

ANNUAL REPORT 2016-2017



EASTERN SILK INDUSTRIES LTD.



EASTERN SILK INDUSTRIES LTD.

BOARD OF DIRECTORS

S. S. Shah *Chairman & Managing Director*
Sundeeep Shah *Executive Director*
Megha Shah *Executive Director*
G. D. Harnathka
H. S. Gopalka
R. K. Somany

CHIEF FINANCIAL OFFICER

U. S. Gutgutia

COMPANY SECRETARY

Deepak Agarwal

REGISTERED OFFICE

19 R. N. Mukherjee Road
Kolkata - 700 001

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

AUDITORS

B. K. Shroff & Co.
Chartered Accountants
23A, Netaji Subhas Road
Kolkata - 700 001

BANKERS

Allahabad Bank

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 : absconsultant@vsnl.net

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NOTICE TO THE MEMBERS

The Seventy First Annual General Meeting of M/s. Eastern Silk Industries Limited (CIN: **L17226WB1946PLC013554**) will be held on Wednesday, the 6th, September, 2017 at 11:00 A.M. at Kala Kunj, 48, Shakespeare Sarani, Kolkata - 700 017, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Statement of Profit & Loss for the year ended 31st March, 2017 and the Balance Sheet as at that date together with the report of the Directors and Auditors thereon.
2. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, as may be applicable, M/s. Suresh Kumar Mittal & Co., Chartered Accountants, New Delhi (Firm Regn No.500063N), be and is hereby appointed as Statutory Auditors of the Company, in place of the retiring auditors M/s. B.K. Shroff & Co, Chartered Accountants, Kolkata (Firm Regn. No. 302166E), to hold office from the conclusion of this, 71st Annual General Meeting (AGM) till conclusion of the 76th AGM of the Company at such remuneration as may be decided by the Audit Committee of the Board of Directors of the Company and the said appointment be placed every year for ratification by the members from the 72nd AGM to the 75th AGM of the Company."

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Section 196, 197 & 203 of the Companies Act, 2013 read with Schedule V of the said Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any amendment, modification, variation or re-enactment thereof), the Articles of Association of the Company and subject to approval of the Central Government, if any, the consent of the members be and is hereby accorded to the re-appointment of Mr. Shyam Sunder Shah (DIN.00491097) as the Managing Director of the Company for a period of five years effective from 1st September, 2017 to 31st August 2022 on the terms and conditions including remuneration as set out in the Explanatory Statement annexed to the Notice convening this meeting.

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

4. 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 168 and other applicable provisions, if any, of the Companies Act, 2013 read with the Rules 15 and 16 of Companies (Appointment and Qualification of Directors) Rules, 2014, the resignation of Mr. Dilip Kumar Rungta (DIN: 00534100) from the directorship of the Company be and is hereby accepted w.e.f. 31st July, 2017.

RESOLVED FURTHER THAT the Board places on record its appreciation for the assistance and guidance provided by Mr. Dilip Kumar Rungta (DIN: 00534100) during his tenure as an Independent Director of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby severally authorized to do all the acts, deeds and things which are necessary to the resignation of aforesaid person from the directorship of the Company."

5. 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, 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), Mr. Ramesh Kumar Somany (DIN: 01777789) who was appointed as an Additional Director of the Company by the Board of Directors with effect from July 31, 2017 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 July 30, 2022."



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"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 a SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152 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), Mr. H.S.Gopalka (DIN: 01099359), Independent Director of the Company who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and who is eligible for re-appointment, be and is hereby re-appointed to hold office for five consecutive years for a term from June 25, 2017 to June 24, 2022 and whose office shall not be liable to retire by rotation."

"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: 30th May, 2017

CIN: L17226WB1946PLC013554

Email: investors@easternsilk.com

By Order of the Board

DEEPAK AGARWAL

SECRETARY

NOTES:

1. **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead and the proxy need not be a member of the Company. The proxy, in order to be effective, must be deposited at the Registered Office of the Company not less than 48 hours before the meeting.**
2. The Register of Members and Share Transfer Books of the Company will remain closed from 31st August 2017 to 6th September 2017, both days inclusive on account of Annual General Meeting.
3. 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

- I. 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).
- II. 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.
- III. 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.
- IV. The remote e-voting period commences on 3rd September, 2017 (9:00 am) and ends on 5th September, 2017 (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 30th August, 2017, 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.



