

ANNUAL REPORT
2017-2018



EASTERN SILK INDUSTRIES LTD.
CIN: L17226WB1946PLC013554



EASTERN SILK INDUSTRIES LTD.

BOARD OF DIRECTORS

S. S. Shah *Chairman & Managing Director*
Sundeep 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

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

BANKERS

State Bank of India

REGISTRARS & SHARE TRANSFER AGENTS

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

Contents

Notice	...	3
Directors' Report	...	12
Annexure to Directors' Report	...	17
Independent Auditors' Report	...	40
Balance Sheet	...	46
Statement of Profit & Loss	...	47
Cash Flow Statement	...	48
Notes to Financial Statements	...	51



NOTICE TO THE MEMBERS

The Seventy Second Annual General Meeting of M/s. Eastern Silk Industries Limited (CIN: **L17226WB1946PLC013554**) will be held on Wednesday, the 25th, July, 2018 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, 2018 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, the following resolution as a **ORDINARY RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Section 196, 197 & 203 of the Companies Act 2013 read with Schedule V and other applicable provisions of the said Act (including any amendment, modification, variation or re-enactment thereof) and subject to approval of the Central Government, if any, the approval of the Company be and is hereby accorded to the re-appointment of Sri Sundeep Shah (**DIN. 00484311**) as the Whole Time Director of the Company for a period of three years effective from 1st September 2018 to 31st August 2021 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."

3. 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 196, 197 & 203 of the Companies Act 2013 read with Schedule V and other applicable provisions of the said Act (including any amendment, modification, variation or re-enactment thereof), and subject to approval of the Central Government, if any, the approval of the Company be and is hereby accorded to the re-appointment of Ms. Megha Shah (**DIN. 07172597**) as the Whole Time Director of the Company for a period of three years effective from 1st September 2018 to 31st August 2021 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 to give effect to the above resolution."

4. 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. G.D Harnathka (**DIN: 01360829**), 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 September 22, 2018 to September 21, 2023 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."

SPECIAL BUSINESS:

5. To borrow in excess of the paid-up capital and free reserves and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:



EASTERN SILK INDUSTRIES LTD.

"RESOLVED THAT pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 and in supersession of all earlier resolutions passed in this regard under the Companies Act, 1956 (earlier in force) and, including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, and the Articles of Association of the Company, consent of the Members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of the Board), to borrow any sum or sums of money from time to time at its discretion, for the purpose of the business of the Company, from any one or more Banks, Financial Institutions and other Persons, Promoters (including Directors), Firms, Bodies Corporate, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may, at any time, exceed the aggregate of the paid-up share capital of the Company and its free reserves (that is to say reserves not set apart for any specific purpose), subject to such aggregate borrowings not exceeding the amount which is Rs. 300 Crores (Rupees Three hundred Crores only) over and above the aggregate of the paid-up share capital of the Company and its free reserves (that is to say reserves not set apart for any specific purpose) and that the Board be and is hereby empowered and authorised to arrange or fix the terms and conditions of all such monies to be borrowed from time to time as to interest, repayment, security or otherwise as it may, in its absolute discretion, think fit.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary, proper, or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution."

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Section 180(1)(a) of the Companies Act, 2013 and subject to other approvals, if applicable or required under any statute(s) / rule(s) / regulation(s) or any law for the time being in force or required from any other concerned authorities and in supersession of all earlier resolutions passed in this regard under the Companies Act, 1956 (earlier in force), the Board of Directors of the Company be and is hereby authorised and shall be deemed to have always been so authorised to create such mortgages/ charges/ hypothecation and / or other encumbrances, in addition to the existing mortgages, charges, hypothecation and time to time together with interest, cost, charges and other incidental expenses in terms of agreement(s) entered / to be entered into by the Board of Directors / Committee(s) thereof of the Company within the overall borrowing limits fixed pursuant to Section 180(1)(c) of the Companies Act, 2013 i.e. Rs. 300,00,00,000/- (Rupees Three Hundred Crores only) at any time.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to finalise, settle, and execute such documents / deeds / writings / papers / agreements as may be required and to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating mortgages / charges as aforesaid."

