

Annual Report

1997 - '98

ESI LTD

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Eastern Silk Industries





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EASTERN SILK INDUSTRIES LIMITED



CHAIRMAN & MANAGING DIRECTOR

S. S. Shah

DIRECTORS

Ajit Khandelwal
B. R. Dhavale
H. S. Gopalka
Prabir Chakravarti
R. L. Gaggar
R. S. Rungta

SECRETARY

K. T. Sheth

AUDITORS

B. K. Shroff & Co.
23A, Netaji Subhas Road
Calcutta - 700 001

BANKERS

State Bank of Mysore
Bank of Baroda
State Bank of Hyderabad
Allahabad Bank
The Federal Bank Ltd.
IDBI Bank Ltd.

REGISTERED OFFICE

19, R. N. Mukherjee Road
Calcutta - 700 001

FACTORY

A-9, Sector - 3
Noida - 201301
Dist. Ghaziabad
U. P.



NOTICE

The Fifty-second Annual General Meeting of Eastern Silk Industries Limited will be held on Thursday, the 24th September, 1998 at 3.00 P.M. at Kala Kunj, 48, Shakespeare Sarani, Calcutta - 700 017, to transact the following business:

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March, 1998 and the Balance Sheet as at that date together with the reports of the Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Shri R. L. Gaggar who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Shri Ajit Khandelwal who retires by rotation and is eligible for re-appointment.
5. To appoint Auditors and fix their remuneration.

Registered Office :

19, R. N. Mukherjee Road
Calcutta - 700001.

Dated : The 26th August, 1998.

By Order of the Board

K. T. SHETH
SECRETARY

NOTES :

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 14th September, 1998 to 24th September, 1998, both days inclusive.
3. Dividend, when declared will be made payable on or after 24th September, 1998 to those shareholders whose names appear in the Register of Members on 24th September, 1998
4. The Company has already transferred unclaimed dividend declared for the financial year ended 31st March, 1994 to the General revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978. The unpaid dividends for the financial year ended 31st March, 1995 is due for transfer to the Central Government on 4th February, 1999. Members who have not encashed their dividend warrants for the aforesaid financial year are requested to approach the Company for obtaining duplicate dividend warrants.



DIRECTORS' REPORT

TO THE SHAREHOLDERS

Your Directors have pleasure in presenting their Fifty-second Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 1998.

FINANCIAL RESULTS :

	(Rs. In Lacs)	
	1998	1997
Profit before depreciation and taxation	972.29	887.22
Less : Depreciation	37.98	45.73
Profit	934.31	841.49
Less: Provision for taxation	—	110.00
	934.31	731.49
Add : Investment Allowance Reserve utilized written back	9.30	16.00
	943.61	747.49
Add : Balance brought from previous year	890.58	639.75
	1834.19	1387.24
Which the Directors have appropriated as follows :		
General Reserve	300.00	300.00
Preference Share Redemption Reserve	160.00	—
Proposed Dividend :		
On Preference Shares	18.16	—
On Equity Shares	178.78	178.78
Corporate Dividend Tax	19.70	17.88
Balance carried forward to next year	1157.55	890.58
	1834.19	1387.24

OPERATIONS :

The sales and processing income during the year increased from Rs. 8636.57 lacs to Rs. 9850.44 lacs. The Company's net profit rose from Rs. 841.49 lacs to Rs. 934.31 lacs.

Issue of Preference Shares

During the year, your company issued 8,00,000 – 13% Cumulative Redeemable Preference Shares of Rs. 100/- each on private placement basis out of which 5,00,000 shares were allotted on 29th December, 1997 and 3,00,000 shares were allotted on 18th March, 1998.

**DIVIDEND :**

Your Directors recommend payment of the following Dividends for the year :-

i) On 8,00,000 — 13% Cumulative Redeemable Preference Shares on prorata basis	Rs. 18,16,438
ii) On 71,51,235 Equity Shares @ 25%	Rs. 1,78,78,088

EXPANSION AND FUTURE OUTLOOK

Your Company has undertaken a modernization and expansion programme at Noida Unit with a capital out lay of Rs. 8 Crores. This programme will increase the capacity from 40.5 Lacs Mtrs. per annum to 60 Lacs Mtrs. per annum besides improving the quality and the product mix.

The land dispute with respect to the modern weaving mill and process house at Gurgaon (Haryana) has still not been able to fruitify because of the lingering land dispute. Your Company is taking necessary steps to get the matter sorted out at the earliest possible opportunity.

The global scenario is undergoing a severe demand recession. This has resulted in reduced off take of high fashion quality fabrics in some of the advanced countries. However, the Company's efforts in identifying new markets in USA, Canada and South America has borne fruits. Due to unstinted efforts, the Company has been able to maintain the growth in spite of adverse scenario in Europe and other countries.

