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S. S. Shah *Chairman & Managing Director*  
Sundeep Shah *Executive Director*  
Megha Shah *Executive Director*  
G. D. Harnathka  
H. S. Gopalka  
D. K. Rungta *Additional Director*

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## NOTICE

The Seventieth Annual General Meeting of Eastern Silk Industries Ltd.(CIN: **L17226WB1946PLC013554**) will be held on Wednesday, the 28<sup>th</sup> September, 2016 at 11:00 A.M. at Kala Kunj, 48, Shakespeare Sarani, Kolkata – 700 017, to transact the following business:

### ORDINARY BUSINESS

- To receive, consider and adopt the Statement of Profit & Loss for the year ended 31<sup>st</sup> March, 2016 and the Balance Sheet as at that date together with the report of the Directors and Auditors thereon.
- To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an **ORDINARY RESOLUTION**:

“RESOLVED THAT pursuant to the provisions of Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, the Company hereby ratifies the appointment of M/s B. K. Shroff & Co, Chartered Accountants (Firm Registration No. 302166E), as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the 71<sup>st</sup> Annual General Meeting of the Company, who were appointed in the 68<sup>th</sup> Annual General Meeting (held on 25<sup>th</sup> June, 2014) to hold office for a period of 3 (three years) until the conclusion of the 71<sup>st</sup> Annual General Meeting on such remuneration as may be determined by the Board of Directors of the Company.”

### SPECIAL BUSINESS :

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

“RESOLVED THAT pursuant to Section 149, 152 and other applicable provisions of Companies Act, 2013 ('Act') and the rules made thereunder read with Schedule IV of the Act, Shri Dilip Kumar Rungta (DIN: 00534100) who was appointed as an Additional Director of the Company by the Board of Directors with effect from November 14, 2015 and who holds office up to the date of this Annual General Meeting in terms of Section 161 (1) of the Act and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature to the office of Director, be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation for the period up to November 13, 2020.”

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

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

“RESOLVED THAT pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013, (including any amendment thereto or re-enactment thereof), the Articles of Association of the Company be and are hereby altered by replacing all the existing regulations 1 to 207 with the new regulations 1 to 246 and the said regulations be and is hereby adopted as new regulations of the Articles of Association of the Company.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, Board of Directors of the Company be and is hereby authorized, on behalf of the Company, to do all acts, deeds, matters and things as deem necessary, proper or desirable and to sign and execute all necessary documents, applications and returns for the purpose of giving effect to the aforesaid Resolution along with filing of necessary E-forms with the Registrar of Companies, West Bengal.”

### Registered Office:

19, R. N. Mukherjee Road  
Kolkata – 700 001

Dated: The 30<sup>th</sup> May, 2016.

CIN: **L17226WB1946PLC013554**

Email: [investors@easternsilk.com](mailto:investors@easternsilk.com)

By Order of the Board

**DEEPAK AGARWAL**  
SECRETARY

### NOTES:

- A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead and the proxy need not be a member of the Company. The proxy, in order to be effective, must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.
- The Register of Members and Share Transfer Books of the Company will remain closed from 22<sup>nd</sup> September 2016 to 28<sup>th</sup> September 2016, both days inclusive on account of Annual General Meeting.
- The business set out in the Notice will be transacted through electronic voting system and the Company is providing facility for voting by electronic means. Instructions and other information relating to e-voting are given below. The Company will also send communication relating to remote e-voting which inter alia would contain details about User ID and password along with a copy of this Notice to the members, separately.



## Voting through electronic means

In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM (“remote e-voting”) will be provided by National Securities Depository Limited (NSDL).

- The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- The members who have cast their vote by remote e-voting prior to the AGM, may also attend the AGM but shall not be entitled to cast their vote again.
- The remote e-voting period commences on 25<sup>th</sup> September, 2016 (9:00 am) and ends on 27<sup>th</sup> September, 2016 (5:00 pm). During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 21<sup>st</sup> September, 2016, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

### IV. The process and manner for remote e-voting are as under:

#### A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)] :

- Open email and open PDF file viz: “remote e-voting.pdf” with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
- Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>
- Click on Shareholder - [Login](#)
- Enter user ID and password as initial password/PIN noted in step (i) above. Click Login.
- Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
- Select “EVEN” of “**EASTERN SILK INDUSTRIES LTD**”.
- Now you are ready for remote e-voting as Cast Vote page opens.
- Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted.
- Upon confirmation, the message “Vote cast successfully” will be displayed.
- Once you have voted on the resolution, you will not be allowed to modify your vote.
- Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to “[esil.scrutinizer@gmail.com](mailto:esil.scrutinizer@gmail.com)” with a copy marked to “[evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)”