7. Sale of undertaking under Section 180 (1) (a) of the Companies Act, 2013 and to consider and if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**

"**RESOLVED THAT**, pursuant to the provisions of Section 180(1)(a) and Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, and subject to other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification or re-enactment thereof for the time being in force), the provisions of the Memorandum and Articles of Association of the Company, approval and consent of the members of the Company be and is hereby granted to the Board of Directors to sell and transfer the fixed assets including Land, Building, Plant & Machinery & other assets at 11A, 2nd Cross Industrial Area, Nanjungud, Karnataka 571 301 on an "as is where is" basis or in any other manner as the Board may deem fit in the interest of the Company, for an appropriate consideration and on such terms and conditions as may be deemed fit by the Board.

RESOLVED FURTHER THAT the Board be and is hereby authorised and empowered to finalise and execute necessary documents including but not limited to definitive Agreements, deeds of assignment / conveyance and other ancillary documents, with effect from such date and in such manner as is decided by the Board to do all such other acts, deeds,

EASTERN SILK INDUSTRIES LTD.



matters and things as they may deem necessary and/or expedient to give effect to the above Resolution including without limitation, to settle any questions, difficulties or doubts that may arise in regard to sale and transfer of the Undertaking as they may in their absolute discretion deem fit.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred, to any Committee of Directors or any one or more Directors of the Company with power to delegate to any Officers of the Company, with authorities as required, affixing the Common Seal of the Company on agreements/documents, arranging delivery and execution of contracts, deeds, agreements and instruments."

Registered Office:

19, R. N. Mukherjee Road

Kolkata - 700 001

Dated: The 30th May, 2018

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 19th July 2018 to 25th July 2018, 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 22nd July, 2018 (9:00 am) and ends on 24th July, 2018 (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 18th July, 2018, 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.



EASTERN SILK INDUSTRIES LTD.

- V. The process and manner to vote electronically on NSDL e-Voting, system consists of "Two Steps" which are mentioned below:

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

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

Details on Step 1 are mentioned below:

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

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

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

5. Your password details are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.



6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - a) Click on **"Forgot User Details/Password?"** (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) **"Physical User Reset Password?"** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 is given below:

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

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

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to esil.scrutinizer@gmail.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the **"Forgot User Details/Password?"** or **"Physical User Reset Password?"** option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in

Other Information of E-Voting:

- 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 18th July, 2018.



EASTERN SILK INDUSTRIES LTD.

- 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. 18th July, 2018, 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 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 Bank Balances Other than Cash & Cash Equivalents reported under Note No.9 in the financial statements for the year ended 31st March, 2018.
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. 2

Sri Sundeeep Shah was reappointed as the Whole Time Executive Director of the Company for a period of three (3) years with effect from 1st September 2015 on the terms and conditions and remuneration as approved by the Members at the Annual General Meeting held on 23rd September 2015. As such, the present term of office of Sri Sundeeep Shah shall expire on 31st August 2018. Sri Sundeeep Shah has been associated with the Company since past three decades and possesses immense experience of overseas business. Keeping in view the contribution made by Sri Sundeeep Shah for the growth of the Company, the Board of Directors of the Company and Nomination and Remuneration Committee have recommended the appointment of Sri Sundeeep Shah as the Executive Director for a further period of three years effective from 1st September 2018 on the following terms and conditions:

1. Salary : ₹1,25,000/- per month
2. Perquisites : Sri Sundeeep Shah will be entitled to the perquisites / benefits of residential accommodation or house rent allowance in lieu thereof; Gas, Electricity, Water, Furnishings; Medical expenses reimbursement for self and family; leave travel concession, club fees and personal accident insurance in accordance with the rules of the Company subject to limit of an amount equal to the annual salary.

In the event of loss or inadequacy of profits of the Company in any financial year, Sri Sundeeep Shah will be entitled to such remuneration by way of salary, perquisites and allowance as specified above, subject to the approval of the Central Government if any pursuant to Schedule V of the Companies Act, 2013.

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

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

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

Sri Sundeeep Shah, the Whole Time Director of the Company, Sri S.S Shah and Ms. Megha Shah being a relative of Sri Sundeeep Shah may be deemed to be interested in the resolution set out at item No. 2.