- V. 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 Participant(s)] :
 - (i) 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.
 - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
 - (iii) Click on Shareholder - Login
 - (iv) Enter user ID and password as initial password/PIN noted in step (i) above. Click Login. If you are already registered with NSDL for e-voting then you can use your existing user ID and password.
 - (v) 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.
 - (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
 - (vii) Select "EVEN" of "**EASTERN SILK INDUSTRIES LTD**"
 - (viii) Now you are ready for remote e-voting as Cast Vote page opens.
 - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
 - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
 - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to "esil.scrutinizer@gmail.com" with a copy marked to "evoting@nsdl.co.in"
 - B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participant(s) or requesting physical copy] :
 - (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:

EVEN (Remote e-voting Event Number)	USER ID	PASSWORD/PIN
(ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.		
- VI. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.
- VII. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- VIII. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- IX. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 30th August, 2017.
- X. Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 30th August, 2017, 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.
- XI. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.



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- XII. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- XIII. Mr. Atish Kumar Shaw, Practicing Chartered Accountant (Membership No. 306098) has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- XIV. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting-facility.
- XV. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- XVI. The Results declared 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 appointed/re-appointed 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. At the instance of Allahabad Bank, HDFC Bank Ltd. closed all the bank accounts of the Company during the year which included closure of the Dividend Account for the year 2009 and 2010 also. The Company is 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 with Investor Education and Protection Fund to comply with the required provision of the Companies Act, 2013. The balances in the said Dividend Accounts are still shown under Cash & Cash Equivalents reported under Note No.16 in the financial statements for the year ended 31st March, 2017.
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**

Mr. Shyam Sunder Shah (DIN.00491097) was re-appointed as the Managing Director of the Company for a period of three years with effect from 1st September, 2014 on the terms and conditions and remuneration as approved by the Members at the Annual General Meeting held on 25th June, 2014. As such, the present term of office of Mr. S.S.Shah shall expire on 31st August, 2017. Mr. S.S.Shah has been associated with the Company since 1952 and currently holds overall responsibility for the working of the Company. Keeping in view the contribution made by Mr. S.S.Shah for the growth of the Company, the Board of Directors of the Company and the Nomination & Remuneration Committee have recommended the reappointment of Mr. S.S.Shah for a period of five (5) years effective from 1st September 2017 to 31st August 2022 on the following terms and conditions:

1. Salary : Rs. 2,00,000/- per month
2. Perquisites : Mr. S.S.Shah will be entitled to the perquisites/ benefits of residential accommodation or house rent allowance in lieu thereof, gas, electricity, water, furnishings, medical expenses reimbursement for self and family; leave travel concession, club fees and personal accident insurance in accordance with the rules of the Company subject to limit of an amount equal to the annual salary.

In the event of loss or inadequacy of profits of the Company in any financial year, Mr. S.S.Shah will be entitled to such remuneration by way of salary, perquisites and allowances as specified above, subject to the approval of the Central Government.

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

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

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

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

Mr. Sundeep Shah and Ms. Megha Shah being a relative of Mr. S.S.Shah may be deemed to be interested in the resolution.

Item No. 4 & 5

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 resignation of Mr. Dilip Kumar Rungta as the Independent Director of the Company, the Board proposes to appoint Mr. Ramesh Kumar Somany as the Director of the Company in his place and accordingly, Mr. Ramesh Kumar Somany was appointed as an Additional Non-Executive Independent Director by the Board with effect from July 31, 2017.

Mr. Ramesh Kumar Somany has filed declaration of his 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, Mr. Ramesh Kumar Somany 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 Mr. Ramesh Kumar Somany for the office as an Independent Director of the Company. As per Section 150 of the Act, appointment of Directors as Independent Directors requires approval of the Members at the General Meeting.

Accordingly, approval of the Members is sought for appointment of Mr. Ramesh Kumar Somany as an Independent Director of the Company, for period of five years (first term) from July 31, 2017 up to July 30, 2022 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 Mr. Ramesh Kumar Somany as Director and accordingly commends the Resolution at Item No.5. for approval by the Members. Mr. Ramesh Kumar Somany has wide experience and knowledge in the field of handling large scale industries. Mr. Ramesh Kumar Somany is interested and concerned in the Resolution mentioned at Item No.5 of the Notice. None of the Directors or Key Managerial Personnel or their respective relatives are concerned or interested in the Resolution at Item No. 5 of the Notice.