#### B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy] :

- Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:

**EVEN (Remote e-voting Event Number)      USER ID      PASSWORD/PIN**

- Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

#### V. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.



- VI. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- VII. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- VIII. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 21<sup>st</sup> September, 2016.
- IX. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 21<sup>st</sup> September, 2016, may obtain the login ID and password by sending a request at “evoting@nsdl.co.in” or RTA at “absconsultant@vsnl.net”.
- However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password” option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.
- X. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- XI. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- XII. Mr. Atish Kumar Shaw, Practicing Chartered Accountant (Membership No. 306098) has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- XIII. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of “Ballot Paper” for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- XIV. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer’s report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- XV. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company “www.easternsilk.com” and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the NSE Limited, Mumbai.
4. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of Special Business set out in the Notice is annexed hereto.
5. Additional information pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with Stock Exchange regarding the Directors who are proposed to be reappointed at the Annual General Meeting are provided in the Annexure to this Notice.
6. Pursuant to the provisions of Section 123, 124 of the Companies Act, 2013, dividends which remain unpaid or unclaimed for a period of seven years will be transferred to the Investor Education and Protection Fund of the Central Government. Members, who have not encashed their dividend warrants pertaining to the year 2008-09, 2009-10 may approach the Company’s Registrars and Share Transfer Agents for obtaining duplicate dividend warrants.
7. Pursuant to sub-division of each Equity share of Rs.10/- into five Equity shares of Rs.2/- each, members holding shares in physical form, were requested to surrender old share certificates to obtain new share certificates in lieu thereof. Those members, who have not surrendered their old share certificates to the Company’s Registrars and Share Transfer Agents, are requested to do so at the earliest.
8. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively), has undertaken a ‘Green Initiative in Corporate Governance’ and allowed companies to share documents with its shareholders through an electronic mode. Members are requested to support this green initiative by registering/updating their e-mail addresses, in respect of shares held in dematerialized form with their respective Depository Participants and in respect of shares held in physical form with the Company’s Registrars and Share Transfer Agents.



### Explanatory Statement under Section 102 of the Companies Act, 2013 (“the Act”)

#### Item No. 3

In terms of Section 149 of the Act read with the relevant Schedule and, particularly, at least one-third of the Directors of the Company should be Independent Director. Further, after cessation of Shri R.S Rungta as the Director of the Company, the Board proposes to appoint Shri Dilip Kumar Rungta as the Director of the Company in his place and accordingly, Shri Dilip Kumar Rungta was appointed as an Additional Non-Executive Independent Director by the Board with effect from November 13, 2015.

Shri Dilip Kumar Rungta has filed declaration of independence and he is deemed to be independent within the meaning of Section 149 of the Act. In terms of Section 161(1) of the Act, Shri Dilip Kumar Rungta holds office as an Additional Non-Executive Independent Director up to the conclusion of the forthcoming Annual General Meeting. A notice has been received from a Member as required under Section 160 of the Act, signifying his intention to propose the candidature of Shri Dilip Kumar Rungta for the office as an Independent Director of the Company. As per Section 150 of the Act, appointment of Directors an Independent Directors requires approval of the Members at the General Meeting.

Accordingly, approval of the Members is sought for appointment of Shri Dilip Kumar Rungta as an Independent Director of the Company, for period of five years (first term) from November 14, 2015 up to November 13, 2020, not liable to retire by rotation pursuant to Section 149(13) of the Act.

The Board considers it desirable that the Company should avail itself of the services of Shri Dilip Kumar Rungta as Director and accordingly commends the Resolution at Item No. 3 for approval by the Members. Shri Dilip Kumar Rungta has wide knowledge in the field of textile and textile goods business and is an social activist. Shri Dilip Kumar Rungta is interested and concerned in the Resolution mentioned at Item No.3 of the Notice. Other than Shri Dilip Kumar Rungta, none of the Directors or Key Managerial Personnel or their respective relatives are concerned or interested in the Resolution at Item No. 3 of the Notice.

