	934.60	187.45
Fabrics	810.49	591.89

54) Miscellaneous Expenses shown under "Other Expenses" (Refer Note No.28) do not include any item of expenditure which exceeds 1% of revenue from operations.

55) 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 **SURESH KUMAR MITTAL & CO.**

Firm Registration No : 500063N

Chartered Accountants

(Rashi Goswami)

Partner

(Mem.No. 522561)

Sundeep Shah

Chairman &

Managing Director

DIN 00484311

Megha Shah

Executive Director

DIN 07172597

Madhu Kant Sharma

Director

DIN 01836989

Deepak Agarwal

Secretary

U.S.Gutgutia

Chief Financial

Officer

Kolkata

The 30th June,2020



Eastern Silk Industries Limited

Registered Office

19 R.N Mukherjee Road, Kolkata 700 001

CIN: L17226WB1946PLC013554

Phone: 033 2243 0817/18/19 **Fax:** 033 2248 2486

Website: www.easternsilk.com