The business of commodities export like tea and rice have reflected a satisfactory growth. The current year's trend has also been satisfactory. Your Company plans to increase its presence in the commodity business and looking at the favourable conditions, is also planning backward integration in certain areas.

SUBSIDIARIES

As required under section 212 of the Companies Act, 1956, the Audited Statement of accounts along with the Report of the Board of Directors and Auditors' Report of Eastern Enterprises Limited for the year ended 31st March, 1998 are annexed.

DISCLOSURE OF PARTICULARS

Information as per the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, relating to conservation of energy, technology absorption, foreign exchange earnings and outgo is annexed.

AUDITORS' REPORT

The observations of Auditors are explained where necessary in the appropriate notes to the Accounts.

DIRECTORS

Shri R. L. Gaggar and Shri Ajit Khandelwal retire from office by rotation and are eligible for re-appointment.

PERSONNEL

The Board of Directors wishes to express its appreciation to all the employees of the Company for their valued contributions to the operations of the Company during the year.



The information required under section 217(2A) of the Companies Act, 1956, is as under :

- (i) Statement of particulars of the employees throughout the financial year under review, who are in receipt of remuneration in the aggregate of not less than Rs. 3,00,000/- during the year.

Name	Age	Designation (Years)	Remuneration (Rs.)	Qualification	Total experience (Years)	Date of Joining	Last Employment
S. S SHAH	63	Chairman & Mg. Director	9,21,359	B. Com., LLB	44	1.9.1952	—

PUBLIC DEPOSIT SCHEME

During the year your Company accepted deposits under its Public Deposit Scheme and the balance as on 31st March, 1998 was Rs. 199.12 lacs. No deposit remains unclaimed as on 31st March, 1998 and there was no overdue deposit as on that date.

ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for the assistance and co-operation extended by the Financial Institutions, Bankers, Agents and Customers of the Company.

Registered Office :

19, R. N. Mukherjee Road
Calcutta - 700 001
Dated : The 26th August, 1998.

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

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ANNEXURE TO DIRECTORS' REPORT

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988, forming part of Directors' Report :

(A) CONSERVATION OF ENERGY :

- (a) The Company exercises strict control on energy consumption so as to minimise the wastage of energy.
- (b) The Company adopts energy saving devices wherever possible.
- (c) The measures adopted has culminated in substantial savings of energy leading to reduction in cost of production.

FORM A

(A) Power and Fuel Consumption

1.	Electricity		Current Year	Previous Year
(a)	Purchased	Units	1,41,936	3,37,851
	Total amount	Rs.	14,04,818	14,52,658
	Rate/Unit	Rs.	9.90	4.30
(b)	Own Generation through			
	Diesel Generator	Units	13,620	22,080
	Total Amount	Rs.	1,09,342	71,009
	Cost/Unit	Rs.	8.03	3.22
2.	Furnace Oil			
	Quantity	Kilo Ltr.	152	333
	Total Amount	Rs.	10,97,226	21,63,733
3.	Others/Internal Diesel	Ltrs.	10,260	8,550
	Total Cost	Rs.	1,09,342	71,009

(B) Consumption per unit of products :

Products		Unit		
Silk Fabrics	Mtrs.	1,93,354	8,80,509	
Synthetics	Mtrs.	7,06,744	7,79,964	
Silk Yarn	Kgs.	171.45	—	
Electricity	Rs.	1.56	0.87	
Furnace Oil	Rs.	1.22	1.30	
Diesel	Rs.	0.12	0.04	



(B) TECHNOLOGY ABSORPTION

FORM B

Research & Development

- | | |
|---|---|
| 1. Specific areas in which R & D carried out by the Company | R & D activities are mainly focussed on improvement in the quality of the products and import substitution. |
| 2. Benefits derived as a result of above R & D | Quality products to cater to the exact needs of the customers and their satisfaction is reflected in the repeat orders. |
| 3. Future plan of action | To give more emphasis to R & D activities. |
| 4. Expenditure on R & D | Negligible. |

Technology Absorption, Adaptation & Innovation.

- | | |
|--|---|
| 1. Efforts, in brief, made towards technology absorption, adaptation and innovation | All efforts are made to adopt latest technology to manufacture products as per the taste of the overseas customers. |
| 2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution. | Betterment in the quality of the products and reduction in the cost of production. |
| 3. Details of imported technology | No technology has been imported during the last five years |

(C) FOREIGN EXCHANGE EARNINGS & OUTGO

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

Regular participation of the Officials of the Company in International Trade Fairs and Export Promotion tours to explore new markets and to introduce new varieties of products are some of the measures adopted to boost the Company's exports.

Calcutta

Dated : The 26th August, 1998.

By order of the Board

S. S. SHAH

Chairman & Managing Director