#### Item No. 4

The Existing regulations 1 to 207 of the Articles of Association are replaced by the new set of regulations 1 to 246 and adopted as new set of Articles of Association. The modification in the Articles of Association is carried out to give effect to the provisions of the Companies Act, 2013. Consent of the shareholders by passing a Special resolution is required in this regard. New set of regulations 1 to 246 of Articles of Association shall be made available at the request of the shareholders.

### Annexure to Notice dated 30<sup>th</sup> May, 2016

Details of Directors seeking Re-Appointment at the forthcoming Annual General Meeting

[Pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ]

Particulars	Name of the Director
Name of the Director	Shri Dilip Kumar Rungta
DIN	00534100
Age	55 years
Date of Appointment on the Board	14.11.2015
Qualification	B.Com.
Experience	Wide experience in textile & textile goods business.
Directorship held in other Public Companies	2 companies, Director in <b>Rungta Promoters Pvt. Ltd.</b> Whole Time Director in <b>D R Steel Construction Company Pvt Ltd.</b>
Memberships / Chairmanships of Committees of Public Companies	—
Shareholding of Non-Executive Directors	—
Relationship with any Director(s) of the Company	—





DIRECTORS' REPORT  
TO THE MEMBERS

Your Directors have pleasure in presenting their seventieth Annual Report together with the Audited Statements of Accounts of your Company for the year ended 31<sup>st</sup> March, 2016.

FINANCIAL RESULTS

	(₹ in Lacs)	
	2016	2015
Profit/(Loss) before depreciation / Exceptional items and taxation	(5,844.04)	(3,411.77)
Less/Add: Depreciation	1,378.64	2,023.08
Profit/(Loss) before taxation	(7,222.68)	(5,434.85)
(Add) / Less: Exceptional Items	5,040.07	1,746.61
	(2,182.61)	(3,688.24)
Less/Add: Provision for Earlier Year Taxation	-	-
	(2,182.61)	(3,688.24)
Less/Add: Deferred Tax Liability	-	-
Profit/(Loss) after tax	(2,182.61)	(3,688.24)
Add: Balance brought forward from previous year	(22,767.46)	(18,337.52)
Add: Transitional from Depreciation Adjustments	-	75.94
Less: Depreciation on Revalued Assets	-	(817.64)
Which the Directors have decided to carry forward to the next year	(24,950.07)	(22,767.46)

PERFORMANCE REVIEW

Highlights of performance during the financial year 2015-16 are:

- Total Revenue from Operation of the Company is ₹ 7,047.41lakh as against ₹ 6,101.77 lakh in the previous year.
- Operating Profit / (Loss) is ₹ (5,844.04) lakh as against ₹ (3,411.77) lakh in the previous year.
- Profit / (Loss) before taxation is ₹ (7,222.68) lakh as against ₹ (5,434.85) lakh in the previous year.
- Profit / (Loss) after Tax is ₹ (2,182.61) lakh as against of ₹ (3,688.24) lakh in the previous year.

The performance of the Company during the year under review showed a better picture as compared to the previous year. However improvement in the operational revenue has been offset by the operating loss incurred during the year.

The Company is a BIFR referred company under the Sick Industrial Companies (Special Provision) Act, 1985 (SICA), pending registration of the same as a Sick Unit.

The Company has been trying to make up the volume losses in its main stay i.e. Silk Textiles by resorting to polyester, cotton, viscose and other blended fabric. Inspite of the best efforts of the Company these low end products are fetching very meager realization. Your Company has been successfully introducing new designs and new blends taking into account the customers taste and preferences globally. Difficulties faced by the Company can only be resorted by increasing the scale of operation via infusion of machines and technology.

FUTURE OUTLOOK

'Make in India' campaign launched by the government intends to provide a further boost to the Indian textile industry and enable it to achieve 20% growth in exports and sustain 12% growth rate in domestic market till 2024-25 as suggested by report of expert committee on Vision, Strategy and Action Plan for Indian Textiles and Apparel Sector. Infusion of machineries and technology is essential to bring down the cost of production. However the Company's expansion considering its financial condition is limited to change in the production mix and introduction of new designs and colourways. As conveyed earlier within the limited scope and under restricted market condition, your management is very positively responding to matching situation in the global market.