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Explanatory Statement under Section 102 of the Companies Act, 2013 ("the Act")

Item No. 6

Your Directors recommend the resolution set out at Item No. 6 for the approval of the Members, as Mr. H.S.Gopalka has completed 70 years of age and hence the Special Resolution.

Annexure to Notice dated 31st July, 2017

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	Name of the Director
Name of the Director	Shyam Sunder Shah	Ramesh Kumar Somany	H.S.Gopalka
DIN	00491097	01777789	01099359
Age	81 years	64 years	84 years
Date of Appointment on the Board	01.09.1952	31.07.2017	27.11.1991
Qualification	B.Com.	B.Com.	M.com, LL.B
Experience	Wide experience in industrial and textile field	Industrialist and Corporate Management	Wide experience in finance & taxation
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	-	-	-
Other Activities	Associated with charitable trusts and educational institutions.	-	Associated with charitable trusts and educational institutions.



DIRECTORS' REPORT TO THE MEMBERS

Your Directors have pleasure in presenting their Seventy First Annual Report together with the Audited Statements of Accounts of your Company for the year ended March 31, 2017.

FINANCIAL RESULTS

	(₹. in Lacs)	
	2017	2016
Profit/(Loss) before depreciation/Exceptional Items and taxation	(6,416.62)	(6,628.49)
Less/Add: Depreciation	1,066.20	1,378.64
Profit/(Loss) before taxation	(7,482.82)	(8,007.13)
(Add)/Less: Exceptional Items	11,996.44	5,824.52
	4,513.62	(2,182.61)
Less/Add: Provision for Current/Earlier Year Taxation	7.45	-
	4,506.17	(2,182.61)
Less/Add: Deferred Tax Liability	-	-
Profit/(Loss) after Tax	4,506.17	(2,182.61)
Add: Balance brought forward from previous year	(24,950.07)	(22,767.46)
Add: Transitional Depreciation Adjustments	-	-
Less: Depreciation on Revalued Assets	-	-
Which Directors have decided to carry forward to the next year	(20,443.90)	(24,950.07)

PERFORMANCE REVIEW

Highlights of performance during the financial year 2016-17 are:

- Total Revenue from Operation of the Company is ₹. 6,342.29 Lacs as against ₹.7,047.41 Lacs in the previous year.
- Operating Profit / (Loss) is ₹. (6,416.62) Lacs as against ₹. (6,628.49) Lacs in the previous year.
- Profit / (Loss) before taxation is ₹. (7,482.82) Lacs as against ₹. (8,007.13) Lacs in the previous year.
- Profit / (Loss) after Tax is ₹. 4,506.17 Lacs as against of ₹. (2,182.61) Lacs in the previous year.

The performance of the Company during the year under review showed sluggish sales due to the non-supportive markets and resorting to polyester, cotton, viscose and other blended fabric from its main stay i.e. Silk Textiles. The Company has been settling its outstanding dues with the banks and financial Institutions on One Time Settlement (OTS) basis and also entering into settlement arrangement with the ARC's. The remission of liability on account of settlement resulted in the after tax profits during the year under review.

The Company was a BIFR referred company under the Sick Industrial Companies (Special Provision) Act, 1985 (SICA), pending registration of the same as a Sick Unit. Further Ministry of Finance vide a notification dated 25th November 2016, has repealed the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) with effect from 1st December, 2016, which resulted in the dissolution of BIFR. Again it was at the option of the Company to pursue the matter pending before the National Company Law Tribunal (NCLT) within 120 days from the dissolution of the BIFR. Management after deliberate discussions had come to the conclusion that it will not pursue the matter before the NCLT, taking into account the fact that the Company has been settling its outstanding dues with the banks and financial Institutions on One Time Settlement (OTS) basis and also entering into settlement arrangement with the ARC's.

Your Company has been successfully introducing new designs and new blends taking into account the customers taste and preferences globally but the same has not resulted in fetching the desired results. As conveyed earlier difficulties faced by the Company can only be resorted by increasing the scale of operation via infusion of machines and technology. Inspite of the best efforts, the Company has not been able to increase its share in the Overseas market.

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



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infusion of machineries and technology. Implementation of GST on the textile industry has been a progressive decision by the Government and would give impetus for the growth and development of the entire textile value chain.

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

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 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:

- i) in the preparation of the annual accounts for the year ended March 31, 2017, 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, 2017 on a going concern basis.
- v) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- vi) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of corporate governance and adhere to the corporate governance requirements set out by SEBI. The report on Corporate Governance as stipulated under the 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 /