Item No. 3

Ms. Megha Shah was appointed as the Executive Woman Director of the Company for a period of three (3) years with effect from 1st September 2015 on the terms and conditions and remuneration as approved by the Members at the Annual General Meeting held on 23rd September 2015. As such, the present term of office of Ms. Megha Shah shall expire on 31st August 2018. Ms. Megha Shah has been providing her valuable contribution to the Company in designing fabrics in specific orders from the customer and her inclusion in the management of the Company is strengthening the Board with new and innovative ideas. Keeping in view her contribution to the Board and growth of the Company, the Board of Directors of the Company and Nomination and Remuneration Committee have recommended the reappointment of Ms. Megha Shah as the Executive Director for a further period of three years effective from 1st September 2018 on the following terms and conditions:

1. Salary : ₹50,000/- per month
2. Perquisites : Ms. Megha 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, Ms. Megha Shah will be entitled to such remuneration by way of salary, perquisites and allowance as specified above, subject to the approval of the Central Government if any pursuant to Schedule V of the Companies Act, 2013.

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



EASTERN SILK INDUSTRIES LTD.

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

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.

Ms. Megha Shah, Director of the Company, Sri S.S Shah and Sri Sundeep Shah being a relative of Ms. Megha Shah may be deemed to be interested in the resolution set out at item No. 3.

Item No. 4

As per Section 149(10) of the Companies Act, 2013 (CA 2013), an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company, but shall be eligible for re-appointment on passing a special resolution by the Company for another term of upto five consecutive years on the Board of a Company.

In line with the aforesaid provisions of the CA 2013 and in view of long, rich experience, continued valuable guidance to the management and strong Board performance of Mr. G.D Harnathka, it is proposed to re-appoint him for the second term as an independent Director on the Board of the Company for a period of five years from September 22, 2018 to September 21, 2023.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. G.D Harnathka as an Independent Director. Accordingly, the Board recommends passing of the Resolution at Item No. 4 of the Notice as a Special Resolution.

None of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives except Mr. G.D Harnathka, being an appointee, are concerned or interested, financial or otherwise, in the resolution set out at Item No. 4.

Item No. 5 & 6

In terms of Section 180(1)(c) & 180(1)(a) of the Companies Act, 2013, borrowings (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) by the Company beyond the aggregate of the paid-up capital of the Company and its free reserve requires approval from the shareholders of the Company.

Keeping in view your Company's business requirements and growth plans, it is considered desirable to increase the said borrowing limits to a sum not exceeding Rs. 300 crores (Rupees Three Hundred Crores only) under the provisions of Section 180(1)(c) of the Companies Act, 2013 (the "Act"). The borrowings by a Company, in general, are required to be secured by mortgage or charge on all or any of the moveable or immovable properties of the Company in such form, manner and ranking as may be determined by the Board from time to time, in consultation with the lender(s).

The Board of Directors of the Company has been approaching the promoters and the executive directors to infuse further unsecured funds which would help the Company to repay the existing debt and came out from the present difficult situation. Further at the time of sanctioning of the Corporate Debt Restructuring (CDR) mechanism, the Consortium members stipulated one of the conditions for the promoters to infuse further funds as the unsecured loans and the same shall not carry any rate of interest. Copy of the CDR sanctioned documents referred in proposed resolution shall remain open for inspection by the members at the Registered Office of the Company during normal business hours on any working day.

Your consent is required under the provisions of Sections 180 (1) (c) and 180(1) (a) of the Act, to increase the borrowing limits and to mortgage and / or create a charge on any of the moveable and / or immovable properties and / or the whole or any part of the undertaking(s) of your Company to secure its borrowings.

Mr. S.S Shah, Mr. Sundeep Shah and Ms. Megha Shah Director and promoters of the Company and their respective promoter relatives may be deemed to be interested in the resolution.

The Board commends the Special Resolution set out at Item No. 5 & 6 of the Notice for approval by the shareholders.

Item No. 7

Members of the Company are further requested to note that Section 180(1)(a) of the Companies Act, 2013 mandates that the Board of Directors of a company shall exercise the power to sell, lease or otherwise dispose of the whole or substantially the whole of any undertaking(s) of the company, only with the approval of the members of the Company by way of a special