DIVIDEND

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

PUBLIC DEPOSIT SCHEME

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



DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year on account of untimely demise of Shri R.S Rungta, he ceases to be a Director of the Company and on the recommendation of Nomination and Remuneration Committee, the Board appointed Shri Dilip Kumar Rungta (DIN: 00534100), as an Additional Non-executive Independent Director of the Company with effect from November 14, 2015. The Company has received a notice under Section 160 of the Companies Act, 2013 from a member signifying his intention to propose the candidature of Shri Dilip Kumar Rungta (DIN: 00534100), for the office of Director, and is eligible for appointment as an Independent Director, as provided under the Articles of Association of the Company and shall hold office for a period of 5 years and not liable to retire by rotation.

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 an 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 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' RESPONSIBILITY STATEMENT

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

- in the preparation of the annual accounts for the year ended March 31, 2016, 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;
- 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.
- that the Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- that the Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March, 2016 on a going concern basis.
- 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
- the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of corporate governance and adhere to the corporate governance requirements set out by SEBI. The report on Corporate Governance as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) 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 Requirements) Regulations, 2015 with the Stock Exchange form part of the Annual Report as "Annexure II"

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

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

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

**CORPORATE SOCIAL RESPONSIBILITY**

The Company 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. Shri Sundeep Shah, Shri H. S. Gopalka and Shri G.D Harnathka are the members of the CSRC. Since the Company has been incurring cash losses in the last three preceding financial years, the Board does not recommend any amount to be spent on the CSR activities. However the Board ensures that once the Company will start earning profits, they shall after taking into account the recommendations of the CSRC, approve the Corporate Social Responsibility Policy of the Company and shall disclose contents of such policy in its report and will also place the same on the Company's website [www.easternsilk.com](http://www.easternsilk.com).

**BANK LOANS**

The Company has settled its dues with the State Bank of Mysore under One Time Settlement (OTS) basis and your management has paid the entire amount arrived under OTS to them. Your Company also entered into a settlement arrangement with Edelweiss Asset Reconstruction Company Ltd.(ARC), who acquired the Company's loan from two banks namely Canara Bank & UCO Bank. Negotiation with the other banks on a bilateral basis is going on.

**RISK MANAGEMENT**

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

The Company 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 programmes involve risk identification, assessment and risk mitigation planning for strategic, operational, and financial compliance related risks across various levels of the organization.

**INTERNAL FINANCIAL CONTROLS**

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

**DISCLOSURE OF PARTICULARS 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.

**AUDITORS**

Messrs B.K. Shroff & Company, Chartered Accountants, Statutory Auditors of the Company were reappointed Auditors to hold office from the conclusion of the Sixty-eighth Annual General Meeting (AGM) till the conclusion of the Seventy-first Annual General Meeting (AGM) subject to ratification by the members at the Seventieth Annual General Meeting (AGM) of the Company. Accordingly, the notice convening the ensuing Seventieth AGM includes a resolution seeking such ratification by the members of the said re-appointment of the Auditors.

The Company has received a letter from the Statutory Auditors to the effect that the ratification of their re-appointment, if made at the forthcoming Annual General Meeting, would be within the limits prescribed under Section 141(3)(g) of the Act.

Therefore, in this effect the Company will comply with the said requirements under the provision of Section 139 and appoint the new auditors of the Company effectively in the next Board Meeting held after March 31, 2017 and place the same for the shareholders approval in the Seventy-first Annual General Meeting of the Company.

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

**COST AUDITORS**

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

**SECRETARIAL AUDITOR**

The Board has appointed Ms. Garima Gupta, Practicing Company Secretary, to conduct Secretarial Audit for the financial year 2015-16. The Secretarial Audit Report for the financial year ended March 31, 2016 is annexed herewith marked as "Annexure III" to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

**EXTRACT OF ANNUAL RETURN**

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.

**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 ([www.easternsilk.com](http://www.easternsilk.com)).

**GENERAL**

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

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

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

**ACKNOWLEDGEMENT**

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

**Registered Office:**

19 R N Mukherjee Road

Kolkata 700 001

Dated: The 30<sup>th</sup> May, 2016.

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

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

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

**CONSERVATION OF ENERGY :****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**

1. Electricity			Current Year	Previous Year
(a)	Purchased	Units	25,90,646.00	23,91,630.00
	Total Amount	₹	1,69,32,184.00	1,65,59,509.44
	Rate/Unit	₹	6.54	6.92
(b)	Own Generation through Diesel Generator	Units	2,34,528.00	1,84,728.00
	Total Amount	₹	33,24,327.00	30,95,297.00
	Cost/Unit	₹	14.17	16.76
2. (a)	Briquettes			
	Quantity	Kgs	15,87,255.00	10,48,896.00
	Total Amount	₹	94,74,061.00	61,29,384.00
	Cost/Unit	₹	5.97	5.84
(b)	Fire Wood			
	Quantity	Kgs.	1,17,470.00	1,14,580.00
	Total Amount	₹	5,59,407.50	5,35,449.00
	Cost/Unit	₹	4.76	4.67

**(B) Consumption per unit of products:**

Fabrics	Mtrs	5,68,142.39	5,08,411.18
Electricity	₹	29.80	32.57
Briquettes	₹	16.68	12.06
Fire Wood	₹	0.98	1.05
Diesel	₹	5.85	6.09

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

- |   |   |
|---|---|
| 1. Specific areas in which R&D carried out by the Company | R&D activities are carried out for development of new products.                               |
| 2. Benefits derived as a result of above R&D              | Improvement in quality and customer satisfaction  |
| 3. Future plan of action                                  | Development of new varieties of products.   |
| 4. Expenditure on R & D                                   | Capital ₹ Nil<br>Recurring ₹ 58.64 lakhs<br>R&D Expenditure as a percentage of turnover 0.89% |

**Technology Absorption, Adaptation & Innovation**

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

Latest softwares are used for better design development

Improved products

Not Applicable.

**Foreign Exchange Earnings & Outgo**

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

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

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

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

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

Kolkata 700 001

Dated : The 30<sup>th</sup> May 2016

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

**“Annexure II”****REPORT ON CORPORATE GOVERNANCE**

In accordance with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchange, a Report containing the details of Corporate Governance of Eastern Silk Industries Limited for the year 2015-16 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 six members – three Executive Directors and three Non-Executive Independent Directors as on 31<sup>st</sup> March , 2016. The composition of the Board of Directors and also the number of the Board of Directors or Board Committees of which he is a member / Chairperson are as under.

Name of the Director	Category	No. of other Directorship	No. of Membership of other Board Committee	No. of Board Committee for which Chairperson
Shri S.S. Shah	Chairman & Executive Director	—	—	Nil
Shri Sundeep Shah	Executive Director	—	—	Nil
Smt. Megha Shah	Executive Director	—	—	Nil
Shri G.D. Harnathka	Non-Executive, Independent	—	—	Nil
Shri H.S. Gopalka	Non-Executive, Independent	—	—	Nil
Shri Dilip Kumar Rungta	Non-Executive, Independent	2	—	Nil





During the year under review, Board Meetings were held on 30<sup>th</sup> May 2015, 13<sup>th</sup> of August, 2015, 14<sup>th</sup> November, 2015 and 12<sup>th</sup> February, 2016. The attendance of the Directors for the Board Meeting and the last Annual General Meeting (AGM) was as follows :

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

\*Shri R.S.Rungta, Director of the Company expired as on September 18, 2015.

Pursuant to the provisions of the Companies Act, 2013 and as required under Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 agenda papers were circulated to the Directors in advance for each meeting. All 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.

### 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 Obligations and Disclosure Requirements) Regulations, 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. Shri Hari Shankar Gopalka, Chairman of the Audit Committee was present at the last Annual General Meeting.

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 31<sup>st</sup> March, 2016 four Audit Committee meetings were held on 29<sup>th</sup> May 2015, 12<sup>th</sup> August 2015, 13<sup>th</sup> November 2015 and 11<sup>th</sup> February 2016 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
Shri Hari Shankar Gopalka	Chairman	Non-Executive Independent Director	4
Shri R.S.Rungta	Member	Non-Executive Independent Director	2
Shri Sundeep Shah	Member	Executive Promoter Director	4
Shri Dilip Kumar Rungta	Member	Non-Executive Independent Director	2

### IV. NOMINATION & REMUNERATION COMMITTEE (FORMERLY KNOWN AS “REMUNERATION COMMITTEE”)

#### (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 Shri H.S. Gopalka, Shri Dilip Kumar Rungta and Shri G.D. Harnathka. On account of untimely demise of Shri R.S Rungta, Shri Dilip Kumar Rungta has been inducted as the member of the committee.

#### (c) Meeting and Attendance

During the financial year ended 31<sup>st</sup> March, 2016, one Nomination & Remuneration Committee Meeting was held as on 12<sup>th</sup> November, 2015. The details of the remuneration to the directors for the year ended March 31, 2016 are presented in the extract of the Annual return of the Company, which is annexed herewith as Annexure IV to this report.

Name of the Director	Position	Category	No. of Meeting Attended
Shri Hari Shankar Gopalka	Chairman	Non-Executive Independent Director	1
Shri Dilip Kumar Rungta	Member	Non-Executive Independent Director	1
Shri G D Harnathka	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 Obligations and Disclosure Requirements) Regulations, 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/ GRIEVANCE COMMITTEE OF DIRECTORS (FORMERLY KNOWN AS “INVESTOR'S GRIEVANCE COMMITTEE”)

#### (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 redressal 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 Shri H. S. Gopalka and Shri Dilip Kumar Rungta and one Executive Director namely Shri Sundeep Shah. On account of untimely demise of Shri R.S Rungta, Shri Dilip Kumar Rungta has been inducted as the member of the committee and appointed as the Chairman of the Committee by its members.

#### (c) Meeting and Attendance

During the financial year ended 31<sup>st</sup> March, 2016, four Investors' Grievance Committee meetings were held on 28<sup>th</sup> May, 2015, 11<sup>th</sup> August, 2015, 12<sup>th</sup> November, 2015 and 10<sup>th</sup> February, 2016.



Name of the Director	Position	Category	No. of Meeting Attended
Shri R.S.Rungta	Chairman*	Non-Executive Independent Director	2
Shri Hari Shankar Gopalka	Chairman*	Non-Executive Independent Director	4
Shri Dilip Kumar Rungta	Chairman*	Non-Executive Independent Director	2
Shri Sundeep Shah	Member	Executive Promoter Director	4

# \* Shri R.S Rungta chaired the meeting dated 28<sup>th</sup> May, 2015 and 11<sup>th</sup> August, 2015. Shri Hari Shankar Gopalka chaired the meeting dated 12<sup>th</sup> November, 2015. Shri Dilip Kumar Rungta chaired the meeting dated 10<sup>th</sup> February, 2016.

## 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 Share Transfer Committee/ Board for its review. As on 31<sup>st</sup> March, 2016, no shares were pending for transfer for more than 15 days.

### (b) Composition

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

### (c) Meeting and Attendance

During the financial year ended 31<sup>st</sup> March, 2016, seven transfer Committee meetings were held on 7<sup>th</sup> April, 2015, 4<sup>th</sup> May, 2015, 12<sup>th</sup> August, 2015, 20<sup>th</sup> November, 2015, 14<sup>th</sup> December, 2015, 20<sup>th</sup> January, 2016 and 15<sup>th</sup> February, 2016. No sitting fee was paid to any member of the Share Transfer Committee. .

Name of the Director	Position	Category	No. of Meeting Attended
Shri S.S.Shah	Chairman	Executive Promoter Director	7
Shri Sundeep Shah	Member	Executive Promoter Director	7
Shri 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
5 <sup>th</sup> September, 2013	11:00 A.M.	Kala Kunj, 48 Shakespeare Sarani Kolkata – 700 017
25 <sup>th</sup> June, 2014	11:00 A.M.	-- DO --
23 <sup>rd</sup> September, 2015	11:00 A.M.	-- DO --

### ii) Special Resolutions:

Special resolutions were passed during the year at the AGM held as on 23<sup>rd</sup> September, 2015 for the re-appointment of Shri G.D.Harnathka and alteration of Articles of Association of the Company. However due to discrepancies observed by the ROC, Kolkata West Bengal the special resolution for the alteration of Articles of Association of the Company could not be given effect in the said year.



### iii) Ballot Voting

Ballot Voting was conducted during the year at the AGM held as on 23<sup>rd</sup> September, 2015 to get in line with the e-voting provisions newly introduced under the Companies Act, 2013.

## VIII. DISCLOSURES

- The Company has not entered into any transaction of a material nature with the promoters, directors or management, or their relatives that may have potential conflict with the interest of the Company at large.
- A qualified Practicing Company Secretary carries out a secretarial audit to reconcile the total admitted capital with National Securities Depository Ltd (NSDL) and Central Depository Services (India) Ltd. (CDSL) and the total issued and listed capital. The secretarial audit report confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.
- Chairman and Managing Director and Executive (Finance) have furnished the requisite certificates to the Board of Directors pursuant to the Schedule V (Part D) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## IX. MEANS OF COMMUNICATION

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

## X. GENERAL SHAREHOLDERS INFORMATION

### i) Seventieth Annual General Meeting

Venue	:	Kala Kunj, 48 Shakespeare Sarani, Kolkata – 700 017
Date	:	28 <sup>th</sup> September, 2016
Time	:	11:00 A.M.

### ii) Financial Calendar

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

### iii) Book Closure

The date of book closure is from 22<sup>nd</sup> September, 2016 to 28<sup>th</sup> September, 2016 (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 2015-16 has been paid to National Stock Exchange of India Ltd.)

### v) Stock Market Data

The Company's high and low prices recorded on National Stock Exchange of India Ltd. during the financial year 2015-16 are given below:

MONTH	HIGH (₹)	LOW (₹)
APRIL 2015	2.60	1.55
MAY 2015	2.30	1.60
JUNE 2015	1.95	1.50
JULY 2015	2.50	1.60
AUGUST 2015	4.50	1.90
SEPTEMBER 2015	2.50	1.90
OCTOBER 2015	2.35	1.80
NOVEMBER 2015	3.10	1.85
DECEMBER 2015	3.85	2.25
JANUARY 2016	4.00	2.55
FEBRUARY 2016	2.80	2.05
MARCH 2016	2.90	2.00



**vi) Share Holding (as on 31<sup>st</sup> March, 2016)**

The shareholding distribution as at 31<sup>st</sup> March, 2016 is as follows:

No. of Shares	Number of Share Holders	% To Total Holders	No. of Shares held	% To total Holding
Upto 500	14,485	67.48	31,27,113	3.96
501 - 1000	3,167	14.75	27,87,317	3.53
1001 – 2000	1,583	7.37	25,50,846	3.23
2001 – 3000	688	3.21	17,94,922	2.27
3001 - 4000	283	1.32	10,30,703	1.31
4001 – 5000	359	1.67	17,11,857	2.17
5001 – 10000	461	2.15	34,73,362	4.40
10001 & above	440	2.05	6,24,76,500	79.13
TOTAL	21,466	100.00	7,89,52,620	100.00

The shareholding pattern as at 31<sup>st</sup> March, 2016 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.	40,59,460	5.14
Non Resident Indians / OCBs / FIIs	14,21,728	1.80
Private Corporate Bodies	84,36,187	10.69
Indian Public	2,45,46,894	31.09
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 31.03.2016 the dematerialised shares were 7,65,71,002 which represents 96.98% 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., 99, Stephen House, 6<sup>th</sup> Floor, 4 BBD Bag (East), Kolkata – 700 001 for effecting transfer/transmission etc. in physical and demat form.

**x) Plant Location**

<b>Unit 1</b>	:	411, Telugarahalli Road Anekal, Bangalore – 562 106
<b>Unit 2</b>	:	Kammansandra Agrahara Kasaba Hobli Anekal, Bangalore – 560 106
<b>Unit 3</b>	:	11A, 2nd Cross Industrial Area Nanjangud, Karnataka – 571 301
<b>Unit 4</b>	:	Falta Special Economic Zone 24 Parganas (South), West Bengal

**xi) Address for Correspondence**

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

**CODE OF PROFESSIONAL CONDUCT**

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

**“Annexure III”**

Form No. MR-3

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members

Eastern Silk Industries Limited

19 R.N Mukherjee Road

Kolkata – 700 001

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2016 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2016 according to the provisions of:

- The Companies Act, 2013 (the Act) and the rules made thereunder;
- The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder.
- The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): —
  - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (upto 14<sup>th</sup> May, 2015) and the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (effective 15<sup>th</sup> May, 2015).
  - The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(Not applicable to the Company during the Audit Period)**;
  - The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28 October 2014 **(Not applicable to the Company during the Audit Period)**;
  - The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Company during the Audit Period)**
  - 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;
  - The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company during the Audit Period)**; and
  - The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not applicable to the Company during the Audit Period)**.
- 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:

- 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 **(Applicable to the Company effective from 1<sup>st</sup> July, 2015)**.
- The Listing Agreements entered into by the Company with Stock Exchanges/ the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (effective from 12<sup>th</sup> February, 2016).

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